

Touche  
Ross



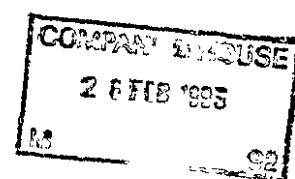
66516

WEST HAM UNITED plc

Report and Financial Statements

31 July 1992

Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR



**REPORT AND FINANCIAL STATEMENTS 1992**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Notice of meeting</b>	<b>2</b>
<b>Chairman's statement</b>	<b>3</b>
<b>Directors' report</b>	<b>5</b>
<b>Auditors' report</b>	<b>7</b>
<b>Consolidated profit and loss account</b>	<b>8</b>
<b>Consolidated and company balance sheets</b>	<b>9</b>
<b>Consolidated cash flow statement</b>	<b>10</b>
<b>Notes to the cash flow statement</b>	<b>11</b>
<b>Notes to the accounts</b>	<b>12</b>



**REPORT AND FINANCIAL STATEMENTS 1992**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

T.W. Brown	FCIS, ATII, FCCA (Chairman)
M.W. Cearns	ACIB (Vice Chairman)
L.C. Cearns	
W.F. Cearns	
P.J. Storrie	(Managing Director)
C.J. Warner	MA Notary

**SECRETARY**

T.M. Finn

**REGISTERED OFFICE**

Boleyn Ground  
Green Street  
Upton Park  
London  
E13 9AZ

**COMPANY REGISTRATION NUMBER**

66516

**BANKERS**

Barclays Bank PLC  
Plaistow Business Centre  
London  
E13 9PL

**AUDITORS**

Touche Ross & Co.  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR



## **NOTICE OF MEETING**

Notice is hereby given that the ninety second Annual General Meeting of the company will be held at the Registered Office of the company, being the Boleyn Ground, Green Street, Upton Park, London E13 9AZ on Monday 1 March 1993 at 7.00 p.m. for the following purposes:

1. To receive the directors' report and accounts for the year ended 31 July 1992.
2. To re-elect Mr. P.J. Storrie as a director.
3. To re-elect Mr. T.W. Brown as a director.
4. To re-appoint Touche Ross & Co. as auditors and to authorise the directors to fix their remuneration.
5. To transact any other ordinary business of the company.

By order of the Board

T.M. Finn  
Secretary

Registered Office  
Boleyn Ground  
Green Street  
Upton Park  
London  
E13 9AZ

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him; a proxy need not also be a member.



## CHAIRMAN'S STATEMENT

The year under review was, without doubt, one of the most traumatic in the history of West Ham United. Some of the events which occurred were a cause of great sadness and your Board are anxious to ensure that the difficult challenges which lie ahead are met without the controversy which came to epitomise last season.

During this financial year, we have seen the launch in November 1991, of The Hammers Bond, the appointment of a Managing Director for the first time in the company's history and, regretfully, relegation in May 1992 to the newly formed Division 1 of The Football League. This period also saw the launch of the Premier League and the restructuring of the existing Football League.

Notwithstanding the exceptional item, the company made a loss after transfer fees and interest payments and there is clearly a limit to how long we can sustain such a financial drain - particularly during the current economic recession. With this in mind a complete review of the company's organisation has taken place since the year end and many changes have been implemented. Unfortunately, this has resulted in some compulsory staff redundancies and further changes will be necessary before our overheads are at a level acceptable to your Board.

Football clubs are now, rightly, being asked to match the facilities provided by other leisure companies and this means providing stadiums which are safe, carefully maintained and properly controlled. The financial effect is massive capital expenditure, increased maintenance costs and the provision of fully trained stewards. With the economic recession now seriously affecting gates and supporters' disposable incomes, cost savings cannot be restricted to non-playing staff and general overheads. When all other expenses have been reduced to acceptable levels your Board, in common with most other football club directors, will need to address the question of transfer fees and the cost of maintaining its playing squad and substantial economies will be needed in the months and years ahead.

The team's success is, of course, of paramount importance and in order to achieve that success within the financial constraints outlined above, changes to the coaching and scouting structure have proved necessary. We clearly need to rebuild our youth policy to ensure a continuous flow of young talent able to play the football our supporters have come to expect. This is by its nature a long term investment, but one that is essential to the future well being of the team. We also need to improve our scouting structure to ensure that we are able to find talented players in the lower leagues.

Our Team Manager, Mr. Billy Bonds, has put a great deal of thought and effort into both areas of activity and several important appointments have been made. I would particularly like to mention the appointment of Mr. Harry Redknapp as Assistant Manager who will, I am sure, make a great contribution to the success of all our teams in the years ahead.

We have already taken steps to comply with the recommendations of Lord Justice Taylor's Report and many improvements to the ground have been made, with the costs written off in the accounts now before you together with the costs incurred in launching The Hammers Bond scheme. We believe we have some of the best trained stewards in the country and our grateful thanks must go to all the services for their assistance in this training. By August 1994, we hope to have fully complied with our responsibilities under the Taylor Report and to have available for our supporters a 25,000 all-seater stadium with the safety and physical comfort now expected, combined with the tradition and emotional comfort of our historical surroundings.

As is generally accepted, our support is unique and despite numerous disappointments over the past few years, has remained firm. We entered last season with an F.A. Cup Semi-Final defeat, under controversial circumstances, and the loss of the Second Division Championship with the last kick of the season behind us. We then turned to our supporters for financial assistance during, what proved to be, the worst economic recession this century and followed the launch of our appeal by failing to win any of the following ten matches. We ended the season being relegated in bottom place with the second lowest number of goals scored in The Football League. The response of our supporters to this unfortunate set of circumstances is well known to you and, with hindsight, perhaps not surprising.



## CHAIRMAN'S STATEMENT

Our aim now is to build a stadium worthy of those supporters, to establish a winning team playing the type of football associated with West Ham United, to develop our youth policy, to create a well run business offering good career opportunities for all its staff and to build upon and enhance the great traditions associated with this splendid institution. If we achieve our objectives, during a time when the financial climate is wreaking havoc upon the leisure industry in general and football in particular, we will have maintained our position as one of our country's top football clubs and established West Ham United for many years to come.

More importantly, we will have delivered to our supporters the club they so richly deserve and the trauma of last season will then, I hope, slowly slip to the back of most minds. Our task is not an easy one and we will need, perhaps, a little more luck than has come our way during the last year or two but we will succeed, of that I am certain.

I would like to end by thanking my predecessor, Mr. Martin Cearn, who has guided the company through some very difficult times with great dignity. I would also like to thank all our club sponsors, all those who have advertised with us and booked match day facilities, my fellow Directors, Management and staff for their tremendous efforts during the year and our supporters who, despite the turmoil of last season and general shortage of money, ensure that West Ham United remains one of the best supported teams in the country. All are very much appreciated.

  
 Terence Brown

Chairman

27 January 1993

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 July 1992.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company continues to be that of a professional football club as a member of the Football Association and Football League.

### **REVIEW OF DEVELOPMENTS**

The results for the year are as shown on page 8.

On 11 November 1991 the company made a bonus issue of 24 ordinary shares for each ordinary share then held, increasing the authorised share capital to £50,000. The bonus issue was made by the capitalisation of £48,000 of distributable reserves.

Also on 11 November 1991 the company was re-registered as a public limited company and changed its name to West Ham United plc.

The directors resolved to finance the expenditure necessary to redevelop the ground to comply with the requirements of the Taylor report by way of an issue of debentures to the public to be known as The Hammers Bond.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not propose the payment of a dividend. Retained losses of £2,045,872 have been charged to reserves.

### **PLAYING SQUAD**

In the opinion of the directors the value of the playing squad at 31 July 1992 amounted to approximately £10,675,000.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1. All directors served throughout the year. Mr. P.J. Storrie was appointed full time managing director on 1 November 1991. Mr. T.W. Brown succeeded Mr. M.W. Cearnas as Chairman on 28 May 1992.

In accordance with the company's Articles of Association, Mr. P.J. Storrie and Mr. T.W. Brown retire by rotation and, being eligible, offer themselves for re-election.

The directors' interests, as defined by the Companies Act, in the shares of the company at 1 August 1991 and 31 July 1992 were as follows:

	<b>50p Ordinary shares</b>	
	<b>31 July 1992</b>	<b>1 August 1991</b>
T.W. Brown	35,700	221
M.W. Cearnas	1,125	45
L.C. Cearnas	15,195	648
W.F. Cearnas	2,200	171
C.J. Warner	12,500	50
P.J. Storrie	1,925	76

Mr. T.W. Brown is Managing Director of Sussex Beach Holiday Village Limited with whom the club has entered into sponsorship and advertising arrangements during the year.

**DIRECTORS' REPORT (continued)****DIRECTORS AND THEIR INTERESTS (continued)**

Mr. C.J. Warner is a partner in the firm of Messrs. Warners, Solicitors, which has undertaken legal work for the club during the year.

Mr. P.J. Storrie was Managing Director of Tua Limited with whom the club has entered into sponsorship and advertising arrangements. He resigned from his position as Managing Director of Tua Limited on 31 October 1991.

**DONATIONS**

During the year the company made no charitable donations (1991 - £nil).

**AUDITORS**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

T.M. Finn

Secretary

27 January 1993



# Touche Ross



## Chartered Accountants

Touche Ross & Co  
Hill House  
1 Little New Street  
London EC4A 3TR

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International +44 71 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp 3) 071 683 8517  
LDE DX 599

**WEST HAM UNITED plc**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 8 to 21 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 July 1992 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**TOUCHE ROSS & CO.**

Chartered Accountants and  
Registered Auditor

27 January 1993

**Deloitte Touche  
Tohmatsu  
International**

Adventures, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Carlisle,  
Crawley, Darford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester,  
Milton Keynes, Newcastle, Queen's Quay, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:  
Pembroke Court, 103 Hill Street, London EC4A 3TR

Authorized by the Institute of Chartered Accountants in England and Wales to carry on  
investment business



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
Year ended 31 July 1992

	Note	1992 £	1991 £
<b>TURNOVER</b>			
Operating expenses	2 3	7,767,706 (7,743,256)	6,637,603 (7,142,064)
<b>OPERATING PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM</b>		24,450	(504,461)
Exceptional item	4	(1,394,471)	-
Interest (payable)/receivable	5	(269,297)	56,416
Loss before transfer fees		(1,639,318)	(448,045)
Net transfer fees	6	(406,554)	(616,555)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,045,872)	(1,064,600)
Tax on loss on ordinary activities	8	-	-
<b>LOSS FOR THE YEAR, TRANSFERRED FROM RESERVES</b>	19	(2,045,872)	(1,064,600)



**CONSOLIDATED AND COMPANY BALANCE SHEETS**  
**31 July 1992**

	Note	1992 £	GROUP 1991 £	1992 £	COMPANY 1991 £
<b>FIXED ASSETS</b>					
Tangible assets	10	14,529,764	11,664,078	13,629,764	11,664,078
Investments	11	-	-	2	-
		<u>14,529,764</u>	<u>11,664,078</u>	<u>13,629,766</u>	<u>11,664,078</u>
<b>CURRENT ASSETS</b>					
Stocks	12	150,890	124,533	150,890	124,533
Debtors	13	662,742	903,497	1,562,240	903,497
Cash at bank and in hand		-	558,151	-	558,151
		<u>813,632</u>	<u>1,586,181</u>	<u>1,713,130</u>	<u>1,586,181</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(5,088,037)	(3,793,420)	(5,088,037)	(3,793,420)
<b>NET CURRENT LIABILITIES</b>		(4,274,405)	(2,207,235)	(3,374,907)	(2,207,239)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,255,359	9,456,839	10,254,859	9,456,839
<b>CREDITORS: amounts falling due after more than one year</b>					
Debture loans and subscriptions	15	(521,348)	-	(521,348)	-
Bank loan	15	(1,600,000)	-	(1,600,000)	-
Deferred grant income	16	(554,380)	(475,119)	(554,380)	(475,119)
<b>NET ASSETS</b>		<u>7,579,631</u>	<u>8,981,720</u>	<u>7,579,131</u>	<u>8,981,720</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	18	50,000	2,000	50,000	2,000
Revaluation reserve	19	9,322,394	8,855,726	9,322,394	8,855,726
Profit and loss account	19	(1,792,763)	123,994	(1,793,263)	123,994
		<u>7,579,631</u>	<u>8,981,720</u>	<u>7,579,131</u>	<u>8,981,720</u>

These financial statements were approved by the Board of Directors on 27 January 1993.

Signed on behalf of the Board of Directors

T.W. Brown  
Director

P.J. Storrie  
Director



**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 July 1992**

	Note	1992 £	1991 £
<b>NET (OUTFLOW)/INFLOW CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>(298,632)</b>	<b>782,816</b>
<b>CASH OUTFLOW IN RESPECT OF TRANSFERS</b>			
Receipts from sales of players	1,062,500	566,650	
Payments for purchase of players	<u>(1,469,054)</u>	<u>(1,183,205)</u>	
		(406,554)	(616,555)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received	22,145	70,533	
Interest paid	<u>(291,442)</u>	<u>(14,117)</u>	
Net cash (outflow)/inflow from interest		(269,297)	56,416
<b>TAXATION</b>			
Corporation tax paid		-	-
<b>INVESTING ACTIVITIES</b>			
Receipts from sales of tangible fixed assets	47,867	-	
Payments to acquire tangible fixed assets	<u>(2,527,364)</u>	<u>(1,398,515)</u>	
Net cash outflow from investing activities		<u>(2,479,497)</u>	<u>(1,398,515)</u>
Net cash outflow before financing		(3,453,980)	(1,175,838)
<b>FINANCING</b>	<b>(B)</b>		
Grants received	86,569	610,280	
Debenture subscriptions received	521,348	-	
Bank loan received	1,600,000	-	
Expenses paid in connection with the issue of debentures	<u>(1,394,471)</u>	<u>-</u>	
Net cash inflow from financing		<u>813,446</u>	<u>610,280</u>
Decrease in cash and cash equivalents		<u>(2,640,534)</u>	<u>(565,558)</u>
<b>ANALYSIS OF DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(C),(D)</b>		
Cash at bank and in hand		(558,151)	(565,558)
Overdrafts		<u>(2,082,383)</u>	<u>-</u>
		<u>(2,640,534)</u>	<u>(565,558)</u>



**NOTES TO THE CASH FLOW STATEMENT**

**Year ended 31 July 1992**

**A. Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities**

	1992	1991
	£	£
Profit/(loss) from operations	24,450	(504,461)
Depreciation charges	259,230	107,812
Profit on disposal of tangible fixed assets	(1,636)	-
Grants released	(7,308)	(12,185)
(Increase)/decrease in stocks	(26,357)	12,951
Decrease/(increase) in debtors	240,755	(489,486)
(Decrease)/increase in creditors	(787,766)	1,668,185
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(298,632)</b>	<b>782,816</b>

**B. Analysis of changes in financing during the year**

	Share capital	Debenture loans and subscriptions	Bank loan
	£	£	£
Balance at 1 August 1991	2,000	-	-
Cash inflow from financing	-	521,348	1,600,000
Non cash movement - bonus issue	48,000	-	-
<b>Balance at 31 July 1992</b>	<b>50,000</b>	<b>521,348</b>	<b>1,600,000</b>

**C. Analysis of decrease in cash and cash equivalents during the year**

	£
Balance at 1 August 1991	558,151
Net cash outflow	(2,640,534)
<b>Balance at 31 July 1992</b>	<b>(2,082,383)</b>

**D. Analysis of the balances of cash and cash equivalents as shown in the balance sheet**

	1992	1991	Change in year
	£	£	£
Cash at bank and in hand	-	558,151	(558,151)
Bank overdrafts	(2,082,383)	-	(2,082,383)
	<b>(2,082,383)</b>	<b>558,151</b>	<b>(2,640,534)</b>



## NOTES TO THE ACCOUNTS

Year ended 31 July 1992

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are 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.

#### Transfers

Transfer costs payable and fees receivable are dealt with in the year of the registration of the players' transfer. Transfer costs include fees payable, resettlement expenses, termination payments and all other costs directly related to the transfer of players. Transfer costs or fees contingent on future events, for example team selection, are dealt with through the profit and loss account in the period in which they become payable or receivable.

#### 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 regulations, they are charged to the profit and loss account evenly over the period of the player's contract.

#### Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided on cost or revalued amounts less their estimated residual values, in equal instalments over the estimated lives of the assets. The annual rates of depreciation are as follows:

Freehold buildings	-	2%
Fixtures, fittings, equipment and floodlighting installations	-	15%
Motor vehicles	-	25%
Computer equipment	-	25%

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is the invoiced value of goods purchased for resale. Provision is made to reduce costs to net realisable value having regard to age, condition and saleability of stocks.

#### Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising, from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

#### Grants and deferred income

Grants receivable from 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.



**NOTES TO THE ACCOUNTS**

**Year ended 31 July 1992**

**1. ACCOUNTING POLICIES (continued)**

**Pension costs**

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

**Leases**

Rental costs under operating leases are charged to the profit and loss account as incurred.

**2. TURNOVER AND RESULTS**

Analyses by class of business of turnover and operating profit/(loss) before exceptional item and before taxation are stated below:

	Turnover		Operating profit/(loss) before exceptional item	
	1992	1991	1992	1991
	£	£	£	£
Class of business:				
Football activities	5,016,407	4,307,363	(992,700)	(1,397,546)
Commercial activities	2,751,299	2,330,240	1,017,150	893,085
	<u>7,767,706</u>	<u>6,637,603</u>	<u>24,450</u>	<u>(504,461)</u>

**3. OPERATING EXPENSES**

	1992	1991
	£	£
Employment costs (note 7)	3,602,408	3,713,189
Directors' remuneration (note 7)	43,801	-
Other operating charges	3,771,318	3,294,789
Profit on sale of fixed assets	(1,636)	-
Depreciation on tangible fixed assets	259,230	107,812
Auditors' remuneration	13,200	10,250
Hire of plant and machinery	905	277
Other operating leases	54,030	15,747
	<u>7,743,256</u>	<u>7,142,064</u>

**4. EXCEPTIONAL ITEM**

	1992	1991
	£	£
Costs relating to the issue of debentures	<u>1,394,471</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**5. INTEREST (PAYABLE)/RECEIVABLE**

	1992	1991
	£	£
Bank and loan interest receivable	22,145	70,533
Bank and loan interest repayable within five years	(291,442)	(14,117)
	<u>(269,297)</u>	<u>56,416</u>

**6. NET TRANSFER FEES**

	1992	1991
	£	£
Transfer fees receivable	1,062,500	566,650
Transfer fees payable	(1,469,054)	(1,183,205)
	<u>(406,554)</u>	<u>(616,555)</u>

**7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1992	1991
	£	£
Employee costs (excluding directors) during the year are as follows:		
Wages and salaries	3,245,855	3,368,484
Social security costs	316,233	315,946
Other pension costs	40,320	28,759
	<u>3,602,408</u>	<u>3,713,189</u>

Included in wages and salaries above are signing on fees to players of £500,534 (1991 : £557,181).

	1992	1991
	Number	Number
Average number of persons employed:		
Full time employees	90	90
Part time employees	23	26
	<u>113</u>	<u>116</u>





**NOTES TO THE ACCOUNTS**

**Year ended 31 July 1992**

**7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)**

The directors of the company received the following remuneration:

	1992 £	1991 £
Remuneration for management services	41,470	-
Pension contributions	2,331	-
	<u>43,801</u>	<u>-</u>

The above remuneration was entirely in respect of the Managing Director. No other director, including those who served as Chairman during the year, received any remuneration.

**8. TAX ON LOSS ON ORDINARY ACTIVITIES**

A tax loss occurred during the year and accordingly no charge arises. As at 31 July 1992 cumulative tax losses to carry forward against future trading profits were approximately £3,100,000 (1991: £1,150,000) subject to agreement with the Inland Revenue.

**9. PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account for the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £2,046,372 (1991: loss £1,064,600).

**10. TANGIBLE FIXED ASSETS**

GROUP	Assets in the course of construction £	Freehold land and buildings £	Fixtures, fittings, equipment and flood- lighting £	Motor vehicles £	Total £
Cost or valuation:					
At 1 August 1991	-	11,747,951	489,730	84,245	12,321,926
Additions	515,633	1,895,109	93,322	23,300	2,527,364
Disposals	-	-	(3,470)	(81,736)	(85,206)
Revaluation	-	643,783	-	-	643,783
At 31 July 1992	<u>515,633</u>	<u>14,286,843</u>	<u>579,582</u>	<u>25,809</u>	<u>15,407,867</u>
Depreciation:					
At 1 August 1991	-	281,734	325,091	51,023	657,848
Charge for the year	-	197,403	52,713	9,114	259,230
Disposals	-	-	-	(38,975)	(38,975)
At 31 July 1992	<u>-</u>	<u>479,137</u>	<u>377,804</u>	<u>21,162</u>	<u>878,103</u>
Net book value:					
At 31 July 1992	<u>515,633</u>	<u>13,807,705</u>	<u>201,778</u>	<u>4,647</u>	<u>14,529,764</u>
At 31 July 1991	<u>-</u>	<u>11,466,217</u>	<u>164,639</u>	<u>33,222</u>	<u>11,664,078</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**10. TANGIBLE FIXED ASSETS (continued)**

COMPANY	Assets in the course of construction £	Freehold land and buildings £	Fixtures, fittings, equipment and flood- lighting £	Motor vehicles £	Total £
Cost or valuation:					
At 1 August 1991	-	11,747,951	489,730	84,245	12,321,926
Additions	515,633	1,895,109	93,322	23,300	2,527,364
Disposals	-	(256,217)	(3,470)	(81,736)	(341,423)
At 31 July 1992	515,633	13,386,843	579,582	25,809	14,507,867
Depreciation:					
At 1 August 1991	-	281,734	325,091	51,023	657,848
Charge for the year	-	197,403	52,713	9,114	259,230
Disposals	-	-	-	(38,975)	(38,975)
At 31 July 1992	-	479,137	377,804	21,162	878,103
Net book value:					
At 31 July 1992	515,633	12,907,706	201,778	4,647	13,629,764
At 31 July 1991	-	11,466,217	164,639	33,222	11,664,078

Included in freehold land and buildings is land valued at £2,421,217 in the group figures, and £2,001,217 in the company figures, which is not depreciated.

Freehold land and buildings representing the Chadwell Heath training ground were valued on 5 November 1991 on the basis of depreciated replacement cost at £900,000 by Messrs. Edward Symmons and Partners, Chartered Surveyors. The surplus over net book value of £643,783 has been transferred to revaluation reserve.

The comparable amounts of freehold land and buildings determined according to the historical cost convention for the group are costs of £4,787,334 (1991: £2,892,225) and accumulated depreciation of £302,022 (1991: £281,734) and for the company, costs of £4,531,117 (1991: £2,892,225) and accumulated depreciation of £302,022 (1991: £281,734).

The Boleyn ground land and buildings and the recently acquired adjoining land (Note 15a) are charged to Barclays Bank PLC.

**11. INVESTMENTS HELD AS FIXED ASSETS**

This investment comprises the company's investment in its wholly owned subsidiary West Ham United (Chadwell Heath) Limited, a company registered in England and Wales whose principal activity is property ownership and management.

**12. STOCKS**

	Group and Company	
	1992	1991
	£	£
Goods for resale	150,890	124,533



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**13. DEBTORS**

	Group 1992	Company 1992	Group and company 1991
		£	£
Trade debtors	91,145	91,145	131,174
Amount owed by subsidiary company	-	899,498	-
Other debtors	394,918	394,918	685,253
Prepayments and accrued income	176,679	176,679	87,070
	<u>662,742</u>	<u>1,562,240</u>	<u>903,497</u>

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group and company 1992	Group and company 1991
	£	£
Bank overdrafts	2,082,383	-
Trade creditors	807,592	632,306
Other creditors	312,127	144,625
Taxation and social security	426,252	774,628
Accruals	420,091	76,276
Season ticket and other receipts in advance	<u>1,039,592</u>	<u>2,165,585</u>
	<u>5,088,037</u>	<u>3,793,420</u>

The bank overdrafts are secured by a legal charge on the stadium in favour of Barclays Bank PLC.

**15. BORROWINGS**

	Group and company 1992	Group and company 1991
	£	£
(a) Bank loan and overdrafts:		
Within one year or on demand	2,082,383	-
Between one and two years	1,600,000	-
	<u>3,682,383</u>	<u>-</u>
(b) Debenture loans and subscriptions:		
After five years	521,348	-
	<u>521,348</u>	<u>-</u>
Total loan repayments	<u>4,203,731</u>	<u>-</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**15. BORROWINGS (continued)**

**(a) Bank loan**

On 10 September 1991 the company purchased land adjoining the Boleyn Ground. The purchase was financed by way of a £1,600,000 bank loan secured on the property.

**(b) Debenture loans and subscriptions**

The amount of £521,348 refers to full or part payments received towards the purchase of debentures under The Hammers Bond scheme. Under the terms and conditions of the issue the definitive certificate can only be issued where payment has been received in full and the designated seat in the relevant stand within the stadium is in existence.

At 31 July 1992 applications meeting the above criteria were for 76 'A' bonds valued at £28,000 and 496 'B' bonds valued at £372,000. Under the terms and conditions of the debentures, the debentures are repayable at par after 150 years. The debentures are non interest bearing subject to the conditions of issue. The debenture loans are unsecured.

**16. DEFERRED GRANT INCOME**

	£
Balance at 1 August 1991	475,119
Grants received	86,569
Grants released to the profit and loss account	(7,308)
Balance at 31 July 1992	<u>554,380</u>

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

- (a) No provision has been made for deferred taxation as in the opinion of the directors no liability is likely to crystallise in the future.
- (b) The amount of potential deferred taxation unprovided in the accounts is:

	1992 £	1991 £
Capital allowances in excess of depreciation	1,419	25,682
Surplus on revaluation	1,450,000	1,600,000
Other timing differences:		
Interest	(34,419)	865
	<u>1,417,000</u>	<u>1,626,547</u>
Less: unutilised tax losses	(1,023,000)	(379,500)
	<u>394,000</u>	<u>1,247,047</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**18. CALLED UP SHARE CAPITAL**

	No.	£
Authorised, allotted, and fully paid Ordinary shares of 50p each:		
Balance at 1 August 1991	4,000	2,000
Bonus issue	96,000	48,000
	<u>100,000</u>	<u>50,000</u>
Balance at 31 July 1992	<u>100,000</u>	<u>50,000</u>

On the 11 November 1991 the company made a bonus issue of 24 ordinary shares for one ordinary share then held.

**19. RESERVES**

	Revaluation reserve Group and company £	Profit and loss account Group £	Company £
Balance at 1 August 1991	8,855,740	123,994	123,994
Capital used on bonus issue	-	(48,000)	(48,000)
Loss for the year	-	(2,045,872)	(2,046,372)
Surplus on revaluation of land and buildings	643,783	-	-
Revaluation reserve released	(177,115)	177,115	177,115
Balance at 31 July 1992	<u>9,322,394</u>	<u>(1,792,763)</u>	<u>(1,793,263)</u>

The group profit and loss account can be analysed as:

	1992 £
Accumulation of profits	3,253,237
Transfer fees paid for current playing staff	(5,046,000)
	<u>(1,792,763)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**20. CAPITAL COMMITMENTS**

	1992 £	1991 £
Contracted for but not provided in the financial statements	75,618	-
Authorised but not yet contracted for	-	1,600,000

Capital expenditure contracted for but not provided in the financial statements is shown above. Against this expenditure the company anticipates receiving grants amounting to at least £20,000 (1991 - £nil).

The redevelopment plans for the Boleyn Ground stadium, to comply with the requirements of the Taylor Report, are agreed in principle but are still subject to final planning permission. Consequently the company was not committed to any additional material expenditure at the balance sheet date.

**21. CONTINGENT LIABILITIES**

Contracts have been entered into with players whereby signing on fees will be payable in equal instalments over the life of the contract provided the player does not ask for a transfer in writing. The potential future commitment to pay signing on fees amounts to £367,334 (1991 - £159,869).

The company has a contingent liability in respect of certain capital expenditure incurred by the club's caterer. The company is liable to reimburse the caterer with the written down value of this expenditure should they cease to be caterers at the Boleyn ground. The written down value of this expenditure at 31 July 1992 is £36,020 (1991 - £42,157).

At the year end the company had two outstanding transfers where further amounts are payable to the selling clubs if the players concerned play a specified number of games for the club. The amounts payable, contingent on these events total £51,000 (1991 - £25,000).

**22. OPERATING LEASE COMMITMENTS**

At 31 July 1992 the group and the company were committed to making the following annual payments in respect of operating leases:

	£
Leases which expire:	
Within one year	2,084
Within two to five years	63,933
After five years	-
	<u>66,017</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 July 1992**

**23. PENSION SCHEME**

Eligible staff are members of the Football League Limited Pension and Life Assurance 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 £42,651 (1991 - £28,759).

**24. EVENTS OCCURRING AFTER THE END OF THE YEAR**

Subsequent transfers

Net transfers completed subsequent to 31 July 1992 amounted to £1,056,000 receivable by the company.