

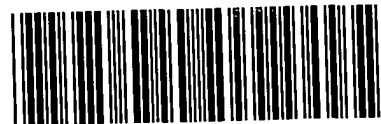
Company Registration Number 66516

# WEST HAM UNITED FOOTBALL CLUB LIMITED

**Annual Report and Financial Statements**

**For the year ended 31 May 2014**

THURSDAY



\*A3Z5T809\*

A09

15/01/2015

#70

COMPANIES HOUSE

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2014

### CONTENTS

Strategic report	3
Directors' report	6
Statement of directors' responsibilities	10
Independent auditors' report	11
Profit and loss account	13
Balance sheet	14
Notes to the financial statements	15

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2014

The directors present their annual report together with the audited financial statements of the company for the year ended 31 May 2014.

### **Principal Activities**

The principal activity of the company 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 company are as set out in the profit and loss account on page 13. The directors do not propose the payment of a dividend (2013 – £nil).

### **Principal Risk and Uncertainties**

The company'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 company 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 2015/16 season. The company's own major sponsorship and partnership agreements are also in place until the end of seasons 2015 and 2016. Season ticket sales (including corporate sales) are made at the start of each season or accounting year and represent the bulk of the company's match day revenue. It follows that in the region of 70% of the company's annual turnover will be guaranteed, or in many cases received, by 31 July each year.

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 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.

Health and safety considerations at the Boleyn Ground on match days are of paramount importance. At the start of each season the company is awarded an annual safety certificate by the Safety Advisory Group, which comprises the local authority, police, fire service and other stakeholders. Thereafter the Safety Advisory Group meets monthly and also arranges for ad hoc inspections to ensure continuing compliance with all safety criteria. The company holds £500 million of public liability insurance in respect of any one occurrence.

### *Financial Risk Management*

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

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2014 (continued)

The company is exposed to very occasional 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 company made a gain on foreign currency translation of £0.1m which forms part of the exceptional costs for the year.

The company places its cash with a creditworthy institution. The company 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 company is exposed.

### *Going Concern*

The board was pleased to be able to finalise a new loan facility last July, which totalled £26.8m as at 31 May 2014 and which extends to December 2016. Since the year end the board has repaid £5.5m of this facility. It has also secured additional short term loan finance of £18.0m.

The board has to assess the risk in relation to the company's forecast trading performance. The company has prepared and approved forecasts for the current and forthcoming seasons including the period of twelve months from the date of signing these financial statements. The board also performs sensitivity analyses on these forecasts, including identification of mitigating actions, to take account of any projected shortfalls. Mitigating actions include alternative sources of loan finance, the option of player disposals to generate transfer fee income and wage savings as well as support from its investing owners.

The board has concluded that its forecast for the year in question and the assumptions on which it is based are sufficiently robust to justify confidence in the company's going concern status. A major element of the company's annual turnover comes from contractual broadcasting and central sponsorship distributions and is therefore effectively guaranteed for the seasons covered by the company's forecasts. The company also generates turnover from season ticket, match ticket, corporate and retail sales and, while the board recognises uncertainties about these sources of income, the evidence of the current season is that demand remains strong due to the high level of supporter loyalty enjoyed by the club.

In the event that the foregoing initiatives did not generate the necessary cash flows to allow the company to operate within its borrowing limits certain of the company's investing owners have undertaken to provide what the board has concluded would be a sufficient level of financial support to allow the company to continue to operate within its agreed borrowing limits and meet its debts as they fall due.

Consequently, after making enquiries and taking account of the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2014 (continued)

### Key Performance Indicators

The company 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 company does not set targets to be achieved each season it nevertheless seeks to maximise performance, both financial and non-financial, on an annual basis.

	2013/14	2012/13	2011/12	2010/11	2009/10
League position	13 <sup>th</sup>	10 <sup>th</sup>	3 <sup>rd</sup> (Football League Championship)	20 <sup>th</sup>	17 <sup>th</sup>
FA Cup	3 <sup>rd</sup> round	3 <sup>rd</sup> round	3 <sup>rd</sup> round	Quarter final	3 <sup>rd</sup> round
Capital One Cup	Semi final	2 <sup>nd</sup> round	1 <sup>st</sup> round	Semi final	3 <sup>rd</sup> round
Average league gate	34,007	34,720	30,800	32,800	33,100
Wage :turnover ratio	55.6%	62.6%	90.2%	68.0%	70.2%
Operating profit/(loss) before exceptional items & player trading	£32.3m	£16.7m	(£9.0m)	£8.4m	£1.4

On behalf of the board



**A Mollett**  
**Director**  
**13th January 2015**

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2014

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D Sullivan  
D Gold  
K Brady  
A Mollett  
A Kinnear (appointed 13<sup>th</sup> January 2014)  
A Bernhardt (appointed 1<sup>st</sup> July 2013)  
D Harris  
R Ellis (resigned 1<sup>st</sup> July 2013)

### **Employees**

#### *People*

West Ham United's employees are key to its business and are the most visible part of the business to its customers. 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.

#### *Engaging our people*

Engaged staff help us to continue to be successful and grow. We continue to hold regular events to connect with our people, such as an annual family fun day, business results briefings and our Christmas parties. These reinforce our informal, relaxed culture and promote our family and community focus.

Our unique and informal culture means that most of our people have direct access to our senior management team. We hold monthly management meetings 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 staff briefings by management and through communications via our intranet and email.

#### *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.

West Ham United's people have a range of backgrounds and we work hard to provide opportunities to move around the business where appropriate and provide training to develop skills for current and future roles. We have a good track record in promoting our staff internally through investment in training and development.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2014 (continued)

### *Diversity of our people*

We are committed to equal opportunities for all of our people, regardless of disability or background, from recruitment and selection, through training and development and promotion.

It is the policy of the Club that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Club continues. It is the policy of the Club that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

### *Employee Consultation and Involvement*

The company'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 as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings usually with the vice-chairman or other senior management and is underpinned by the company intranet and a performance appraisal system for all staff. Regular Heads of Department meetings are held and committees have been established charged with reviewing contracts, controlling costs and maximising the company's income from staging events. Employees across the entire range of the company's operations participate in these committees.

### **Community**

West Ham United continues to provide a truly inclusive and dynamic community outreach programme. All levels of the club embrace the work delivered by West Ham United Community Sports Trust to ensure sport is used as the catalyst for so much positive change. Utilising our sites at Beckton, Upton Park, Chadwell Heath and Rush Green, we have now also set up a satellite model and have established our delivery model across Tower Hamlets, Newham, Barking & Dagenham and across the county of Essex.

This new approach allows us to be at the heart of all our local communities. We can establish local partnerships and design bespoke programmes that are set against local need. For example, our new Community Prescription programme in Newham has been developed to combat a growing Diabetes issue among residents aged 40+. We worked closely with the Clinical Commissioning Group (CCG) for Newham and several local health partners to establish a robust model for engagement. To date we have delivered over 700 health and fitness sessions to residents referred into West Ham United by their GP. This example shows the innovative approach we have adopted in using the power of the football club and tackling some of society's most concerning problems.

In this penultimate season leading into our move into the new Stadium, we are developing a new strand of work to support our already established Community Sports programme. The development of a new Education and Employment department will allow us to provide learning pathways for young people and adults that need additional support. This provision will range from new schools interventions, Further Education provision, a new Higher Education programme in partnership with UEL and a new Employment programme focusing on the long-term unemployed.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

for the year ended 31 May 2014

(continued)

The summary below of milestones is not an exhaustive list but highlights the key areas of development this season:

- Deliver a new Mayor's Office for Policing and Crime element of our current Kicks programme. This will see us launch a new Moore Family Foundation schools outreach programme with the Premier League/Professional Footballers Association.
- Launch a new Leadership through Sport Apprenticeship programme across East London. Employing 20 new apprentices and placing them across blue-chip finance organisations in the city.
- Secure a new Community Prescription contract with the local Clinical Commissioning Group as part of a new Gym concept based out of Upton Park.
- Create a new International development model focusing on South Asia.
- Launch a new Fd Degree programme in October 2014 with University of East London on UCAS in preparation for an October 2015 first cohort.
- Design and implement a re-branding and marketing strategy for the Trust linked to our 25<sup>th</sup> Year Anniversary in 2015.
- Launch a new Coach Education model out of our hub-site at Beckton.
- Launch a new fundraising focus which will include challenges in Kenya and an expedition to Peru.

Our Equality and Inclusion focus continues to grow, recognised by the Professional Footballers' Association for our efforts in raising awareness of anti-racism and diversity. We have now adopted the Inclusive & Active 2 strategy which focuses on increasing awareness and opportunities for disabled sports users. We have also recently hosted the FA's Asians in Football conferences at West Ham United's Upton Park and we have developed a unique coach education model working with Asian Football Clubs across East London. We will continue to make the experience of watching live football more accessible and affordable during these difficult austere times; our football-for-all family initiative offers regular discounts on match prices for young people, including the 'Kids for a Quid' tickets.

We are highly motivated to break the cycle of social inequality that thrives amongst our local wards linked to many specific sectors we work across; Health, Education, Crime. Only once the levels are not continuously increasing can we start to look at reducing the current problems. This is not a short term goal and something that needs to be driven by all levels of the community. West Ham United is positioned perfectly to drive this long term vision and support the many agents of change needed to make this happen.

### Exceptional Items

Note 3 discloses exceptional items of £482,000 in the year (2013- £1,769,000).

### Going Concern

The directors have considered the use of the going concern assumption within the Strategic Report on page 4.

### Post Balance Sheet Events

Note 28 provides details of material events which have occurred since the balance sheet date.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2014 (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.

On behalf of the board



A Mollett  
Director

13th January 2015

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**

13 January 2015

# WEST HAM UNITED FOOTBALL CLUB LIMITED

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

### **Report on the financial statements**

---

#### **Our opinion**

In our opinion the financial statements, defined below:

give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its profit for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

---

#### **What we have audited**

The financial statements, which are prepared by West Ham United Football Club Limited, comprise:

- the balance sheet as at 31 May 2014;
- the profit and loss account for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST HAM UNITED FOOTBALL CLUB LIMITED (continued)

---

### **Opinion on other matter prescribed by the Companies Act 2006**

---

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

---

### **Other matters on which we are required to report by exception**

---

#### **Adequacy of accounting records and information and explanations received**

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
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

---

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

### **Responsibilities for the financial statements and the audit**

---

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



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

13 January 2015

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2014

	Note	2014			2013		
		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
Turnover	2	114,852	-	114,852	89,815	-	89,815
Other operating income		1,643	-	1,643	1,032	-	1,032
Administrative expenses		(84,667)	(17,943)	(102,610)	(75,956)	(13,838)	(89,794)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>31,828</b>	<b>(17,943)</b>	<b>13,885</b>	<b>14,891</b>	<b>(13,838)</b>	<b>1,053</b>
<b>Analysed as:</b>							
<b>Operating profit/(loss) before exceptional items</b>		<b>32,310</b>	<b>(17,943)</b>	<b>14,367</b>	<b>16,660</b>	<b>(13,838)</b>	<b>2,822</b>
Exceptional items	3	(482)	-	(482)	(1,769)	-	(1,769)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>31,828</b>	<b>(17,943)</b>	<b>13,885</b>	<b>14,891</b>	<b>(13,838)</b>	<b>1,053</b>
Profit on disposal of players	6	-	1,429	1,429	-	171	171
<b>Profit/(loss) on operating activities before interest and taxation</b>		<b>31,828</b>	<b>(16,514)</b>	<b>15,314</b>	<b>14,891</b>	<b>(13,667)</b>	<b>1,224</b>
Interest receivable and similar income	7			154			7
Interest payable and similar charges	8			(5,123)			(4,742)
<b>Profit/(loss) on ordinary activities before taxation</b>				<b>10,345</b>			<b>(3,511)</b>
Tax on profit/(loss) on ordinary activities	9			-			-
<b>Profit/(loss) for the financial year</b>	<b>23</b>			<b>10,345</b>			<b>(3,511)</b>

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

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents.

There were no recognised gains and losses for the year other than those included in the Profit and loss account.

All activities derive from continuing operations.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## BALANCE SHEET

as at 31 May 2014

	Note	2014	2013
		£000	£000
<b>Fixed assets</b>			
Intangible assets	10	39,030	24,479
Tangible assets	11	40,932	40,852
		<u>79,962</u>	<u>65,331</u>
<b>Current assets</b>			
Stocks	12	662	782
Debtors	13	12,132	9,493
Cash at bank and in hand		18,075	13,478
		<u>30,869</u>	<u>23,753</u>
<b>Creditors - amounts falling due within one year</b>	14	(135,215)	(195,981)
<b>Net current liabilities</b>		<u>(104,346)</u>	<u>(172,228)</u>
<b>Total assets less current liabilities</b>		<u>(24,384)</u>	<u>(106,897)</u>
<b>Creditors - amounts falling due after more than one year</b>	14	(81,501)	(8,842)
<b>Provisions for liabilities</b>	18,19	(4,828)	(5,319)
<b>Net liabilities</b>		<u>(110,713)</u>	<u>(121,058)</u>
<b>Capital and reserves</b>			
Called up share capital	20	5,500	5,500
Share premium account	21	4,847	4,847
Revaluation reserve	22	4,345	4,345
Profit and loss account	23	(125,405)	(135,750)
<b>Total shareholders' deficit</b>	24	<u>(110,713)</u>	<u>(121,058)</u>

These financial statements, on pages 13 to 29 for company registration number 66516, were approved by the board of directors on 13<sup>th</sup> January 2015 and signed on its behalf.

*A J Mollett*

**A Mollett**  
**Director**

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

### 1 Accounting Policies

These financial statements are prepared on the going concern basis, as discussed further in the Strategic Report on page 4. The company continues to have a number of options available in respect of mitigating actions in the event of liquidity issues. This includes the sale of players, refinancing options, and financial support from the shareholders.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### *Cash flow statement*

The company is a wholly owned subsidiary of WH Holding Limited and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS1 (revised 1996) "Cash Flow Statements" from preparing a cash flow statement.

#### *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. Gate receipts and other match day revenue is recognised as games are played. Sponsorship and similar commercial income is 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 earned. Merit awards are accounted for only when known at the end of the football season.

Non trading income is disclosed as other operating income and is recognised once there is certainty that the income will be received.

#### *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.

#### *Exceptional items*

Items of income and expenditure, which fall within the ordinary activities of the company, may be considered to be exceptional by virtue of their size or the frequency with which they occur and these are disclosed in the financial statements as exceptional items.

#### *Tangible fixed assets and depreciation*

The football club has signed an agreement to become a tenant at the Olympic Stadium, so given that it is the club's intention to vacate the Boleyn ground in the future, the historical cost accounting policy is considered to be appropriate.

In accordance with FRS 15 "Tangible Fixed Assets", the Chadwell Heath training ground and the Beckton Community Centre are valued on a depreciated replacement cost basis. The Little Heath training ground and the Rush Green training ground are valued on a current existing use value basis. Other assets which have not been the subject of a valuation are carried in the balance sheet at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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.

Depreciation is provided at the following 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.

Freehold buildings	2%
Plant, fittings & equipment	10-33%
Motor vehicles	25%
Assets are stated net of any provision for impairment.	

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 1 Accounting Policies (continued)

#### *Intangible fixed assets – player registrations*

Payments made to third parties in order to acquire a player's registration, including agents' fees and transfer fee levy, 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.

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 tangible 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. It is the group's policy to release deferred income to the profit and loss account so as to match the depreciation charged on the tangible fixed assets purchased with the grant. In view of the sale of the Boleyn Ground and the move to the Olympic Stadium, this income is to be released over the remaining period until the club vacates the site, being end of May 2016.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is the invoiced value of goods purchased for resale using the first in, first out method. Provision is made to reduce cost to net realisable value having regard to age, condition and saleability of stocks.

#### *Taxation*

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

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 1 Accounting Policies (continued)

#### *Provisions*

Provisions are recognised when the company 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.

#### *Pension costs*

The group makes contributions on behalf of employees and directors to a number of independently controlled defined-contribution and money purchase schemes the principal one of which is The Football League Pension and Life Assurance Scheme. Contributions are charged to the profit and loss account over the period to which they relate.

In addition the company is making contributions in respect of its share of the deficit of the defined benefit section 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. Under FRS 17 - Retirement Benefits - The Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable basis. Refer to note 29 for further details.

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

#### *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 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.

### 2 Turnover

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

	2014 £000	2013 £000
Match receipts and related football activities	19,492	17,973
Broadcast and central sponsorship distributions	75,403	51,824
Commercial activities	13,678	13,946
Retail and merchandising	6,279	6,072
	<u>114,852</u>	<u>89,815</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 3 Exceptional Items

	2014 £000	2013 £000
Redundancy payments and associated professional fees	50	107
(Gain)/loss on foreign exchange transactions	(70)	303
Olympic Stadium project costs	502	1,359
	<u>482</u>	<u>1,769</u>

Tax attributable to exceptional items was £109,000 (2013 – £422,000). The tax has no cash impact due to losses carried forward from previous years (see note 9).

### 4 Operating Profit/(Loss)

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

	2014 £000	2013 £000
Employment costs (note 5)	63,880	56,220
Amortisation of intangible fixed assets (note 10)	17,943	13,838
Depreciation on tangible fixed assets (note 11):		
- owned assets	871	1,199
Release of grant income	(831)	(67)
Fees payable to the company's auditors for the audit of the company	44	43
Fees payable to the company's auditors for other services pursuant to legislation:	8	8
Operating leases – land and buildings	259	259
Operating leases – plant and machinery	71	63
(Profit)/loss on disposal of tangible fixed assets	-	(1)

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 5 Staff Costs, Emoluments and Employees

	2014 £000	2013 £000
Wages and salaries	56,121	49,278
Compensation for loss of office	50	107
Social security costs	7,592	6,713
Other pension costs	117	122
	<u>63,880</u>	<u>56,220</u>

	<u>Number</u>	<u>Number</u>
Average monthly number of persons employed (including directors)		
Players, team management & training	100	103
Commercial & administrative	136	123
	<u>236</u>	<u>226</u>
Part-time employees	373	354
	<u>609</u>	<u>580</u>

	2014 £000	2013 £000
Directors' Emoluments	829	1,962
Aggregate payments made to a defined contribution pension scheme	16	26
Total directors' emoluments	<u>845</u>	<u>1,988</u>

	2014 £000	2013 £000
Emoluments of highest paid director	636	1,634

	<u>Number</u>	<u>Number</u>
Directors who are members of a defined contribution pension scheme	1	2

There were no payments to directors for compensation for loss of office (2013 – nil).

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 6 Profit on Disposal of Players

	2014 £000	2013 £000
Disposal proceeds (net of costs of realisation)	1,782	6,518
Net book value of players sold (note 10)	(353)	(6,347)
	<u>1,429</u>	<u>171</u>

Tax attributable to the profit on disposal of players was a charge of £324,000 (2013 £41,000). The tax has no cash impact due to losses carried forward from previous years (see note 9).

### 7 Interest Receivable and Similar Income

	2014 £000	2013 £000
Bank and other interest receivable	<u>154</u>	<u>7</u>

### 8 Interest Payable and Similar Charges

	2014 £000	2013 £000
Interest payable on secured loans	2,197	2,210
Interest on loans from shareholders	2,886	2,373
Discounting costs	6	133
Other interest payable	34	26
	<u>5,123</u>	<u>4,742</u>

### 9 Tax on profit/(loss) on Ordinary Activities

As at 31 May 2014 cumulative tax losses available to carry forward against future trading profits were approximately £113,000,000 (2013 – £122,000,000) subject to agreement with HM Revenue & Customs.

There is no tax charge in the current year (2013: £nil).

The tax assessed for the year is lower (2013: higher) than the standard rate of corporation tax in the United Kingdom of 22.67% (2013: 23.84%). The differences are explained below:

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

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before taxation	<u>10,345</u>	<u>(3,511)</u>
Tax charge/(credit) @ 22.67% (2013 – 23.84%) thereon	2,345	(837)
Expenses not deductible for tax purposes	(133)	349
Depreciation for year in excess of capital allowances	(40)	(264)
Other timing differences	(74)	(66)
(Decrease)/increase in tax losses	(2,098)	818
Current corporation tax charge for year	<u>-</u>	<u>-</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 9 Tax on profit/(loss) on Ordinary Activities (continued)

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, these have been recognised in the preparation of the financial statements.

### 10 Intangible Fixed Assets

	Player Registrations £000
<u>Cost</u>	
1 June 2013	47,135
Additions	32,863
Disposals	(822)
31 May 2014	<u>79,176</u>
<u>Accumulated amortisation</u>	
1 June 2013	22,656
Charge for the year	17,943
Disposals	(453)
31 May 2014	<u>40,146</u>
<u>Net book value</u>	
31 May 2014	<u>39,030</u>
31 May 2013	<u>24,479</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 11 Tangible Fixed Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor Vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2013	45,789	17,369	67	63,225
Additions	494	439	18	951
31 May 2014	46,283	17,808	85	64,176
<u>Accumulated depreciation</u>				
1 June 2013	8,779	13,530	64	22,373
Charge for the year	184	683	4	871
31 May 2014	8,963	14,213	68	23,244
<u>Net book value</u>				
31 May 2014	37,320	3,595	17	40,932
31 May 2013	37,010	3,839	3	40,852

The football club has signed an agreement to become a tenant at the Olympic Stadium, so given that it is the club's intention to vacate the Boleyn ground in the future, and that the land has been sold to a developer for a mixed retail and residential use scheme, the historical cost accounting policy is considered to be appropriate in the view of the directors.

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2012. 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	4,500
Little Heath training ground	Existing use value	740
Rush Green training ground	Existing use value	1,600
Beckton Community Centre	Depreciated replacement cost	1,500

The value of land included in the above is £3,759,000. The valuation of the Chadwell Heath training ground included plant, fittings and equipment valued at £1,250,000.

All of the freehold properties are charged to CBH ehf and David Sullivan as lenders to the company.

### 12 Stocks

	2014 £000	2013 £000
Goods for resale	662	782

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 13 Debtors

	2014 £000	2013 £000
Trade debtors	2,394	2,408
Debtors arising from player transfers	244	1,291
Other debtors	1,032	517
Prepayments and accrued income	8,462	5,277
	<u>12,132</u>	<u>9,493</u>

### 14 Creditors

	2014 £000	2013 £000
<u>Amounts falling due within one year</u>		
Bank and other loans (notes 15 & 17)	20,500	41,077
Trade creditors	2,641	2,489
Loans from Shareholders (note 15)	-	45,700
Amounts owed to group undertakings	36,355	36,354
Amount owed to UK parent company	23,300	26,845
Taxation and social security	8,590	7,000
Creditors arising from player transfers	15,787	13,810
Other creditors	3,239	5,386
Season ticket and other receipts in advance	13,115	8,538
Accruals	11,688	8,782
	<u>135,215</u>	<u>195,981</u>
<u>Amounts falling due after more than one year</u>		
Debenture loans & subscriptions (notes 16)	611	611
Bank and other loans (notes 15 & 17)	21,265	-
Loans from shareholders (note 15)	49,200	-
Creditors arising from player transfers	8,650	5,269
Other creditors	944	536
Deferred grant income	831	2,426
	<u>81,501</u>	<u>8,842</u>

As at 31<sup>st</sup> May 2013, the bank facilities and shareholder loans were due for repayment on 31<sup>st</sup> December 2013 and 1<sup>st</sup> January 2014 respectively and were classified as current liabilities. On 1<sup>st</sup> July 2013, these facilities were refinanced and are now repayable by 31<sup>st</sup> December 2016. This means that the amounts are shown within current liabilities and amounts falling due over one year as above, and that in the prior year these non-current liabilities were shown as due within one year.

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 tangible fixed assets purchased with the grant. In view of the sale of the Boleyn Ground and the move to the Olympic Stadium, this income is to be released over the remaining period until the club vacates the site, being end of May 2016.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2014 (continued)

### 15 Total Borrowings

	2014 £000	2013 £000
Debenture loans and subscriptions repayable after five years or more (note 16)	611	611
Secured bank and other loan repayable (note 17):		
Within one year or on demand	20,500	41,077
After greater than one year	21,265	-
	41,765	41,077
Loans from Shareholders repayable within one year	-	45,700
Loans from Shareholders repayable after greater than one year	49,200	-
	<u>91,576</u>	<u>87,388</u>

The loans from shareholders are unsecured and are subordinated to the secured bank loan. Interest is accrued at 6-7% but will not be paid or added to the loans until the loans are repaid. The interest accrued as at the balance sheet date amounts to £6,342,477.

### 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 in 1991/92. Under the terms of the issue the definitive certificate can only be issued once payment has been received in full. At 31 May 2014 and 31 May 2013 the following applications had been received.

	2014 £000	2013 £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 and other loans

On 1<sup>st</sup> July 2013, the secured bank loan was refinanced with the new lenders being CB Holding ehf and David Sullivan. The loan of £25,527,000 was increased by £6,738,198 to include further subordinated loans. It is repayable by 31<sup>st</sup> December 2016 but there is an amortization schedule in place which will reduce the loan over that period.

On 30<sup>th</sup> August 2013, £5,500,000 was repaid. Interest is charged at 3.0% over LIBOR. A further £5,500,000 was repaid on 1<sup>st</sup> September 2014.

This loan was secured by legal charges on the company's freehold land and buildings and debentures over all the assets and undertaking of the company in favour of the new lenders. The David Sullivan loan is subordinated to the CB Holding ehf loan.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 18 Provisions for Liabilities – Cost of Player Registrations

	2014 £000	2013 £000
At start of the year	5,319	2,620
Utilised in the year	(4,986)	(2,278)
Released in the year	(763)	(2,134)
Provided in the year	5,258	7,111
At end of the year	<u>4,828</u>	<u>5,319</u>

The above provision represents contingent amounts payable under the terms of transfer agreements.

### 19 Provisions for Liabilities – Deferred Taxation

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

	2014 £000	2013 £000
Capital allowances in excess of depreciation	(615)	(592)
Other timing differences	615	592
Unutilised tax losses	-	-
Total deferred tax liability	<u>-</u>	<u>-</u>

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

	2014 £000	2013 £000
Unutilised tax losses	25,962	28,060
Surplus other timing differences	-	-
Surplus on revaluation of properties	(213)	(213)
Unprovided deferred tax asset	<u>25,749</u>	<u>27,847</u>

The deferred tax asset of £25,749,000 (2013 – £27,847,000) has not been recognised as, in the opinion of the board, there is insufficient evidence of appropriate profits in the future that would lead to the asset crystallising.

The company's freehold properties, excluding the Boleyn Ground, were revalued in 2012 in accordance with FRS 15 "Tangible Fixed Assets". It is the company's intention to retain these properties for the foreseeable future. No deferred tax has therefore been provided on the gains arising from the revaluation as such tax would only become payable if any of the properties were sold without rollover relief being obtained.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 20 Called up Share Capital

	2014 £000	2013 £000
<u>Allotted and fully paid</u>		
11,000,000 ordinary shares of 50 pence each	5,500	5,500
Ordinary shares have full voting and dividend rights.		

### 21 Share Premium Account

	2014 £000	2013 £000
At start and end of the year	4,847	4,847

### 22 Revaluation Reserve

	2014 £000	2013 £000
At start of the year	4,345	4,345
Adjustment on revaluation of properties	-	-
At end of the year	4,345	4,345

### 23 Profit and Loss Account

	2014 £000	2013 £000
At start of the year	(135,750)	(132,239)
Profit/(loss) for the financial year	10,345	(3,511)
At end of the year	(125,405)	(135,750)

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 24 Reconciliation of Movements in Shareholders' Deficit

	2014 £000	2013 £000
At the start of the year	(121,058)	(117,547)
Profit / (loss) for the financial year	10,345	(3,511)
Closing shareholders' deficit	<u>(110,713)</u>	<u>(121,058)</u>

### 25 Operating Lease Commitments

At 31 May 2014 the company was committed to making the following annual payments in respect of operating leases.

	2014 £000	2013 £000
<u>Land and buildings</u>		
Expiring within one year	-	-
Expiring within two to five years	253	259
	<u>253</u>	<u>259</u>
<u>Other operating leases</u>		
Expiring within one year	31	11
Expiring within two to five years	83	90
	<u>114</u>	<u>101</u>
	<u>367</u>	<u>360</u>

### 26 Contingent Liabilities & Guarantees

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 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 contingent liability was £7,040,000 (2013 – £2,460,000).

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.

### 27 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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 28 Post Balance Sheet Events

Transfer of player registrations completed subsequent to 31 May 2014 amount to a net £24,384,000 payable by the company (2013 - £23,424,000 payable) with a further net £6,124,000 payable (2013 - £4,067,000 payable) contingent on certain future events.

On 12 August 2013 the company took out a short term loan with Vibrac Corporation of £15.0m. This was secured on the Premier League Basic Payment for the 2013-14 season, and it was repaid accordingly on 5 August 2014. A further loan of £18.0m was taken out on 18 August 2014, again secured on future income from the Premier League Broadcasting contract.

On 1 September 2014 the company made a repayment of loan capital of £5.5m to CB Holding ehf.

### 29 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 company, 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 company, 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. It is required to carry out actuarial valuations every three years and updated deficits as at 31 August 2002, 31 August 2005, 31 August 2009 and 31 August 2012 were certified by the scheme actuary in January 2003, March 2006, July 2009 and May 2012 with new schedules of contributions put in place in April 2003, April 2006, September 2009 and September 2012 which took account of market movements since the valuation date.

Following these valuations, the company's total contribution towards the deficit was calculated as £4,957,000. 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 2012 and August 2023.

Total pension costs charged during the year amounted to £117,000 (2013 - £122,000).

### 30 Ultimate Controlling Party

The immediate parent company is West Ham United Limited and the ultimate parent company is WH Holding Limited, the smallest and largest group in which its results are consolidated. The financial statements for WH Holding Limited are available from The Company Secretary, Boleyn Ground, Green Street, Upton Park, London, E13 9AZ.

As at the balance sheet date, David Sullivan owns 51.1% of the issued share capital of WH Holding Limited, and as a result has ultimate control over the Group.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2014

(continued)

### 31 Related Party Disclosures

During 2014, entities controlled by David Sullivan and David Gold advanced unsecured loans of £1,750,000 each, in addition to the £45.7m advanced in previous years. Interest accrued at the year end totalled £3,176,000 and £3,167,000 respectively on their total unsecured loans.

David Sullivan and David Gold both own interests in Telecom2 Limited, which is a telecommunications services partner to the company. During the year ended 31 May 2014, the company received payments from Telecom2 Ltd amounting to £46,757.

On 1<sup>st</sup> July 2013, the secured bank loan was refinanced with the new lenders being CB Holding ehf and David Sullivan. The loan of £25,527,000 was increased by £6,738,198 to include further subordinated loans. It is repayable by 31<sup>st</sup> December 2016 but there is an amortisation schedule in place which will reduce the loan over that period.

On 30<sup>th</sup> August 2013, £5,500,000 was repaid. Interest is charged at 3.0% over LIBOR. A further £5,500,000 was repaid on 1<sup>st</sup> September 2014.

This loan was secured by legal charges on the company's freehold land and buildings and debentures over all the assets and undertaking of the company in favour of the new lenders. The David Sullivan loan is subordinated to the CB Holding ehf loan.