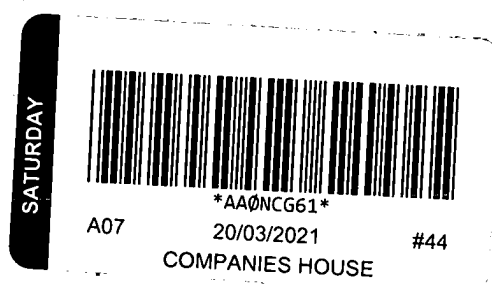


Company Registration Number 5993863

WH HOLDING LIMITED

Annual Report and Financial Statements

For the year ended 31 May 2020



WH HOLDING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2020

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WH HOLDING LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

Directors	David Sullivan David Gold Karren Brady Andy Mollett Daniel Harris J Albert Smith
Company Secretary	Andy Mollett
Registered Office	London Stadium Queen Elizabeth Olympic Park London E20 2ST
Company Registration Number	5993863
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Plc 1, Churchill Place London EC14 5HP

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020

The directors present their annual report together with the audited financial statements of the Group for the year ended 31 May 2020.

Principal Activities

The principal activity of the company is to act as a holding company. The principal activity of the Group is that of a professional football club as a member of The FA Premier League and the Football Association together with related and ancillary activities.

Results and Dividends

The results of the Group are as set out in the consolidated statement of comprehensive income on page 26.

The shareholders invested £30.0m in the form of a rights issue on 1 July 2020 and remain focused on the growth and success of the Club. Given the long-term ambitions of the shareholders, short-term returns are not expected in line with the Club's objectives. In line with the strategic decision taken when the majority shareholders acquired the Club in 2010 to re-invest all surplus into the squad and infrastructure, the directors do not propose the payment of a dividend (2019: £nil).

The consolidated balance sheet can be found on page 27 and shows that the total shareholders' deficit has increased from 31 May 2019 by £65.3m in line with the loss for the financial year.

Review of the year

This has been an unprecedented year for everyone, and the Club is no exception. The season was dominated by the COVID-19 pandemic which caused the postponement of the last nine games of the 2019-20 season with those games being completed under Project Restart in June and July 2020.

In order to help secure our Premier League status, the Club changed Manager at the end of 2019 and made the strategic decision to provide funds for the new Manager in line with his requirements to enhance the squad. This strategy proved to be successful as we were able to secure our primary aim of maintaining our Premier League status and to continue to lay the foundations for future growth.

Ahead of Project Restart, the Club made significant investment to ensure the highest level of protocols were in place to enable matches to recommence safely. Unfortunately, due to the pandemic it was not possible for supporters to attend fixtures from March for the remainder of the 2019-20 season, something which the Club and its Premier League colleagues continue to work hard to facilitate as soon as it is deemed safe to do.

The accessible transport links and significant exterior space around London Stadium will help to ensure a safe and socially distanced ingress and egress when supporters are finally allowed to return. This along with our 66,000 footprint and wide concourse areas are just some of the factors which highlight why we are as well placed as any other Premier League club to welcome our fans back, once the time is safe to do so.

We have put rigorous plans and processes in place in strict compliance with Government guidelines to make London Stadium as safe as it can possibly be for all spectators, and we look forward to the day our supporters are back in their seats cheering the team on.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Review of the year (continued)

When supporters do return, they will see some tangible improvements to the look and feel of London Stadium, including the reconfigured seating layouts in the lower tiers of the Bobby Moore and Sir Trevor Brooking stands, and an enhanced floodlight system, all of which show the positive progress we are making at the stadium. At the same time, a key area of focus has been to ensure our supporters are kept engaged and informed until the day of their return arrives – doing all we can to ensure they remain feeling connected to their club and a part of the action by keeping them engaged and informed via our online platforms.

The financial effect of COVID has been significant for all PL Clubs and West Ham is no exception. The impact in this financial year is exacerbated by the requirement of accounting standards to recognise all broadcasting income related to the nine fixtures played during Project Restart in June and July, in the 2020-21 financial year, resulting in a substantial broadcast revenue reduction in 2019-20.

The Club has seen strong turnover growth over the last five years due to maximising its opportunities, however the effect of the five home games deferred, and subsequently played behind closed doors, has impacted ticketing, commercial and retail income.

Turnover at £139.5m was down £51.2m on last year, primarily driven by the fall in broadcasting income and the loss of regular matchday and ancillary income noted above. The reduction of £44.9m of broadcasting income is primarily a result of the deferral of the last nine games into financial year 2020-21, the loss of facility income for 'live' matches and the league position achieved at the end of the 2019-20 season.

Broadcast income was also adversely impacted by a central rebate imposed on all Premier League clubs in respect of the matches not played during the season suspension from March to May. The substantial collective efforts and investment of all Premier League Clubs meant that Project Restart was successful and enabled the season to conclude between June and July 2020. The rebate recognised that fixtures did not take place at the contractual kick-off times as agreed directly by the Premier League with their broadcast partners, hence fees already received had to be credited back. The rebate chargeable to the Club was £8.0m, of which £6.1m is offset against 2019-20 income, with the balance to be charged in 2020-21. The rebate will be paid during the 2021-22 and 2022-23 seasons by way of a deduction from Premier League broadcast receivables.

Match income at £22.5m is also £4.6m lower due to the matches that were postponed due to the pandemic at the end of the season, which also impacted commercial revenue at £25.9m - a decrease of £1.5m. Retail at £8.6m is marginally down as the retail outlets and warehouse servicing the online store were closed during the lockdown from March to May. The Club was able to innovate, and when the online offering was later able to resume, the Club maximised all digital opportunities.

This unprecedented fall in income has been the primary reason for the increase in the net loss for the year by £38.1m to £65.3m, with overall results offset by slightly lower staff costs, and other overheads.

The Club ensured that no redundancies were made and all staff apart from first team players and senior management were paid 100% of their salaries during the period affected by the pandemic.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Review of the year (continued)

The total estimated impact on the Club's financial results in 2019-20, caused by the Covid 19 pandemic and the subsequent season suspension was to increase the loss for the year by £40.2m.

This was driven by Broadcast income deferred to the following financial year of £25.7m due to the season being completed in 2020-21 and the charge of a broadcaster rebate of £6.1m.

Ticketing income lost in the year included season ticket revenue of £5.2m and corporate seasonal memberships income of £2.1m. In addition, the matches played behind closed doors and the lockdown of retail between March and May 2020 resulted in an estimated loss of matchday revenue of £1.9m, and other attributable income £0.9m. The combined estimate of lost income of £2.8m has been derived from the average income received from supporter attended matches prior to the season suspension.

Whilst revenue in the year was significantly impacted, costs resulting from the season suspension were lower by approximately £1.7m. This included £0.6m of natural savings due to matches not being hosted, and a further £1.1m in respect of payments deferred into the following financial year.

An insurance claim for a contribution towards the financial losses sustained as a result of the pandemic in 2019-20 has been submitted and is ongoing. No amounts in respect of this have been recognised in these financial statements.

In order to support effective business continuity during the pandemic and maintain the ongoing levels of cash required, the shareholders injected a further £30.0m of funding through a rights issue on 1 July 2020.

In addition, the Club's players, and the Club's Manager, Vice-Chairman and Chief Financial Officer agreed to significant wage deferrals as a further demonstration of the alignment across the Club to support its goals, and to help improve the cash position at a critical time early in the pandemic.

The adverse effects of the pandemic on the Club's cashflow were also temporarily alleviated by the deferral of VAT payments due in March and June 2020, to March 2021.

On the pitch, the decision to part company with the existing Management team and appoint David Moyes along with a strong backroom team was made on 29 December 2019.

The January 2020 transfer window saw the permanent additions of Darren Randolph and Jarrod Bowen, whilst Tomas Soucek joined on loan until the end of the season, before joining permanently during the summer.

Under the guidance of the new management structure, the team put in some very strong performances in the early part of 2020, and then again during the Project Restart games, finishing the season on 39 points and ultimately securing our Premier League status.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Future Prospects

As with all Premier League football clubs, a future risk remains the performance of the men's first-team and the league in which it operates. However, after a very promising first half of the 2020-21 season with 45 points already secured, our Premier League status is assured and we are now aiming to secure a place in one of next season's UEFA competitions.

The Club's current position is in line with its mission and goal to be a London Premier League Club at the heart of its community challenging for Europe for the benefit and enjoyment of its fans.

The Club's strong partnership with the Manager will continue to assist in building and improving the squad. The loyalty displayed by the Club's fanbase, indicated by the level of renewals for the 2020-21 season despite the pandemic, provides a positive sign for the appetite of supporters to return to matches when it is safe to do so.

The ongoing impact of COVID-19 remains a concern. The financial results for the 2020-21 season will be enhanced by the recognition of the broadcast income for nine games deferred from the 2019-20 season, along with the income from the live games televised during Project Restart, although it should be noted that these income streams will be partially offset by the £1.9m broadcast rebate deferred from 2019-20.

It is anticipated that the return of fans to matches in 2020-21 will be at a reduced level which in turn will result in a fall in the Club's annual income relative to pre-COVID levels.

We renewed our short-term facility with Rights and Media Funding Limited for a further year in August 2020. The new £55.0m facility expires in July 2021.

An additional £20.0m short-term overdraft facility with Barclays Bank was agreed in October 2020, which expires on 15 July 2021.

In order to provide long term financial stability and sustainability at the Club, a new £120.0m five year term loan was provided by MSD Holdings Limited on 26 February 2021.

The intention is to draw down against the new loan in order to repay the Rights and Media Funding Limited facilities and the short-term overdraft provided by Barclays Bank prior to their maturities in July 2021, with the balance available to cover cash shortfalls caused by the pandemic.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Principal Risk and Uncertainties

There are a number of potential matters which could have a material impact on the Club's long term performance. To the extent that there are ever any material variances from forecast, football clubs have the ability to address any potential liquidity risks through player trading.

For West Ham United, the brand and team are its greatest contributors to value, resulting in it being Forbes 17th most valuable Club in the world and the 7th most valuable PL Club, in line with its goal of building sustainable value.

The Group's principal business risk remains that of the football club being relegated from the FA Premier League with the serious financial consequences which follow. The Group prepares budgets three seasons in advance which include an evaluation of the impact of relegation and associated contingency plans.

It is a feature of football clubs' income streams that a significant element is known in advance because of its long-term contractual nature. Centrally negotiated broadcast and sponsorship deals are presently in place to the end of the 2022-23 season. The Group's own major sponsorship and partnership agreements are also in place until the end of seasons 2021 and 2022 respectively. Season ticket sales (including corporate sales) would usually be made at the start of each season or accounting year and represent the bulk of the Group's match day revenue. It follows that in the region of 75% of the Group's annual turnover will be guaranteed, or in many cases received, by 31 July each year. However, with the impact of COVID-19 and games being played behind closed doors, the sale of season tickets and Corporate hospitality has been impacted, and whilst we have been able to achieve encouraging volumes of sales, we have not been able to accommodate the supporters due to the restrictions in place.

Monies received from season ticket holders have either been refunded, or the equivalent value along with a 10% bonus, has been added to supporters' 'club cash' loyalty balances after each 'behind closed doors' fixture has been played. Funds held on 'club cash' loyalty balances are available for supporters to spend against future ticket purchases and merchandise on sale in the club's retail outlets.

To the extent that there are ever any material variances from forecast, football clubs are in the unique position of being able to trade footballers during the transfer windows to address any potential liquidity risks, although this ability can on occasion be constrained if less transfer activity is conducted by clubs (either domestically or internationally) in any one transfer window. Clubs can also normally accelerate receipt of deferred elements of transfer fees receivable by discounting those proceeds with a financial institution, although there can be no certainty of the availability of such funding.

At the London Stadium, the stadium operator holds the annual safety certificate, however we continue to hold £500 million of public liability insurance in respect of any one occurrence.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Financial Risk Management

Financial assets that expose the Group to financial risk consist principally of cash, trade and other debtors. Financial liabilities that expose the Group to financial risk consist principally of trade and other creditors. The financial risks associated with these financial instruments are considered minimal.

The Group is exposed to foreign exchange risks in respect of the purchase or sale of player registrations negotiated in foreign currency. In the course of the year just ended, the Group made a gain on foreign currency translation of £0.6m due to favourable movements in the Euro foreign exchange markets at the year end date.

The Group places surplus cash with a creditworthy institution. The Group performs ongoing credit evaluation of its debtors' financial condition. The carrying amounts of cash, trade and other debtors represent the maximum credit risk to which the Group is exposed.

Going Concern

As of the date of approval of these financial statements the Group has £53.5m of shareholder loans, a £55.0m of short-term financing facility due for repayment in July 2021, alongside a long term loan facility of £120.0m, of which £nil is currently drawn down. Both the shareholder loans and the long term loan facility are secured for a period of at least 12 months from the date of approval of these financial statements. Additionally the Group has a short-term overdraft of £20.0m with Barclays Bank which expires on 16 July 2021. The Group's intention is to draw down on the long term loan facility in order to repay the £55.0m short-term financing facility and the £20.0m Barclays overdraft prior to their maturities in July 2021.

Taking into account this long term secured financing, as well as the £30m of proceeds from the rights issue in July 2020, the Board has prepared and approved forecasts for the current and forthcoming season (through to May 2022), which capture the period of at least twelve months from the date of approval of these financial statements.

The forecasts have been prepared assuming the club remains in the Premier League for the 2021-22 season. Given the Club has 45 points having played 26 games (a position from which no club has been relegated in the history of the Premier League), as at the date of approval of these financial statements, the Board believes it would be beyond a severe but plausible scenario to include relegation within the Group's forecasts.

Additionally the forecasts make certain assumptions about the impact that the COVID-19 pandemic may have on Premier League football in the future. The forecasts assume that, while fans will not be able to attend matches until the 2021-22 season at the earliest, all matches will continue to be played and broadcast even during national lockdowns (as has been evidenced in November 2020 and January-February 2021). Accordingly the forecasts assume that the Group's broadcasting revenues will continue unaffected.

The Board has also performed sensitivity analysis on these forecasts, including the identification of mitigating actions. Mitigating actions include the option of player disposals to generate transfer fee income and wage savings, as well as support from its investing owners.

WH HOLDING LIMITED

STRATEGIC REPORT for the year ended 31 May 2020 (continued)

Going Concern (Continued)

Based on the forecasts produced, the Board has concluded that the Group has sufficient liquidity to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Board also expects to be able to comply with the covenants within its long term financing facility over the same period. The forecasts also show sufficient liquidity and covenant headroom to withstand severe but plausible sensitivities to the forecasts, even before mitigating actions are considered.

Therefore the Board has concluded that it is appropriate to prepare these financial statements on a going concern basis.

Key Performance Indicators ("KPI's")

The Group monitors its performance against a range of key performance indicators on an annual basis. Although not exhaustive, the table below summarises major KPI's over the last five years. Although the Group does not set targets to be achieved each season it nevertheless seeks to maximise performance, both financial and non-financial, on an annual basis.

	2019/20	2018/2019	2017/18	2016/17	2015/16
League position	16 th	10 th	13 th	11 th	7 th
FA Cup	4 th round	4 th round	4 th round	3 rd round	6 th round
Caraboa Cup	3 rd round	4 th round	5 th round	5 th round	3 rd round
Average league gate	59,925	58,325	56,923	56,972	34,910
Wage: turnover ratio	*93.8%	71.2%	60.8%	51.8%	60.0%
Operating (loss)/profit before exceptional items & player trading	(£25.3m)	£20.7m	£34.7m	£56.7m	£31.5m

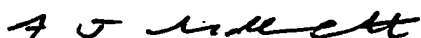
The average attendance achieved in season 2019-20 has been calculated after excluding the five fixtures played behind closed doors.

***Wage: turnover ratio**

The above ratio is significantly impacted by the revenue losses which were suffered as a result of the season suspension. It should be noted that had the losses not occurred, the Wage: turnover for 2019-20 would have been 73.0%.

The adjusted KPI is calculated by using the Turnover and Payroll values disclosed in Notes 3 and 5 respectively, adjusted for the total estimated impact on the Club's financial results in 2019-20, caused by the COVID 19 pandemic, as described at the top of page 6.

On behalf of the board



Andy Mollett
Director
1 March 2021

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020

Directors

The directors of the company who were in office during and at the end of the year of signing the audited financial statements of the Group were:

David Sullivan
David Gold
Karren Brady
Andy Mollett
Daniel Harris
J Albert Smith

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors and Officers liability insurance in respect of itself and its Directors.

Results and Dividends

The results of the Group are as set out in the consolidated statement of comprehensive income on page 26. The directors do not propose the payment of a dividend (2019: £nil).

Political donations

No donations were made to a registered political party or other political organisation in the EU (including the UK), or any independent elections candidate and no EU political expenditure exceeding £2,000 in aggregate was incurred in the financial year (2019: £nil).

Section 172(1) statement

Section 172(1) of the Companies Act 2006 requires each director of the Group to act in a way in which he/she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters including;

- The likely consequences of any decision in the long term.
- The interests of the Group's employees.
- The need to foster the Group's business relationship with suppliers, customers and others.
- The impact of the Group's operations on the community and the environment.
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between the Group's members.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Section 172(1) statement (continued)

With respect to this, the board meets on a regular basis and refers to ongoing strategic plans having regard to the following considerations;

Long term consequences

- Long term sustainability / viability of business model
 - We continue to invest substantial funds into the playing squad in order to maximise the best possible chances of achieving success on the football pitch.
 - The Group's adherence to UEFA and Premier League Financial Fair Play rules ensures sustainable, responsible and transparent spending.
- Risk appetite and risk management
 - See note on page 9 for details on the Group's Financial risk management objectives and policies.

Interest of employees

- The health, safety and well-being of our employees is one of our primary considerations. We put a great emphasis on employee consultation, we actively promote equality and diversity, and we are committed to paying the London Living Wage.
- We have created Hammers Working from Home, which has been set up to increase connectedness among the staff in the changing work environment caused by the COVID-19 pandemic.
- We are committed to ensuring that male and female employees are paid equally for equivalent work and release an Annual Gender Pay Gap Report to support this.

Interest of other stakeholders (suppliers, customers, others)

- Fans
 - Fans are the lifeblood of our club and are always foremost in our decision making.
 - We are proud to have an ever-increasing number of supporter's clubs around the world.
 - The Club meets regularly with supporter's groups to discuss key issues affecting fans.
- Partners
 - Our commercial partners remain as important to us as ever and we are pleased to have multi-year contracts in place with key partners across a variety of industries.
- Suppliers
 - We value our suppliers and have long-standing contracts with key suppliers who share our core values.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Section 172(1) statement (continued)

Impact of community

- The Group places huge importance on being a pillar of our community, to which we deliver through a variety of projects.
- The West Ham United Foundation is the Club's community outreach vehicle, delivering more than thirty community projects in East London, Essex and international locations; engaging up to 50,000 people every year across Health, Community Sport, Football Development and Learning and Employability.

High standards of business conduct

- The Group is committed to ensuring there is openness in our own business and in our approach to tackling modern slavery both within our business and through our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015.
- The Group is committed to paying the right amount of tax, in the right place, on a timely basis in accordance with tax law and practice in the United Kingdom.

Employees

Recruitment & Staffing

West Ham United's employees are key to the Club and are the most visible part of the business to its customers and supporters. We are committed to high standards of employment practice and to providing equality of opportunity, training and development and a safe workplace, in addition to developing initiatives which encourage innovation.

West Ham United aims to be an exceptional employer; one that recognises talent and develops people to the best of their abilities. We ask our people to share our determination to succeed and to deliver strong business success which is why it is important for us to appropriately reward, engage, listen to and develop our employees.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Employees (continued)

Recruitment & Staffing (continued)

This Club was the first Premier League club to become a Good Work Standard employer in London, following the Standard's official launch in the summer of 2019, as part of the Mayor's commitment to making London the best city in the world in which to work.

The Club is proud to have a diverse workforce and we work hard to broaden opportunities across the business where appropriate and provide training to develop skills for current and future roles.

We are committed to equal opportunities for all of our workforce, from recruitment and selection, through to training and development and promotion. The Club was awarded the Premier League's Equality Standard Advanced level in December 2020, recognising its ongoing dedication and commitment to equality, diversity and inclusion, as the Club continue to strive to become an equity leader.

The Club, aided by its superb staff, has truly embedded this strong approach to EDI at its heart and this has now been recognised with the Premier League's highest possible accolade, the Premier League Equality Standard Advanced level.

Bill Bush, Executive Director of the Premier League, said: "The Panel noted that the Club has made consistent progress since 2018 and that this has been accelerated since then by the leadership of the Vice-Chair, the Board and senior staff. Leadership from the top is vital and this was evident to the Panel. It commends the club on its open reflection on the challenges it faces and appreciated the presentation that summed up the EDI work at the club".

The Club understands that holding the Advanced Level places an even greater responsibility on its aim to be an Equity leader and will ensure we keep listening to staff, fans and the industry, always reflecting on our approach to equality, diversity and inclusion, and going further than we already do.

We have established our Staff Equality Forum, which includes 14 employees; a third of whom are women and 65% are from BAME backgrounds. This not only supports the work of the Equality Strategic Group, which feeds directly into the Board, it also helps to ensure that equality is embedded at every level of the organisation, in line with our goals and help us succeed in our aim to become an Equality leader in the Premier League.

The Club is proud that three members of the West Ham United family have been named on the 2020 Football Black List. Introduced in 2008, the Football Black List celebrates and recognises the wide array of influential black individuals and their achievements in the football industry across six different categories: Media, Community & Grassroots, Coaching & Management, Administration, Players (off-the-pitch) and Commercial. In 2020 Commercial Director Nathan Thompson, Academy Player Care Officer Kiera Colthart and West Ham United Foundation Trustee Marie Gabriel CBE were named on the 2020 Football Black List, all recognised for their contribution to the Club and the sport.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Employees (continued)

Recruitment & staffing (continued)

The Club is proud to be a Disability Confident Leader and it is part of The Valuable 500, committed to putting diversity and inclusion onto the business leadership agenda.

The Club continues to support and nurture over 250 employees through a new education and development programme, which has been designed to provide everyone with essential education in areas such as inclusive language, and teaches advanced skills to succeed in the new way of working we are all adjusting to as a result of the pandemic.

Throughout the Covid-19 pandemic, the Club designed and implemented twelve internal online courses and a six-part management series to offer practical tips for staff working remotely, guidance on how to get the most out of technology and connect positively with one another, as well as bespoke sessions on how to support physical and mental health. To date, of those staff who have engaged in the training, 12% have a disability, 48% are female and 33% are of Black, Asian or Ethnic Minority.

The Club launched an Employee Assistance Programme to help employees deal with personal matters that might impact their work performance, health and wellbeing. The programme generally includes assessment, short-term counselling and referral services for both staff and their immediate family.

Throughout the pandemic all core staff have been retained and have been paid 100% of their salaries in full, and matchday staff were paid for any remaining fixtures which took place without supporters' present. This was hugely beneficial as many of our match day staff are from lower-income households and concentrated areas of high poverty boroughs like Newham, Tower Hamlets and Waltham Forest. Any staff classed as vulnerable, due to disability or pre-existing health concerns were afforded the option of being placed on full paid leave or remote working arrangements to protect the workforce.

Since the first lockdown, staff were provided with details of local and national support charities and were trained in using the Club's welfare procedures in how to escalate welfare concerns.

Engagement & Involvement

Engaged staff help us to continue to be successful and grow.

Our informal and inclusive culture creates communication channels, promoting innovation and the sharing of ideas. We all work together in striving to achieve the common goal of the Club as a whole. We hold regular management meetings remotely and ensure that employees from across the business are in dialogue with our business leaders.

West Ham United's employees are kept well informed of the performance of the Club and key events concerning the business through regular remote staff briefings and updates from the Vice Chairman, as well as through communications via our intranet, staff newsletter, staff surveys and email.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Employees (continued)

Engagement & Involvement (continued)

The Club is currently embarking on updating its strategy and all employees are being engaged throughout the process.

The Group's policy is to communicate honestly with employees and encourage consultation between employees and management. It places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the Group. This is achieved through formal and informal remote meetings with the vice-chairman or other senior management. This leads to sharing the same understanding of goals, processes, and expectations.

Throughout the coronavirus pandemic we have created Hammers Working from Home, which consists of a range of initiatives, ideas and assistance for staff to share ideas and keep our sense of connection and community when we needed it the most. These included wellness breakfasts, coffee club, learning lunches, weekly remote socials, daily workout videos as well as Young Hammers at Home daily challenges, an internal support Group for staff who were home schooling as well as a Virtual Holiday Hammers Half-Term course for 5-14 year olds.

Developing our people

Every employee plays a part in the Club's success and we are focused on developing our people to the best of their abilities. When joining the business, employees undertake a thorough induction which includes training on how to perform in their new role and orientation around different areas of the business, and mandatory training in General Data Protection Regulations, Cardiopulmonary Resuscitation, fire awareness, Safeguarding and Display Screen Equipment.

During the Coronavirus pandemic the Club has designed and implemented an online training and development schedule which includes a six-part management series offering practical tips to working remotely, guidance on how to get the most out of technology and connect positively with each other, as well as bespoke sessions on how to support physical and mental health.

Compensation & Benefits

The West Ham United Skills School was launched in 2017 and the Club has heavily invested in staff who have benefitted from a range of training programmes and development courses that have further enhanced skills and output across all departments, upskilling the entire workforce and producing stars of the future who can lead the Club as it grows at London Stadium.

In line with legislation the Club has also undertaken a gender pay gap audit and the results show that the pay gap is currently -13.4%, a 4% increase (excluding first team players, management and coaching staff).

The Board has worked very hard to address the gender issues faced in football. This has been achieved through the promotion and development of existing staff and positive action in external recruitment, and more than half of the Vice-Chairman's direct reports are female.

The Group acquired the West Ham United Women team on 1 June 2019 and provided an enthusiastic and committed promotion, as well as substantial financial investment throughout the year.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Employees (continued)

Compensation & Benefits (continued)

The Club is also very supportive of its workforce who have children, providing generous maternity and paternity pay and is welcome to considering all flexible working requests.

Additionally, West Ham United has paid the equivalent of the London Living Wage to all full-time and part-time permanent members of staff since June 2015 and became an accredited London Living Wage Employer in December 2017, the second Premier league club in London to do so.

Streamlined Energy and Carbon Reporting (SECR)

The Club is firmly committed to operating in a green and sustainable manner and takes its responsibilities in these areas extremely seriously. Environmental awareness is embedded into the Club's day to day operations with initiatives in place across operational sites including reduced energy consumption with the use of LED lighting, installation of lighting motion sensors and centrally controlled heating. The club has been and will continue to explore several measures that were discovered from our ESOS phase 1 and 2 assessments which include BMS upgrades, boiler optimisation, LED upgrades and controls, solar thermal, secondary metering, power management and better practices.

Data has been collected from a variety of sources including utility providers, plant asset lists, fuel usage and mileage records. The methodology used to calculate our GHG is the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. The SECR disclosure presents our carbon footprint across Scopes 1 and 2 along with an appropriate intensity metric and our total energy use of electricity and gas. The external consultants used our energy invoices and bill validation reports to calculate, quantify and validate our GHG emissions disclosure for 2019-2020, in line with the methodology set out in the GHG Protocol Corporate Standard and the Energy Managers Association.

The Club's energy usage in the year ending 31 May 2020 was 3.257 million kWH and total UK emissions were 759.7 tCO₂e. This represents an intensity ratio of 5.45 (tCO₂e per £1m of turnover).

Electric Consumption (tCO ₂ e)	376.9
Gas Consumption (tCO ₂ e)	186.8
Transport Consumption (tCO ₂ e)	73.7
Other Fuels Consumption(tCO ₂ e)	122.3
Total GHG Emissions (tCO₂e)	759.7

Scope 1 CO ₂ emissions (tonnes)	382.7
Scope 1 CO ₂ emissions (tonnes)	376.9
Total GHG Emissions (tCO₂e)	759.7
Intensity Ratio tCO₂e per £M turnover	5.5

This is the first-year reporting under SECR and therefore there are no prior period figures to compare against.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

West Ham United Foundation

The Foundation is the Club's community outreach vehicle, delivering more than thirty community projects in East London, Essex and international locations; engaging up to 50,000 people every year across Health, Community Sport, Football Development and Learning and Employability.

At the start of 2019 we set out the Foundation's new five-year plan, not anticipating the unprecedented second half of the season (and subsequent 2020) which began in March – when our plans to celebrate 30 years of West Ham's community outreach were scuppered.

The combination of a global pandemic and existing equality issues in society have created real challenges across the 2019-20 period. Although our reaction to COVID-19 saw us change the way we work, our overarching 2019-24 commitment remains consistent;

Vision - Harnessing the power of football to maximise life-chances and inspire better futures for all.

Mission - To provide an innovative approach to understanding and meeting the needs of our community; building partnerships and utilising insight and technology to create an environment where all can thrive - from the heart of East London.

Strategic Objectives:

- **Responding to local need** - Engaging our community to understand local need and to ensure that our programmes, facilities and reporting structures are designed around them.
- **Uniting our community** - Understanding our community, what works and how innovative thinking across our stakeholders is essential to support fitter and healthier lifestyle choices.
- **Providing an environment for all to thrive** - Shaping the programmes we run and our ways of working to create effective, efficient and innovative mechanisms that support anyone in need of help for as long as they need it.

At the heart of our community work is people and the Foundation has a multi-layered approach which drives diversity, equality and inclusion. Through its delivery, the Foundation is focused on serving our community; whether it's through health initiatives helping those most vulnerable, providing mentoring, education and employment opportunities, keeping children and youths engaged and supported through sports and classroom provision, or giving people the opportunity to follow their football dreams on the pitch while also gaining qualifications off the pitch. West Ham United is wholly committed to helping others fulfil their potential as well as fulfilling our potential and responsibilities as an organisation.

Adding to our impact is the Players' Project. Launched in November 2018, the Players' Project is the most ambitious and integrated community programme ever created by a Premier League Club, with men's, women's and Academy players giving more than six hundred hours of time to date across eleven key areas of community work, and targeting a total of over one thousand hours by its third anniversary in 2021.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

West Ham United Foundation (continued)

In early March, just before the effects of the pandemic set in, the Players' Project won the Impact of Elite Sport category at the London Sports Award; recognising the incredible value it holds across our community. Since then, and when our community needed us most as the first lockdown hit, support from West Ham and the players has grown even further; from Hammers at Home activities, letters and phone calls to those most vulnerable, to local NHS Trust assistance and giving crucial donations to local partners including foodbanks and homeless charities.

The base for this impact is our Players' Project, with Switch The Play stating that "one of things that is a critical success factor as to why the Players' Project is so effective is because it is a whole-club approach".

Between November 2018 and November 2019, the Club's significant socio-economic contribution to East London, Essex and beyond was valued by Ernst and Young to be £300million, including £1.4million of annual savings to the NHS delivered through diabetes prevention, the 281 school and educational partnerships or the fact that there have been 50,000 participants in Club Foundation led initiatives per year.

The Club continues to strive to help address social inequalities in our community, with our Holiday Hunger programme delivering over 3,000 meals across more than 50 sessions in school holidays and delivering more than 1,125 bags of food across east London.

Our 'Stop the Hate' campaign is delivered in collaboration with Show Racism the Red Card, working with Leroy Rosenior and tackling racism through preventative workshops, combined with health and wellbeing sessions. It is available to schools across East London and Essex and engaged with more than 1,500 students in the 19/20 season across nine Primary and Secondary Schools in Barking & Dagenham alone.

We have continued to engage with our 300 Any Old Irons members via a specially created Facebook Group, upskilling them on their use of technology and loaning iPads in support, sending regular newsletters delivered by post and email, making phone calls and sending letters, some of which were sent directly from our manager and players, including Mark Noble and Declan Rice.

The primacy of CSR in the Club's strategy is evident in our response to the pandemic. The Club confirmed it would continue to pay 100% of staff salaries, support the most vulnerable in their community, and pledged millions primarily through its Foundation to do so. The Club continues to invest in its EDI agenda and its goal to become an Equity Leader sits on the Board agenda.

We are incredibly proud of what we have achieved across the 2019-20 season and with the support of the Board, management, staff and players we are continuing to think and act innovatively to make a lasting difference to people's lives.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Financial risk management

See Strategic report, page 9.

Future prospects

See Strategic report page 7.

Post Balance Sheet Events

Note 30 provides details of material events which have occurred since the balance sheet date.

Going Concern

See Strategic report, page 9-10.

Dividends

See Strategic report, page 4.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Statement on Information Given to Independent Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2020 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



A Mollett
Director
1 March 2021

WH HOLDING LIMITED

Independent auditors' report to the members of WH Holding Limited

Report on the audit of the financial statements

Opinion

In our opinion, WH Holding Limited's Group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 May 2020 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 May 2020; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the notes to the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity and Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's and parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

WH HOLDING LIMITED

Independent auditors' report to the members of WH Holding Limited ***(continued)***

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 22, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

WH HOLDING LIMITED

Independent auditors' report to the members of WH Holding Limited **(continued)**

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

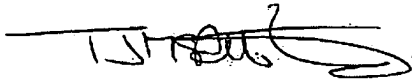
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

01 March 2021

WH HOLDING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 May 2020

	Note	2020			2019		
		Operations excluding player trading* £000	Player trading ** (notes 6 & 10) £000	Total £000	Operations excluding player trading* £000	Player trading ** (notes 6 & 10) £000	Total £000
Group turnover	3	139,500	-	139,500	190,695	-	190,695
Other operating income		1,377	-	1,377	2,009	-	2,009
Administrative expenses		(166,155)	(59,856)	(226,011)	(172,026)	(57,371)	(229,397)
Group operating (loss)/profit	4	(25,278)	(59,856)	(85,134)	20,678	(57,371)	(36,693)
Profit on disposal of players	6	-	24,933	24,933	-	12,653	12,653
(Loss) / Profit on operating activities before interest and taxation		(25,278)	(34,923)	(60,201)	20,678	(44,718)	(24,040)
Interest receivable and similar income	7			31			47
Interest payable and similar expenses	8			(5,165)			(4,187)
Loss before taxation				(65,335)			(28,180)
Tax on Loss	9			-			925
Loss and total comprehensive expense for the financial year	25			(65,335)			(27,255)

*Excludes all player related costs and income which if included would materially distort the results derived from normal operations.

** Player trading represents the amortisation of registrations and the profit or loss on disposal of registrations.

All activities derive from continuing operations.

There were no other sources of comprehensive income during the year.

The notes on pages 33 to 52 are an integral part of these financial statements.

WH HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

as at 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		147,091		127,421
Tangible assets	11		23,589		24,011
			<u>170,680</u>		<u>151,432</u>
Current assets					
Stocks	13	1,765		2,903	
Debtors: amounts falling due after more than one year	14	17,473		17,586	
Debtors: amounts falling due within one year	14	18,435		30,653	
Cash at bank and in hand		14,663		12,521	
		<u>52,336</u>		<u>63,663</u>	
Creditors: amounts falling due within one year	15	<u>(199,966)</u>		<u>(131,952)</u>	
Net current liabilities			<u>(147,630)</u>		<u>(68,289)</u>
Total assets less current liabilities			23,050		83,143
Creditors: amounts falling due after more than one year	15		(101,595)		(92,329)
Provisions for liabilities	19,20		(6,232)		(10,256)
Net liabilities			<u>(84,777)</u>		<u>(19,442)</u>
Capital and reserves					
Called up share capital	21		2		2
Share premium account	22		34,999		34,999
Capital redemption reserve	23		111,499		111,499
Revaluation reserve	24		1,399		1,399
Profit and loss account	25		(232,676)		(167,341)
Total shareholders' deficit	26		<u>(84,777)</u>		<u>(19,442)</u>

The notes on pages 33 to 52 are an integral part of these financial statements.

These financial statements, on pages 26 to 52 for company registration number 5993863, were authorised by the board of directors on 1 March 2021 and signed on its behalf

A J Mollett

Andy Mollett
Director

WH HOLDING LIMITED

COMPANY BALANCE SHEET

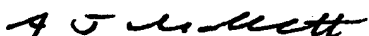
as at 31 May 2020

	Note	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Investments	12		123,199		123,199
Current assets					
Debtors	14	32,235		32,235	
Creditors: amounts falling due within one year	15	(9,500)		(9,500)	
Net current assets			22,735		22,735
Total assets less current liabilities			145,934		145,934
Net assets			145,934		145,934
Capital and reserves					
Called up share capital	21		2		2
Share premium account	22		34,999		34,999
Capital redemption reserve	23		111,499		111,499
Profit and loss account	25		(566)		(566)
Total shareholders' funds			145,934		145,934

The Company generated a result of Nil for the year (2019: Nil result).

The notes on pages 33 to 52 are an integral part of these financial statements.

These financial statements, on pages 26 to 52 for company registration number 5993863, were authorised by the board of directors on 1 March 2021 and signed on its behalf.



Andy Mollett
Director

WH HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, for the year ended 31 May 2020

	Called up share capital	Share premium	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total shareholders' funds/(deficit)
	£000	£000	£000	£000	£000	£000
Balance as at 1 June 2018	2	34,999	111,499	1,399	(140,086)	7,813
Other comprehensive expense	-	-	-	-	(27,255)	(27,255)
Balance as at 31 May 2019	2	34,999	111,499	1,399	(167,341)	(19,442)
Balance as at 1 June 2019	2	34,999	111,499	1,399	(167,341)	(19,442)
Other comprehensive expense	-	-	-	-	(65,335)	(65,335)
Balance as at 31 May 2020	2	34,999	111,499	1,399	(232,676)	(84,777)

The notes on pages 33 to 52 are an integral part of these financial statements.

WH HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY for the year ended 31 May 2020

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance as at 1 June 2018	2	34,999	111,499	(566)	145,934
Result for the year	-	-	-	-	-
Balance as at 31 May 2019	2	34,999	111,499	(566)	145,934
Balance as at 1 June 2019	2	34,999	111,499	(566)	145,934
Result for the year	-	-	-	-	-
Balance as at 31 May 2020	2	34,999	111,499	(566)	145,934

The notes on pages 33 to 52 are an integral part of these financial statements.

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 May 2020

	2020	2019
	£000	£000
Net cash generated from operating activities (Note A)	1,317	29,877
Cash flow from investing activities		
Purchase of tangible fixed assets	(2,164)	(5,092)
Purchase of player registrations	(88,051)	(71,982)
Proceeds from disposal of player registrations, net of costs	53,370	22,780
Interest received	31	47
Net cash used in investing activities	(36,814)	(54,247)
Cash flow from financing activities		
Bank and other loans advanced	63,500	45,000
Bank and other loans repaid	(22,250)	(31,800)
Interest paid	(3,611)	(6,847)
Net cash generated from financing activities	37,639	6,353
Net Increase/(decrease) in cash and cash equivalents	2,142	(18,017)
Cash and cash equivalents at start of the year	12,521	30,538
Cash and cash equivalents at the end of the year	14,663	12,521

The notes on pages 33 to 52 are an integral part of these financial statements.

WH HOLDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 May 2020

A Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	2020 £000	2019 £000
Operating loss from continuing activities	(85,134)	(36,693)
Depreciation charge	2,586	2,061
Amortisation of cost of player registrations	59,856	57,371
Decrease/(Increase) in stocks	1,138	(606)
Decrease/(Increase) in debtors	11,991	(3,931)
Increase in creditors	10,880	11,675
Net cash inflow from operating activities	<u>1,317</u>	<u>29,877</u>

B Analysis of Changes in Net Debt

	1 June 2019 £000	Cash Flows £000	Other non- cash changes £000	31 May 2020 £000
Cash at bank and in hand	12,521	2,142	-	14,663
	<u>12,521</u>	<u>2,142</u>	<u>-</u>	<u>14,663</u>
Debt due within one year	(30,750)	(42,250)	(600)	(73,600)
Debt due after one year	(47,561)	1,000	600	(45,961)
	<u>(78,311)</u>	<u>(41,250)</u>	<u>-</u>	<u>(119,561)</u>
Net debt	<u>(65,790)</u>	<u>(39,108)</u>	<u>-</u>	<u>(104,898)</u>

Net debt is calculated exclusive of interest accrued on loans.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

1. Accounting Policies

a) General information

WH Holding Limited (“the Company”) and its subsidiaries (together “the Group”) operates a professional football club, West Ham United Football Club, currently playing in the English Premier League.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is London Stadium, Queen Elizabeth Olympic Park, London E20 2ST.

b) Statement of compliance and basis of preparation

The financial statements of WH Holding Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of freehold land and buildings.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1d.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company’s shareholders.

The Company has taken advantage of the following disclosure exemptions:

- (i) The requirements of Section 7 *Statement of Cash Flows* on the basis that it is a qualifying entity and the consolidated cash flow statement, included in these financial statements, includes the Company’s cash flows.
- (ii) The requirement of Section 33 *Related Party Disclosures* to disclose transactions with Group companies.
- (iii) The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

The Company has taken an exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements.

Going concern

As of the date of approval of these financial statements the Group has £53.5m of shareholder loans, a £55.0m of short-term financing facility due for repayment in July 2021, alongside a long term loan facility of £120.0m, of which £nil is currently drawn down. Both the shareholder loans and the long term loan facility are secured for a period of at least 12 months from the date of approval of these financial statements. Additionally the Group has a short-term overdraft of £20.0m with Barclays Bank which expires on 16 July 2021. The Group’s intention is to draw down on the long term loan facility in order to repay the £55.0m short-term financing facility and the £20.0m Barclays overdraft prior to their maturities in July 2021.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

b) Statement of compliance and basis of preparation (continued)

Going concern (continued)

Taking into account this long term secured financing, as well as the £30m of proceeds from the rights issue in June 2020, the Board has prepared and approved forecasts for the current and forthcoming season (through to May 2022), which capture the period of at least twelve months from the date of approval of these financial statements.

The forecasts have been prepared assuming the club remains in the Premier League for the 2021/22 season. Given the club has 45 points having played 26 games (a position from which no club has been relegated in the history of the Premier League), as at the date of approval of these financial statements, the Board believes it would be beyond a severe but plausible scenario to include relegation within the Group's forecasts.

Additionally the forecasts make certain assumptions about the impact that the COVID-19 pandemic may have on Premier League football in the future. The forecasts assume that, while fans will not be able to attend matches until the 2021-22 season at the earliest, all matches will continue to be played and broadcast even during national lockdowns (as has been evidenced in November 2020 and January/February 2021). Accordingly the forecasts assume that the Group's broadcasting revenues will continue unaffected.

The Board has also performed sensitivity analysis on these forecasts, including the identification of mitigating actions. Mitigating actions include the option of player disposals to generate transfer fee income and wage savings, as well as support from its investing owners.

Based on the forecasts produced, the Board has concluded that the Group has sufficient liquidity to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Board also expects to be able to comply with the covenants within its long term financing facility over the same period. The forecasts also show sufficient liquidity and covenant headroom to withstand severe but plausible sensitivities to the forecasts, even before mitigating actions are considered.

Therefore the Board has concluded that it is appropriate to prepare these financial statements on a going concern basis.

Basis of consolidation

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

c) Significant accounting policies

Turnover

Turnover represents the fair value of all amounts received and receivable in respect of football matches played, goods sold and service provided during the period excluding value added tax, returns discounts and rebates. Gate receipts and other match day revenue are recognised as games are played. Sponsorship and similar commercial income are recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season, whilst facility fees received for live coverage or highlights are taken when matches are played. As previously noted, a total of nine Premier League fixtures took place during the restart, which was after 31 May 2020, hence broadcasting revenue for these matches has been deferred until the next financial year.

Other operating income

Non-trading income, which relates primarily to grant income, is disclosed as other operating income and is recognised once there is certainty that the income will be received.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

c) Significant accounting policies (continued)

Tangible fixed assets

The Chadwell Heath, Little Heath, Rush Green training grounds and the Beckton Community Centre are held under the revaluation model. A full valuation was undertaken and reflected in the financial statements for the year ended 31 May 2018. Full valuations take place at least every five years and any surplus or deficit is transferred to the revaluation reserve through other comprehensive income, where the balance held on reserve permits.

Where insufficient revaluation reserve balances are held, the revaluation deficit is charged to the current year profit and loss account. Where depreciation charges are increased following a revaluation, where material, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold land and buildings	2-10%
Plant, fittings and equipment	10-33%
Motor vehicles	25%

At the balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense. Assets are stated net of any provision for impairment.

Intangible assets – player registrations

Payments made to third parties in order to acquire a player's registration are capitalised at cost. The cost is then amortised during the football season on a straight-line basis over the period of the player's contract. Where a player's contract is renegotiated before its expiry, on broadly similar financial terms, the unamortised balance of the original capitalised cost is then amortised over the term of the new contract together with any costs associated with the renegotiation. In the event of disposal of a player's registration, the unamortised cost of acquiring the registration is deducted from the net proceeds of disposal to arrive at a profit or loss on disposal.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

c) Significant accounting policies (continued)

Intangible assets – player registrations (continued)

Future payments for the acquisition of a player's registration, which may become due dependent on the performance of the team and/or the individual player, are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made. Similar terms may exist in contracts for the sale of players' registrations but such payments are not recognised as part of the proceeds of disposal until the event upon which the payment is dependent is known to have occurred.

At the balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense.

Players on loan

Fees receivable for players on loan, over and above the reimbursement of salary costs, are recognised within profit/loss on the disposal of players.

Signing on fees

Signing on fees payable under an employment contract are accounted for on an earnings basis. Where such fees are payable in equal annual instalments, under Football League and FA Premier League regulations, they are charged to the profit and loss account evenly over the period of the player's contract. In the event of the player's registration being sold, the balance of any signing on fees paid or payable to a player is treated as a cost of disposal of the registration.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related turnover is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

c) Significant accounting policies (continued)

Pension costs

The Group makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase schemes.

Contributions are charged to the profit and loss account over the period to which they relate.

In addition, the Group is making contributions in respect of its share of the deficit of The Football League Pension and Life Assurance Scheme (the "Scheme"). Contributions are charged to the profit and loss account as soon as they are claimed by the Scheme. This is a multi-employer scheme therefore the liability recognised in the balance sheet in respect of the plan represents the Group's liability for the contributions payable for its share of the deficit.

The assets of all schemes are held in funds independent from the Group.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

c) Significant accounting policies (continued)

(i) Financial assets (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivative financial instruments are recognised in the financial statements where material at fair value.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Investment in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

d) Critical accounting judgements and estimates

The Group makes estimates and assumptions concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below, albeit such a risk is not expected to arise in the coming financial year. There are no critical judgements, but there are certain critical estimates which are set out below.

(i) Impairment of intangible assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the recoverable value of the cash generating units ("CGUs") is required to be determined. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. Any players outside of the CGU are assessed for impairment on an individual basis.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

1. Accounting Policies (continued)

d) Critical accounting judgements and estimates (continued)

(ii) Provisions

Provisions are made for contingent amounts payable under the terms of transfer agreements. These provisions require management's best estimate of the costs that will be incurred based on contractual agreements and the deemed likelihood of the trigger event occurring. A contingent liability is disclosed in relation to those amounts not considered likely to become payable.

2. Company Profit and Loss Account

In accordance with the provisions of section 408 of the Companies Act 2006, the profit and loss account for the parent company is not included in these financial statements.

3. Group Turnover

An analysis of turnover by class of business is provided below. All turnover is derived in the United Kingdom.

	Group	
	2020 £000	2019 £000
Match receipts and related football activities	22,510	27,131
Broadcast and central sponsorship distributions	82,520	127,419
Commercial activities	25,910	27,422
Retail and merchandising	8,560	8,723
	<u>139,500</u>	<u>190,695</u>

4. Group Operating (loss)/profit

Group operating (loss)/profit is stated after charging the following:

	Group	
	2020 £000	2019 £000
Employment costs (note 5)	130,831	135,796
Amortisation of intangible fixed assets (note 10)	59,856	57,371
Depreciation on tangible fixed assets (note 11)	2,586	2,061
Fees payable to the company's auditors for the audit of the company's annual financial statements and the Group's consolidated financial statements	69	56
Fees payable to the Company's auditors for the audit of the company's subsidiaries	3	3
Fees payable to the Company's auditors for the half year review:	11	10
Operating leases – land and buildings	2,979	3,064
Operating leases – plant and machinery	76	62

The audit fee for the company of £3,000 (2019: £3,000) is borne by West Ham United Football Club Limited.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

5. Staff Costs, Emoluments and Employees

	Group	
	2020	2019
	£000	£000
Wages and salaries	114,791	118,880
Social security costs	15,782	16,750
Other pension costs	258	166
	<u>130,831</u>	<u>135,796</u>

Termination payments totalling £3.5m were made during the year following the change of first team management and scouting staff.

	Number	Number
Average monthly number of persons employed (including directors)		
Players, team management & training	108	110
Commercial & administrative	224	212
	<u>332</u>	<u>322</u>
Part-time employees	250	220
	<u>582</u>	<u>542</u>

	Group	
	2020	2019
	£000	£000
Aggregate directors' emoluments	<u>1,392</u>	<u>1,546</u>
	2020	2019
	£000	£000
Emoluments of highest paid director	<u>1,027</u>	<u>1,136</u>

There were no payments to directors for compensation for loss of office (2019: £nil).

The holding Company had no employees during 2020 and 2019.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2020 (continued)

6. Profit on Disposal of Players

	Group	
	2020 £000	2019 £000
Profit on sale of players	22,833	10,482
Income on loan of players	2,100	2,171
	<u>24,933</u>	<u>12,653</u>

7. Interest Receivable and Similar Income

	Group	
	2020 £000	2019 £000
Bank and other interest receivable	<u>31</u>	<u>47</u>

8. Interest Payable and Similar Expenses

	Group	
	2020 £000	2019 £000
Interest payable on secured loans	3,216	2,258
Interest on loans from shareholders	1,930	1,911
Other finance costs	19	18
	<u>5,165</u>	<u>4,187</u>

9. Tax on Loss

As at 31 May 2020 cumulative unrecognised tax losses available to carry forward against future trading profits were approximately £140,108,078 (2019: £84,533,400). Refer to note 20.

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the United Kingdom of 19.0% (2019: 19.0%).

Factors affecting the corporation tax charge for the year are explained below.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

9. Tax on Loss (continued)

	2020 £000	Group 2019 £000
Loss before taxation	(65,335)	(28,180)
Tax charge at 19.0% (2019: 19.0%) thereon	(12,414)	(5,354)
Expenses not deductible/income not taxable for tax purposes	654	53
Fixed asset timing differences	211	212
Adjustments to tax charge in respect of previous periods	-	-
Losses carried forward unrecognised	12,637	3,797
Other timing differences	(1,088)	365
Corporation tax charge for year	-	(925)

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Intangible Assets

	Player Registrations £000	Goodwill on acquisition £000	Total £000
<u>Cost</u>			
1 June 2019	255,181	37,965	293,146
Additions	107,810	-	107,810
Disposals	(64,010)	-	(64,010)
31 May 2020	298,981	37,965	336,946
<u>Accumulated amortisation</u>			
1 June 2019	127,760	37,965	165,725
Charge for the year	59,856	-	59,856
Disposals	(35,726)	-	(35,726)
31 May 2020	151,890	37,965	189,855
<u>Net book value</u>			
31 May 2020	147,091	-	147,091
31 May 2019	127,421	-	127,421

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

11. Tangible Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2019	22,503	15,793	61	38,357
Additions	906	1,234	24	2,164
Disposal	-	-	(11)	(11)
31 May 2020	23,409	17,027	74	40,510
<u>Accumulated depreciation</u>				
1 June 2019	4,332	9,971	43	14,346
Charge for the year	1,237	1,338	11	2,586
Disposal	-	-	(11)	(11)
31 May 2020	5,569	11,309	43	16,921
<u>Net book value</u>				
31 May 2020	17,840	5,718	31	23,589
31 May 2019	18,171	5,822	18	24,011

Montague Evans, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2018. A summary of valuations of the properties and the bases of valuation is set out below.

Property	Basis of valuation	£000
Chadwell Heath training ground	Depreciated replacement cost	4,541
Little Heath training ground	Depreciated replacement cost	498
Rush Green training ground	Depreciated replacement cost	4,100
Beckton Community Centre	Depreciated replacement cost	1,740

The historical cost equivalent of the revalued properties is £7,815,000.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2020 (continued)

12. Investments / Company

	£000
<u>Cost</u>	
1 June 2019	123,199
31 May 2020	<u>123,199</u>
<u>Net book value</u>	
31 May 2020	<u>123,199</u>
31 May 2019	<u>123,199</u>

Subsidiary undertakings comprise the following.

Company	Percentage of ordinary shares held	Country of incorporation and operation	Principal activities
West Ham United Limited	100%	Great Britain	Holding company
West Ham United Football Club Limited	100%	Great Britain	Professional football club
West Ham United Women Football Club Limited	100%	Great Britain	Professional football club
West Ham United Sportswear Limited	100%	Great Britain	Non-trading
West Ham United Hospitality Limited	100%	Great Britain	Non-trading
West Ham United FC Limited	100%	Great Britain	Non-trading
Thames Iron Works & Shipbuilding Company Limited	100%	Great Britain	Non- trading

Other than the holding in West Ham United Limited, all of the above investments are held indirectly. The other investments are all held by West Ham United Limited. The proportion of voting rights held in respect of each of the investments above is the same as the proportion of ordinary shares held.

The directors believe that the carrying value of the investments is supported by their underlying fair value of the West Ham United Football Club Limited business.

The registered office of the subsidiary undertakings is London Stadium, Queen Elizabeth Olympic Park, London E20 2ST.

13. Stocks

	Group	
	2020 £000	2019 £000
Goods for resale	<u>1,765</u>	<u>2,903</u>

The company does not hold any stock (2019: £nil).

There is no significant difference between the replacement cost of goods for resale and their carrying amounts.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

14. Debtors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	2,923	1,387	-	-
Amounts owed by Group undertakings	-	-	32,235	32,235
Debtors arising from player transfers due within one year	13,092	13,471	-	-
Other debtors	354	1,133	-	-
Prepayments and accrued income	2,066	14,662	-	-
Debtors: amounts falling due within one year	18,435	30,653	32,235	32,235
Amounts falling due after more than one year:				
Debtors arising from player transfers due in greater than one year	3,205	3,167	-	-
Prepayments and accrued income	14,268	14,419	-	-
Debtors: amounts falling due after more than one year	17,473	17,586	-	-
	35,908	48,239	32,235	32,235

Amounts owed by Group undertaking are interest free and repayable on demand.

Prepayments and accrued income due after more than one year relates primarily to an advanced one-off usage fee of £15,000,000 paid to E20 Stadium LLP in respect of use of the London Stadium in July 2016. The fee is being released to the profit and loss account on a straight-line basis over the term on the 99-year lease.

15. Creditors

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
<u>Amounts falling due within one year</u>				
Bank and other loans (notes 16 & 18)	64,100	21,250	-	-
Trade Creditors	1,961	3,531	-	-
Taxation and social security	17,826	16,452	-	-
Creditors arising from player transfers	56,626	44,154	-	-
Other creditors and Season Tickets refundable	10,243	1,282	-	-
Receipts in advance	23,895	23,659	-	-
Unsecured shareholder loan (note 16)	9,500	9,500	9,500	9,500
Accruals	15,815	12,124	-	-
	199,966	131,952	9,500	9,500
<u>Amounts falling due after more than one year</u>				
Debenture loans (notes 17)	611	611	-	-
Loans from shareholders (note 16)	44,000	45,000	-	-
Bank and other loans (notes 16 & 18)	1,350	1,950	-	-
Creditors arising from player transfers	54,008	42,697	-	-
Other creditors	1,626	2,071	-	-
	101,595	92,329	-	-

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

15. Creditors (continued)

The outstanding balance of the short-term bank loan of £64.1m consists of amounts owed to Rights and Media Funding Limited in respect of the annual facility (£63.5m) and the amount due on the Chadwell Heath development loan (£0.6m). The former was repaid in full on 3 August 2020. See note 30. Both facilities with Rights and Media Funding Limited are secured by a fixed and floating charge on the assets of the Club.

The balance held within Other Creditors and Season Tickets refundable include the value of monies due back to season ticket holders in respect of the five matches played behind closed doors (2019: £nil).

16. Total Borrowings

	Group	
	2020 £000	2019 £000
Debenture loans and subscriptions repayable after five years or more (note 17)	611	611
Secured loan repayable within one year	64,100	21,250
Secured loan repayable after greater than one year	1,350	1,950
Unsecured Shareholder loan repayable upon change of control	9,500	9,500
Loans from Shareholders repayable after greater than one year	44,000	45,000
	<u>118,950</u>	<u>77,700</u>

The loans from shareholders repayable after greater than one year are unsecured, with interest accruing at 4.0% p.a. The interest accrued as at the balance sheet date amounts to £1.8m (2019: £1.9m).

The repayment date for these shareholders loans is 1 January 2024.

An Unsecured Shareholder loan of £9,500,000 was received on 21 September 2017. The loan is non-interest bearing and repayable upon a change of control of the Group.

17. Debenture Loans and Subscriptions

The balance of £611,000 comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme in 1991-92. At 31 May 2020 and at 31 May 2019 the following applications had been received.

	Group	
	2020 £000	2019 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	<u>611</u>	<u>611</u>

Under the terms and conditions of the scheme, the debentures are repayable at par after 150 years. The debentures are non-interest bearing and are unsecured.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

18. Bank and other loans

During the year to 31 May 2020, the company took out a short-term loan with Rights and Media Funding Limited of £63.5m. This was secured by a fixed and floating charge on the assets of the Club, and it was repaid in full by 3 August 2020. Interest on the facility was charged at 5.65%.

During the year payments of £0.9m of interest and principal were made to Rights and Media Funding Limited in respect of the Chadwell Heath development loan. The loan is repayable in full by 1 July 2023. Interest is charged at 5.75% per annum, payable in arrears. The loan is secured by a charge over the Chadwell Heath Training Ground.

A further loan of £55.0m was taken out on 3 August 2020 with Rights and Media Funding Limited, secured by a fixed and floating charge on the assets of the Club.

A short-term overdraft of £20.0m was agreed with Barclays Bank on 22 October 2020, secured on future funds receivable from the Premier League. If utilised, the overdraft is repayable in full by 16 July 2021.

In order to help secure the Clubs long term stability and sustainability, a new £120.0m term loan facility was provided by MSD Holdings Limited on 26 February 2021 for a duration of five years. The total borrowing is secured on a fixed and floating charge on all the assets of the Club.

The intention is to draw down against the new loan in order to repay the Rights and Media Funding Limited facilities and the short-term overdraft provided by Barclays Bank prior to their maturities in July 2021.

19. Provisions for Liabilities – Cost of Player Registrations

	Group	
	2020 £000	2019 £000
At start of the year	10,256	4,179
Utilised in the year	(4,811)	(1,779)
Released in the year	(1,379)	(260)
Provided in the year	2,166	8,116
At end of the year	<u>6,232</u>	<u>10,256</u>

The above provision represents contingent amounts payable under the terms of transfer agreements which are deemed probable to be paid.

The company had no player related provisions at 31 May 2020 (2019: £nil).

20. Provisions for Liabilities – Deferred Taxation

The amount of deferred taxation provided in the financial statements is as follows:

	Group	
	2020 £000	2019 £000
Fixed asset timing differences	(563)	(138)
Other timing differences	1,111	686
Surplus on revaluation of properties	(548)	(548)
Total deferred tax asset/(liability)	<u>-</u>	<u>-</u>

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

20. Provisions for Liabilities – Deferred Taxation (continued)

The amount of potential deferred taxation not provided in the financial statements is as follows:

	Group	
	2020	2019
	£000	£000
Unprovided deferred tax asset	<u>27,094</u>	<u>15,110</u>

21. Called up Share Capital

	Group & Company	
	2020	2019
	£000	£000
<u>Allotted and fully paid</u> 2,000 (2019: 2,000) ordinary shares of £1 each	<u>2</u>	<u>2</u>

Ordinary shares have full voting and dividend rights.

22. Share Premium Account

	Group & Company	
	2020	2019
	£000	£000
At start and end of the financial year	<u>34,999</u>	<u>34,999</u>

23. Capital Redemption Reserve

	Group & Company	
	2020	2019
	£000	£000
At start and end of the financial year	<u>111,499</u>	<u>111,499</u>

The Capital Redemption Reserve is a historic balance which arose from a group reorganisation in prior years.

24. Revaluation Reserve

	Group	
	2020	2019
	£000	£000
At start and end of the financial year	<u>1,399</u>	<u>1,399</u>

25. Profit and Loss Account

	Group		Company	
	2020	2019	2020	2019
	£000	£000	£000	£000
At start of the year	(167,341)	(140,086)	(566)	(566)
Loss for the financial year	(65,335)	(27,255)		
At end of the year	<u>(232,676)</u>	<u>(167,341)</u>	<u>(566)</u>	<u>(566)</u>

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2020 (continued)

26. Reconciliation of Movements in Shareholders' Deficit

	Group	
	2020 £000	2019 £000
At the start of the year	(19,442)	7,813
Loss for the financial year	(65,335)	(27,255)
Total Shareholders' Deficit	<u>(84,777)</u>	<u>(19,442)</u>

27. Operating Lease Commitments

At 31st May 2020 the Group was committed to making the following annual payments in respect of operating leases.

	Group	
	2020 £000	2019 £000
<u>Land and buildings</u>		
Expiring within one year	3,205	3,185
Expiring within two to five years	12,661	12,806
Expiring more than five years	271,282	270,423
	<u>287,148</u>	<u>286,414</u>
<u>Other operating leases</u>		
Expiring within one year	13	16
Expiring within two to five years	154	60
	<u>167</u>	<u>76</u>
	<u>287,315</u>	<u>286,490</u>

The Company had no capital or other commitments at 31 May 2020 (2019: £nil).

28. Contingent Liabilities & Guarantees

There is an ongoing HMRC investigation in relation to agents fees which commenced on 26 April 2017. However, the outcome and potential quantum of any liability are still unknown, and hence no provision has been made in the accounts.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

28. Contingent Liabilities & Guarantees (continued)

In common with other Group companies, the company is party to a Group VAT registration whereby each member company guarantees the liability to VAT of the other members.

The company is a guarantor of sums borrowed by West Ham United Football Club Limited under its banking facilities.

Under the terms of transfer agreements for certain players, additional transfer fees might be payable dependent on the success of the football club or those players making a certain number of club or international appearances. At the balance sheet date, the maximum unprovided contingent liability was £985,000 (2019: £1,985,000).

Other than with regard to the potential contingent liability in respect of additional transfer fees, contingent liabilities are not expected to give rise to any material losses.

29. Contingent Assets

Under the terms of certain contracts for the sale of players' registrations, future payments may be received over a number of years, dependent on the future performance of the players sold and the future success of the buying clubs. At this stage, it is impractical to quantify the likely financial effect of these provisions or to state with any degree of certainty that any payments will be received. Accordingly, no further disclosure is made.

30. Post Balance Sheet Events

The transfer of player registrations completed subsequent to 31 May 2020 amount to a net £8,861,000 (inclusive of player related agent fees), payable by the Group over the long and short-term (2019: £35,817,000 payable), with a further net £1,449,000 (2019: £3,434,000) payable contingent on certain future events.

During the year to 31 May 2020, the company took out a short-term loan with Rights and Media Funding Limited of £63.5m which was secured on a fixed and floating charge on all the assets of the Club. At 31 May 2020 the full balance remained outstanding and was subsequently repaid in full by 3 August 2020.

A new loan of £55.0m from Rights and Media Funding Limited was received on 3 August 2020. The total borrowing is secured on a fixed and floating charge on all the assets of the Club and is repayable by July 2021.

The Group made a Rights Issue to existing shareholders in June 2020, raising a total of £30m.

A short-term overdraft facility of £20.0m was agreed with Barclays Bank on 22 October 2020. The facility is secured by debenture and is assigned over future funds receivable from the Premier League. If utilised, the overdraft will be repayable in full by 16 July 2021.

An agreement was reached on 17 September 2020 which deferred the remaining transfer fee balance of €26.0m payable to Eintracht Frankfurt for the transfer of Sebastian Haller until 17 September 2022. The player was subsequently sold to AFC Ajax for an undisclosed fee on 7 January 2021.

A new £120.0m term loan facility was provided by MSD Holdings Limited on 26 February 2021 for a duration of five years, in order to help secure the Club's long-term financial stability and sustainability. The total borrowing is secured on a fixed and floating charge on all the assets of the Club.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2020

(continued)

31. Pension Scheme

Eligible staff are members of the Football League Limited Pension and Life Assurance Scheme which is a defined contribution scheme with a defined benefit section. The assets of the scheme are held separately from those of the Group, the defined contribution section being invested with an insurance company and the defined benefit section with professional investment managers.

Until 31 August 1999 the Football League Limited Pension and Life Assurance Scheme had been a defined benefit scheme. Following an actuarial funding review of the scheme, the scheme actuary identified a substantial deficit and accrual of benefits was suspended with effect from 31 August 1999. Thereafter, the defined contributions section was established for future contributions on behalf of members.

Under UK pensions legislation, participating employers to the scheme, including the Group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. Following the actuarial valuation as at 31 August 1999 a schedule of contributions was put in place in July 2001 to pay off the deficit disclosed.

Following the most recent valuation, the Group's total contribution towards the deficit was calculated as £2,568,053, and this has resulted in a one-off exceptional charge in the accounts of 2017-18 of £1,643,000. Legislation permits participating employers to make good any deficit over an extended period and so the revised schedule provides for the balance of contributions to be paid between September 2017 and August 2023. The liability outstanding at 31 May 2020 was £1,819,335 owed by the Group.

Total pension costs charged under other defined contribution schemes during the year amounted to £258,000 (2019: £166,000).

32. Ultimate Controlling Party

As at the balance sheet date, David Sullivan owns 51.5% of the issued share capital of WH Holding Limited, and as a result has ultimate control over the Group.

Additional copies of these consolidated financial statements can be obtained by writing to the address shown below:

The Company Secretary
WH Holding Limited
London Stadium
Queen Elizabeth Olympic Park
London E20 2ST

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2020 (continued)

33. Related Party Disclosures

On 28 August 2019 the Group made payments of £956,250 to David Sullivan and to David Gold in partial settlement of interest accrued on the Shareholder loans. These loans were originally made from December 2011 to April 2013, and they have accrued interest at 4.25%.

In addition, a payment of £1,000,000 was made to David Gold on 28 August 2019 in respect of a partial repayment of shareholder loan capital.

At 31 May 2020 the combined balance of unsecured loans advanced by David Sullivan and David Gold was £44,000,000. Interest accrued at the year-end totalled £1,846,000 on the two loans. In the wake of the pandemic, the owners decided to defer the interest accrued.

A short-term shareholder loan of £3.0m was received from a company controlled by David Sullivan on 30 December 2019. This was repaid in full, along with interest accrued at 4.25% on 6 January 2020.

David Sullivan and David Gold both own interests in Telecom2 Limited, which is a telecommunications services provider to the Group. During the year ended 31 May 2020, the Group paid fees of £87,282 to Telecom2 Limited for services procured. At 31 May 2020, a balance of £152 was owed.

The Group received payments from Telecom2 Limited during the year totalling £2,290 in respect of matchday ticket sales. At the year-end date, the balance outstanding was £1,032 which was received after 31 May 2020.

During the year recharges totalling £10,075 were invoiced to Conegate Limited, a company wholly owned by David Sullivan. At 31 May 2020, a balance of £4,540 was owed to the Group.

The Group received fees of £40,000 from Ann Summers Limited, a company wholly owned by David Gold, in respect of a sponsorship agreement for West Ham United Women Football Club to help support the Club's goal for the growth of the Women's team. At the balance sheet date, £24,000 was owed to the Group, which was received in full by 1 September 2020.