

Company Registration No. 66516

WEST HAM UNITED FOOTBALL CLUB PLC

Report and Financial Statements

31 May 2002



WEST HAM UNITED FOOTBALL CLUB PLC

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 May 2002.

Principal Activity

The principal activity of the company is that of a professional football club as a member of The Football Association and The FA Premier League.

Results and Dividends

The results of the company are as set out in the profit and loss account on page 6.

The directors do not propose the payment of a dividend (2001 - nil).

Review of the Company's Activities and Future Developments

Turnover increased by 28% from £33.4m to £42.8m. The company recorded an operating profit before amortisation of cost of player registrations of £2.0m against a loss of £2.9m in the previous year.

The team finished in a highly creditable seventh place in The FA Barclaycard Premiership. This was the club's sixth highest finish in its history and its fourth top ten finish in five seasons, a feat which equalled the record set between 1981 and 1986.

The club has made enormous strides during the last twelve months and successfully completed the redevelopment of the Dr Martens Stand. The hotel, museum, superstore and conference facilities are trading in accordance with expectations and have been well received by supporters and the general public.

With record season ticket sales and 'sold out' corporate facilities the redevelopment is rightly seen as an unqualified success and one that fully justifies the massive financial commitment the company has made.

Directors and their Interests

The directors who held office throughout the year and since the year end are as follows.

TW Brown
MW Cearns
CJ Warner
N Igoe
PM Aldridge
CBC Manhire
TD Brooking CBE

WEST HAM UNITED FOOTBALL CLUB PLC

DIRECTORS' REPORT (continued)

Directors and their Interests (continued)

The directors' interests in the shares of the parent company, West Ham United plc, are disclosed in that company's report and financial statements. None of the directors had an interest in the shares of the company or any other group companies.

Set out below are the directors' interests in 'C' class debentures in the company.

	31 May 2001 & 31 May 2002
TW Brown	2
MW Cearns	2
CJ Warner	6

Payment of Suppliers

The Companies Act 1985 (Directors' Report) (Statement of Payment Practice) Regulations 1997 require the company to make a statement of its policy on the payment of creditors.

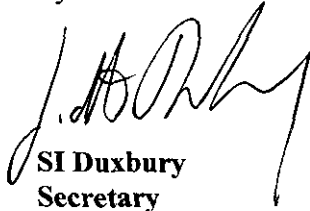
The company seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers when the details of each transaction are settled. The company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

At 31 May 2002 the aggregate amount owed to trade creditors, as a proportion of the aggregate amounts invoiced by suppliers to the company during the year then ended, represented an average of 17 days' credit (2001 - 56 days'). Average figures calculated on the basis laid down by the regulations bear little or no relation to actual days' credit taken as a result of the irregular pattern of invoiced supplies during the year.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors of the company and, accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board


SI Duxbury
Secretary

11 November 2002

WEST HAM UNITED FOOTBALL CLUB PLC

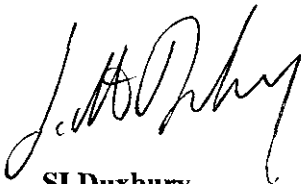
STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

By order of the board



SI Duxbury
Secretary

11 November 2002

WEST HAM UNITED FOOTBALL CLUB PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST HAM UNITED FOOTBALL CLUB PLC

We have audited the financial statements of West Ham United Football Club plc for the year ended 31 May 2002 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

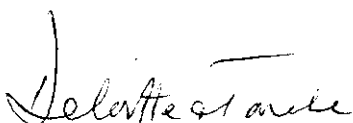
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

11 November 2002

WEST HAM UNITED FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2002

		2002		2001	
	Notes	Operations excluding player trading £000	Player trading (notes 6 & 11) £000	Total £000	Total £000
Turnover	2	42,756	-	42,756	33,443
Other operating income		805	-	805	13
Administrative expenses	3	(41,562)	(13,598)	(55,160)	(48,682)
Operating profit/(loss)	4	1,999	(13,598)	(11,599)	(15,226)
Profit on disposal of players	6	-	11,041	11,041	18,008
Loss on disposal of fixed assets	8	-	-	-	(5,813)
Loss before interest and taxation		<u>1,999</u>	<u>(2,557)</u>	(558)	(3,031)
Net interest payable	9			(1,856)	(1,465)
Retained loss for period	24			<u>(2,414)</u>	<u>(4,496)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2002 £000	2001 £000
Total recognised losses relating to the year (as above)	(2,414)	(4,496)
Unrealised surplus on revaluation of properties	2,125	8
Total losses recognised since the last annual report	<u>(289)</u>	<u>(4,488)</u>

All activities derive from continuing operations.

WEST HAM UNITED FOOTBALL CLUB PLC

BALANCE SHEET

as at 31 May 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Intangible assets	11	22,553	20,502
Tangible assets	12	58,394	43,853
		<u>80,947</u>	<u>64,355</u>
Current assets			
Debtors	13	8,724	13,501
Cash at bank and in hand		407	514
		<u>9,131</u>	<u>14,015</u>
Creditors - amounts falling due within one year	14	(33,258)	(24,303)
Net current liabilities		<u>(24,127)</u>	<u>(10,288)</u>
Total assets less current liabilities		<u>56,820</u>	<u>54,067</u>
Creditors - amounts falling due after more than one year	14	(29,450)	(23,673)
Deferred grants	19	(3,292)	(3,382)
Provisions for liabilities and charges	20	(4,294)	(6,939)
Total net assets		<u>19,784</u>	<u>20,073</u>
Capital and reserves			
Called up share capital	22	5,500	5,500
Share premium account		4,847	4,847
Revaluation reserve	23	13,033	10,908
Profit and loss account	24	(3,596)	(1,182)
Total equity shareholders' funds	25	<u>19,784</u>	<u>20,073</u>

These financial statements were approved by the board of directors on 11 November 2002.

Signed on behalf of the board of directors


TW Brown

Director


N Igoe

Director

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS for the year ended 31 May 2002

1 Accounting Policies

The accounts have been prepared in accordance with applicable accounting standards. The following are the accounting policies used by the company.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Turnover

Turnover represents all amounts received and receivable in respect of football matches played, goods sold and services provided during the year excluding value added tax.

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 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.

Tangible fixed assets

In accordance with Financial Reporting Standard 15 "Tangible Fixed Assets", the Boleyn Ground stadium and adjoining land are valued on a depreciated replacement cost basis and the company's training grounds are valued on a current open market value basis.

Depreciation is provided at the followings rates on a straight line basis. The rates used are expected to write off the cost, less any estimated residual value, of each asset over its expected useful life. Assets under construction are not depreciated.

Freehold buildings	2%
Plant, fittings & equipment	15-25%
Motor vehicles	25%

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 on a straight line basis over the period of the player's contract.

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.

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.

Grants and deferred income

Grants receivable from the Football Stadia Improvement Fund (formerly the Football Trust) and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred income in the balance sheet represents total grants receivable less amounts released to the profit and loss account.

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

1 Accounting Policies (continued)

Deferred taxation

The company has adopted Financial Reporting Standard 19 "Deferred Tax". In accordance with this accounting standard, deferred tax 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 rates and on law.

Pension costs

Defined contribution arrangements are made for eligible employees of the company. The pension cost charged in the period represents contributions payable by the company to the relevant pension schemes.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to 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.

Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of West Ham United plc, the ultimate holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (revised) from preparing a cash flow statement.

2 Turnover

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

	2002 £000	2001 £000
Match receipts and related football activities	13,339	13,183
Television and FA Premier League distributions	21,614	14,748
Commercial activities	7,803	5,512
	<u>42,756</u>	<u>33,443</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

3 Administrative Expenses

Included within administrative expenses are the following exceptional items.

	2002 £000	2001 £000
Compensation for loss of office	964	2,090
Contribution towards deficit of the Football League Limited Pension and Life Assurance Scheme	-	1,372
	<u>964</u>	<u>3,462</u>

4 Operating Loss

Operating loss is stated after charging/(crediting) the following.

	2002 £000	2001 £000
Employment costs (note 5)	30,978	30,364
Depreciation on tangible fixed assets (note 12):		
- owned assets	1,233	696
- assets held under hire and lease purchase contracts	337	319
Release of grant income	(90)	(128)
Auditors' remuneration:		
- audit	25	24
- other services	26	114
Operating leases	31	65

5 Staff Costs and Employees

	2002 £000	2001 £000
Wages and salaries	26,474	23,687
Directors' fees	157	-
Compensation for loss of office	964	2,090
Social security costs	3,206	2,975
Other pension contributions	177	1,612
	<u>30,978</u>	<u>30,364</u>
	Number	Number
<u>Average number of persons employed (including directors)</u>		
Full time employees	173	183
Part time employees	15	21
	<u>188</u>	<u>204</u>

Staff costs include exceptional expenditure of £964,000 (2001 - £3,462,000) (see note 3).

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NOTES TO THE ACCOUNTS (continued)

6 Profit on Disposal of Players

	2002 £000	2001 £000
Disposal proceeds (net of costs of realisation)	11,576	21,882
Net book value of players sold (note 11)	(535)	(3,874)
	<u>11,041</u>	<u>18,008</u>

7 Directors' Emoluments

	2002 £000	2001 £000
Emoluments	917	674
Fees	157	-
Aggregate payments made to a defined contribution scheme	55	51
	<u>1,129</u>	<u>725</u>
<u>Emoluments of highest paid director</u>		
Emoluments	444	388
Aggregate payments made to a defined contribution scheme	33	32
	<u>477</u>	<u>420</u>
	Number	Number
Directors who are members of a defined contributions pension scheme	3	3

8 Loss on Disposal of Fixed Assets

	2002 £000	2001 £000
<u>Write off of West stand at Boleyn Ground on demolition</u>		
Assets at book value	-	2,927
Surplus arising on revaluation in earlier periods	-	3,304
	-	6,231
Release of deferred grant income	-	(488)
Disposal proceeds	-	(9)
	-	5,734
<u>Other fixed assets</u>		
Loss on disposal	-	79
	<u>-</u>	<u>5,813</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

9 Net Interest Payable

	2002 £000	2001 £000
Interest payable on bank loans and overdrafts	1,610	1,039
Hire purchase loan interest	230	243
Bill of exchange discounting costs	22	122
Interest on loan from parent company	72	162
Interest on other loans	6	-
	<u>1,940</u>	<u>1,566</u>
Bank and other interest receivable	(84)	(101)
	<u>1,856</u>	<u>1,465</u>

10 Taxation on Loss on Ordinary Activities

The tax charge in the year was nil (2001 – nil). As at 31 May 2002, cumulative tax losses available to carry forward against future trading profits were approximately £6,692,000 (2001 – £4,717,000) subject to agreement with the Inland Revenue.

Factors affecting the tax charge for the period are explained below.

	2002 £000	2001 £000
Loss on ordinary activities before tax	<u>(2,414)</u>	<u>(4,496)</u>
Tax credit @ 30% thereon	(724)	(1,349)
Expenses not deductible for tax purposes	197	1,370
Capital allowances for period in excess of depreciation	(415)	100
Intangible assets – timing differences on allowances for tax	460	(615)
Other timing differences	(110)	357
Group relief	-	(40)
Increase in tax losses	592	177
Current tax charge for year	<u>-</u>	<u>-</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

11 Intangible Fixed Assets

	£000
<u>Cost of player registrations</u>	
1 June 2001	39,753
Additions	16,184
Disposals	(5,481)
31 May 2002	<u>50,456</u>
<u>Amortisation of player registrations</u>	
1 June 2001	19,251
Charge for the year	13,598
Disposals	(4,946)
31 May 2002	<u>27,903</u>
<u>Net book value</u>	
31 May 2002	<u>22,553</u>
31 May 2001	<u>20,502</u>

12 Tangible Fixed Assets

	Freehold land & buildings £000	Assets under construction £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>					
1 June 2001	28,594	10,792	6,297	295	45,978
Additions	12,425	-	1,734	80	14,239
Adjustment arising on revaluation	2,239	-	(114)	-	2,125
Reclassification	10,712	(10,792)	80	-	-
Disposals	-	-	(565)	(27)	(592)
31 May 2002	<u>53,970</u>	<u>-</u>	<u>7,432</u>	<u>348</u>	<u>61,750</u>
<u>Depreciation</u>					
1 June 2001	304	-	1,617	204	2,125
Charge for the year	834	-	661	75	1,570
Disposals	-	-	(320)	(19)	(339)
31 May 2002	<u>1,138</u>	<u>-</u>	<u>1,958</u>	<u>260</u>	<u>3,356</u>
<u>Net book value</u>					
31 May 2002	<u>52,832</u>	<u>-</u>	<u>5,474</u>	<u>88</u>	<u>58,394</u>
31 May 2001	<u>28,290</u>	<u>10,792</u>	<u>4,680</u>	<u>91</u>	<u>43,853</u>

Edward Symmons Hotel & Leisure, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 20 July 2000. In August 2002, they carried out an interim review of these valuations, the results of which have been reflected in these accounts. The valuation of the stadium and adjoining

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

12 Tangible Fixed Assets (continued)

land was on a depreciated replacement cost basis and the valuation of the Chadwell Heath training ground was based on current open market value. No valuation was carried out on the freehold training ground at Little Heath on the basis that this property was purchased within the last twelve months and any valuation was unlikely to differ materially from the cost of acquisition. No separate valuation of land was undertaken.

A summary of valuations of the properties is set out below.

Property	£000
Boleyn Ground and adjoining land	53,200
Chadwell Heath training ground	800

The valuation of the Boleyn Ground includes plant, fittings & equipment valued at £1,187,000. The valuation of the Chadwell Heath training ground includes plant, fittings & equipment valued at £402,000.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £35,955,000 (2001 – £12,818,000) and accumulated depreciation of £2,245,000 (2001 – £1,529,000).

All the company's freehold land and buildings are charged to Barclays Bank PLC as trustee for themselves, Bank of Scotland and Lombard North Central plc.

The net book value of assets held under hire and lease purchase contracts is as follows.

	2002 £000	2001 £000
Plant, fittings & equipment	2,793	3,021
Motor vehicles	72	59
	<u>2,865</u>	<u>3,080</u>

13 Debtors

	2002 £000	2001 £000
Trade debtors	1,278	1,283
Amounts owing by fellow group undertakings	3,592	2,521
Freehold property	-	251
Other debtors	1,465	7,645
Prepayments and accrued income – due within one year	2,208	1,589
Prepayments and accrued income – due after more than one year	181	212
	<u>8,724</u>	<u>13,501</u>

In 1994 the company entered into an interest rate cap agreement and the associated premium is being amortised over the ten year life of the cap. In June 2000 the company entered into a loan agreement to finance, inter alia, the redevelopment of the Boleyn Ground. The associated arrangement fee will be amortised over the period of the loan from 2001 to 2011. The element of these costs relating to periods beyond 31 May 2003 are shown above as prepayments due after more than one year.

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

14 Creditors

	2002 £000	2001 £000
<u>Due within one year</u>		
Bank overdrafts (note 17)	2,758	6,854
Bank loans (notes 15 & 17)	3,176	1,501
Obligations under hire and lease purchase contracts (notes 15 & 18)	928	857
Trade creditors	1,125	1,079
Amounts owing to group undertakings	1,499	1,427
Taxation and social security	2,047	1,640
Other creditors	14,506	5,842
Season ticket and other receipts in advance	5,214	3,489
Accruals	2,005	1,614
	<u>33,258</u>	<u>24,303</u>
<u>Due after more than one year</u>		
Debenture loans and subscriptions (notes 15 & 16)	611	611
Bank loans (notes 15 & 17)	23,758	14,212
Obligations under hire and lease purchase contracts (notes 15 & 18)	1,318	2,134
Trade creditors	-	1,697
Season ticket and other receipts in advance	3,059	2,957
Other creditors	704	2,062
	<u>29,450</u>	<u>23,673</u>

15 Total Borrowings

	2002 £000	2001 £000
Debenture loans and subscriptions repayable after 5 years or more	611	611
Bank loans repayable:		
Within 1 year or on demand	3,176	1,501
Between 1 and 2 years	1,800	3,558
Between 2 and 5 years	5,400	5,400
After 5 years or more	16,558	5,254
	26,934	15,713
Obligations under hire and lease purchase contracts repayable:		
Within 1 year	928	857
Between 1 and 2 years	805	898
Between 2 and 5 years	513	1,236
	2,246	2,991
	<u>29,791</u>	<u>19,315</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

16 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. Under the terms of the issue the definitive certificate can only be issued once payment has been received in full. At 31 May 2001 and 2002 the following applications had been received.

	2002 £000	2001 £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.

17 Bank Loans

The loan in respect of which an amount is repayable after more than five years is provided by a syndicate of three banks. This loan is repayable between July 2002 and July 2011 and interest is charged at between 1.5% and 1.65% over LIBOR.

The above bank loan and the bank overdrafts are secured by legal charges on all the company's freehold land and buildings and debentures over all the assets and undertaking of the company in favour of the syndicate of three banks.

18 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts are in respect of certain assets of the company and are secured on the assets themselves.

19 Deferred Grants

Grant income has been received from the Football Stadia Improvement Fund (formerly the Football Trust) against approved capital projects and is not repayable. It is the company's policy to release deferred income to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant.

The movements for the year are as follows.

	2002 £000	2001 £000
1 June	3,382	3,648
Grants received	-	350
Released to profit & loss account	(90)	(128)
Grant income in respect of assets disposed of released to profit & loss account	-	(488)
31 May	<u>3,292</u>	<u>3,382</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

20 Provisions for Liabilities and Charges – Cost of Player Registrations

	2002 £000	2001 £000
1 June	6,939	3,449
Movement for year	(2,645)	3,490
31 May	<u>4,294</u>	<u>6,939</u>

21 Provisions for Liabilities and Charges – Deferred Taxation

No provision has been made for deferred taxation as, in the opinion of the board, no liability is likely to crystallise in the foreseeable future. The amount of potential deferred taxation not provided in the accounts is as follows.

	2002 £000	2001 £000
Capital allowances in excess of depreciation	1,475	1,060
Intangible assets – accelerated tax relief on payments before 31 May 1998	154	615
Other timing differences	(354)	(465)
	<u>1,275</u>	<u>1,210</u>
Less unutilised tax losses	(1,275)	(1,210)
Surplus on revaluation of properties	3,525	3,113
Unprovided deferred tax liability	<u>3,525</u>	<u>3,113</u>

22 Called up Share Capital

	2002 £000	2001 £000
<u>Authorised, called up, allotted and fully paid</u> 11,000,000 ordinary shares of 50 pence each	<u>5,500</u>	<u>5,500</u>

23 Revaluation Reserve

	2002 £000	2001 £000
1 June	10,908	14,204
Adjustment arising on revaluation	2,125	8
Write off of revaluation surplus on asset disposed of in year	-	(3,304)
31 May	<u>13,033</u>	<u>10,908</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

24 Profit and Loss Account

	2002 £000	2001 £000
1 June	(1,182)	10
Retained loss for the year	(2,414)	(4,496)
Revaluation surplus on asset disposed of in year	-	3,304
31 May	<u>(3,596)</u>	<u>(1,182)</u>

25 Reconciliation of Movements in Shareholders' Funds

	2002 £000	2001 £000
Loss for the year	(2,414)	(4,496)
Adjustment arising on revaluation	2,125	8
Opening shareholders' funds	20,073	24,561
Closing shareholders' funds	<u>19,784</u>	<u>20,073</u>

26 Capital Commitments

	2002 £000	2001 £000
Contracted for but not provided in the financial statements	<u>968</u>	<u>10,445</u>

27 Operating Lease Commitments

At 31 May 2002 the company was committed to making the following payments in respect of operating leases.

	2002 £000	2001 £000
<u>Land and buildings</u>		
Expiring after five years	<u>11</u>	<u>11</u>
<u>Other operating leases</u>		
Expiring within one year	12	4
Expiring within two to five years	19	16
	<u>31</u>	<u>20</u>
	<u>42</u>	<u>31</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

28 Pension Scheme

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

Total pension costs charged during the year amounted to £177,000 (2001 - £1,612,000).

29 Contingent Liabilities

Under a group banking facility, the company has guaranteed certain bank overdrafts of other group companies. At 31 May 2002 the balances outstanding on these overdrafts was £1,249,000 (2001 - £131,000).

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.

Under the terms of transfer agreements for three players, maximum additional transfer fees of £800,000 would be payable in the event of those players making a certain number of international appearances.

Contingent liabilities are not expected to give rise to any material losses.

30 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2002 amounted to a net £112,000 receivable by the company (2001 - £5,012,000 payable plus a further £788,000 payable contingent on certain future events).

31 Related Party Transactions

Mr CBC Manhire, a director of the company, is also a director of Nash & Partners Limited, a firm of surveyors, which undertook work on behalf of the company in the course of the year. Fees paid to Nash & Partners Limited in respect of these services totalled £148,000 (2001 - £24,000).

Mr CJ Warner, a director of the company, is also a partner in the firm of Messrs Warners, Solicitors, which undertook legal work on behalf of the company in the course of the year. Fees paid to Messrs Warners in respect of these services totalled £25,000 (2001 - £73,000).

In accordance with the exemption permitted by paragraph 3(c) Financial Reporting Standard 8 (Related Party Transactions), transactions between group companies have not been disclosed.

32 Ultimate Parent Company

In the opinion of the directors the ultimate and immediate parent company and controlling party is West Ham United plc, incorporated in Great Britain. Copies of the group financial statements of West Ham United plc are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.