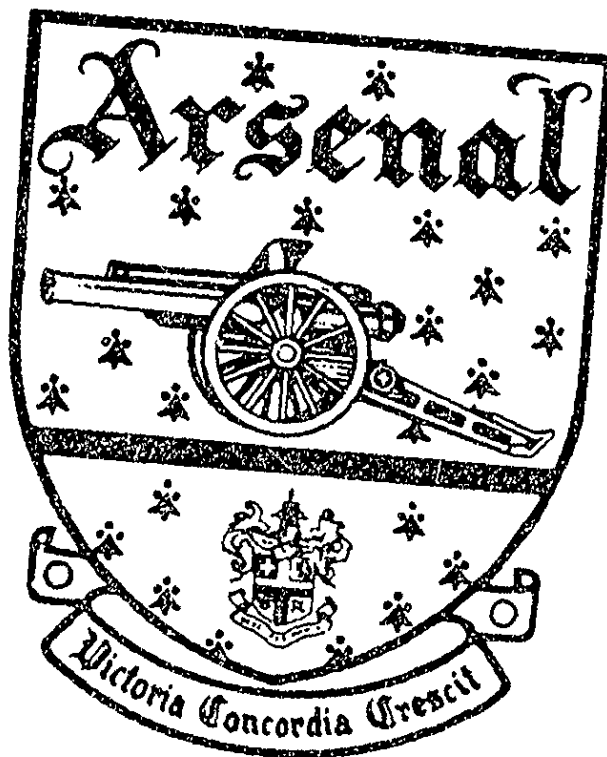


ARSENAL FOOTBALL CLUB LIMITED

**STATEMENT OF ACCOUNTS
AND
ANNUAL REPORT
1989 - 1990**

169244



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ARSENAL FOOTBALL CLUB LIMITED

NOTICE IS HEREBY GIVEN that the Eightieth Annual General Meeting of the shareholders of Arsenal Football Club Limited will be held at the Arsenal Stadium, Highbury, London N5 1BU on Thursday 30th August, 1990 at 12 noon precisely when the following ordinary business will be transacted, viz.:

1. To receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon for the year ended 31st May, 1990.
2. To re-elect Directors.
3. To re-appoint the auditors and to authorize the Directors to fix their remuneration.
4. To transact any other ordinary business of the meeting.

Dated this
12th day of July, 1990

By Order of the Board,
K. J. FRIAR,
Secretary.

Registered Office:

Arsenal Stadium,
Avenell Road,
Highbury,
London N5 1BU.

Note: A member of the Company who is entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

A form of proxy is enclosed with this annual report for the use of members who are unable to attend the meeting and should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

Admission to the meeting will be upon production of an admission card only and any person attending as a proxy (whether a member or not) must produce the admission card.

ARSENAL FOOTBALL CLUB LIMITED

Directors:

P. D. HILL-WOOD, Esq., (*Chairman*)

D. B. DEIN, Esq., (*Vice-Chairman*)

Sir ROBERT BELLINGER, G.B.E., D.Sc.

R. G. GIBBS, Esq.

C. E. B. L. CARR, Esq.

R. C. L. CARR, Esq.

K. J. FRIAR, Esq. (Managing)

Secretary:

K. J. FRIAR

Manager:

G. GRAHAM

Auditors:

KIDSONS IMPEY

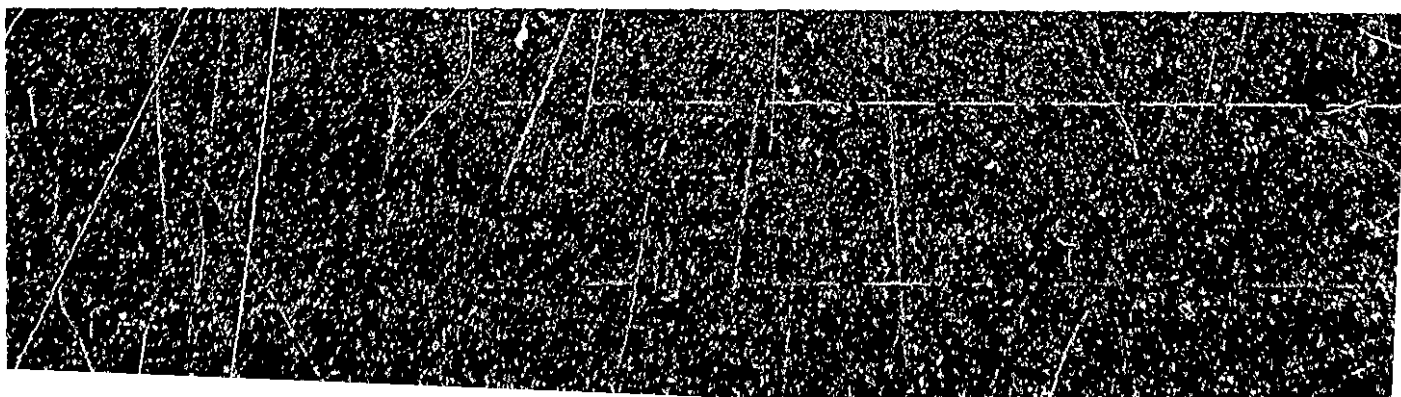
Chartered Accountants

Russell Square House, 10/12 Russell Square, London WC1B 5AE

Registered Office:

ARSENAL STADIUM

Avenell Road, Highbury, London N5 1BU



CHAIRMAN'S STATEMENT

The Directors have pleasure in submitting their 80th Annual Report to the Members together with the audited accounts for the year ended 31st May 1990.

Having won the championship in the previous season, anything less was going to be something of a disappointment, and despite a prolonged effort, the season under review saw us finish fourth in a long and well contested league programme.

Attendances overall were slightly down on the previous season, but nevertheless produced a respectable average of 33,713 spectators per game.

During last pre-season we won the Makita International Tournament at Wembley, beating Porto F.C. and Liverpool 1-0 respectively. We went on to beat Independiente, the Argentinian champions, 2-1 in Miami. December saw us beat Glasgow Rangers, the Scottish Champions 2-1 at Ibrox Park in the "Zenith Challenge", and in May we beat the South Korean National side 2-1 in the "Caltex Cup" in Singapore.

These were all prestigious matches and provided valuable experience against world class opposition during a period when we were denied entry to European competitions. Europe, nevertheless, must still be our aim for next year.

During the year, Niall Quinn was transferred to Manchester City and Andrew Marriott joined Nottingham Forest and, of course, in thanking them both for the contribution they have made to the Club's success, we wish them well in their new careers.

We have been very active in the transfer market and in the season covered by these accounts have signed Sigi Jonsson from Sheffield Wednesday, Colin Pates from Charlton Athletic, Craig McKernon from Mansfield Town and David Seaman from Queens Park Rangers.

During the summer, Martin Hayes joined Celtic, Kevin Richardson joined Real Sociedad and John Lukic joined Leeds United and in thanking them for their services we wish them too a successful future with their new clubs. What is normally a quiet period ended with the signing of Andrew Linighan from Norwich City and Anders Limpar from F.C. Cremonese in Italy.

The strengthening of the squad indicates clearly our desire to regain the Championship, which prior to the season before last had eluded us for so long.

There were changes too in our back room staff. Theo Foley accepted the offer to join Northampton Town as their Manager having been with them as a player during his early career.

CHAIRMAN'S STATEMENT (Cont.)

Theo had an important part to play here as George Graham's assistant, and although we shall miss his friendly face and effervescent personality, we do of course wish him every success in his new challenge.

The combination team had a tremendous season and won their Championship in a closely fought finish with Chelsea. To Stewart Houston and all of the players involved, we offer our sincere congratulations.

Stewart Houston has moved up and now takes the position of 1st Team Coach. The vacancy thus created has been filled by George Armstrong whom, as many of you will remember, played for us back in the 1970's. George has spent the last 5 years coaching in Kuwait and I am sure that the experience he has gained will prove to be of great value in his new post.

The close season has been even more active than last with a massive amount of redevelopment work being undertaken, much of it relating to the recommendations contained in Lord Justice Taylor's Final Report.

New entrances to the West Stand Lower Tier have been provided in Highbury Hill. The South West entrance for visiting supporters has been reconstructed allowing far better access.

Vehicle access to the pitch and new First Aid facilities have been provided at the South East corner of the Stadium whilst a major refurbishment of the main East Stand offices and Dressing Rooms etc has been undertaken. Safety and comfort have always been of prime concern, and these additional measures will ensure that we maintain our position at the forefront of our industry.

Turning to the Accounts, I am pleased to report that the retained profit for the year under review was £596,871 taking into account a provision for taxation of £217,741. Last year, I stated that it was essential that we remain profitable if we are to face up to the challenge that the future undoubtedly holds. Since that time, transfer fees and players wages have escalated and the implications of the "Hillsborough" tragedy have been defined by Lord Justice Taylor.

Within the next few years, the ground will need to be converted from its present configuration into an 'all seater' Stadium which will cost many millions of pounds, whilst reducing the overall capacity dramatically. Every year brings a new challenge.

Finally, I would like to place on record the Board's appreciation to our dedicated staff, many of whom have worked under particularly difficult circumstances for many months during the reconstruction of the East Stand.

PETER HILL-WOOD
Chairman

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 31st May 1990.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a professional football club.

PROFITS AND DIVIDENDS

The results for the year are set out on page 4 and are reviewed in the Chairman's Statement. The directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors of the company at 31st May 1990, all of whom served throughout the year, together with details of their interests in the company's share capital, are set out below:—

	Ordinary Shares of £1 each	
	At 31st May 1990	At 31st May 1989
	<u>Beneficial Interests</u>	
P.D. Hill-Wood	1,016	1,016
D.B. Dein	1,461	1,342
Sir Robert Bellinger, G.B.E., D.Sc.	89	89
R.G. Gibbs	42	42
C.E.B.L. Carr	140	140
R.C.L. Carr	286	286
K.J. Friar	105	105
	<u>Non-Beneficial Interests</u>	
P.D. Hill-Wood	355	355
C.E.B.L. Carr	433	433

In accordance with the provisions of Article 90 of the Articles of Association P.D. Hill-Wood and C.E.B.L. Carr retire by rotation, and, being eligible, offer themselves for re-election.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made donations for charitable purposes amounting to £1,535 (1989: £27,627).

FIXED ASSETS

The movements in fixed assets during the year are set out in the notes to the financial statements.

The directors are of the opinion that the market value of the company's land and buildings is considerably greater than book value.

AUDITORS

Kidsons Impey, successors to Kidsons, have agreed to offer themselves for re-election as auditors of the company.

Registered Office:

Arsenal Stadium, Avenell Road, Highbury, London N5 1BU.

12th July 1990.

By Order of the Board

K. J. FRIAR

Secretary

ARSENAL FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1990

	Note	1990	1989
		£	£
TURNOVER	2 19.	7,648,418	6,454,518
Costs and overheads less other income	3	<u>5,137,556</u>	<u>4,996,205</u>
PROFIT ON ORDINARY ACTIVITIES			
BEFORE TRANSFER FEES		2,510,862	1,458,313
Transfer fees (payable)/receivable		<u>(1,696,250)</u>	<u>190,500</u>
PROFIT ON ORDINARY ACTIVITIES			
BEFORE TAXATION		814,612	1,648,813
Taxation	6	<u>217,741</u>	<u>590,000</u>
PROFIT ON ORDINARY ACTIVITIES			
AFTER TAXATION			
RETAINED FOR THE FINANCIAL YEAR	12	<u>596,871</u>	<u>1,058,813</u>

The notes on pages 8 to 10 form part of these financial statements.

ARSENAL FOOTBALL CLUB LIMITED

BALANCE SHEET 31st MAY 1990

	Note	1990	1989
		£	£
FIXED ASSETS			
Tangible assets	7	7,103,584	6,483,867
CURRENT ASSETS			
Stocks	8	89,929	76,054
Debtors	9	1,047,536	390,042
Investments		131,940	131,940
Cash at bank and in hand		<u>1,742,825</u>	<u>316,834</u>
		3,012,230	914,870
CREDITORS			
Amounts falling due within one year	10	<u>6,228,569</u>	<u>4,148,363</u>
NET CURRENT LIABILITIES		<u>(3,216,339)</u>	<u>(3,233,493)</u>
NET ASSETS		<u>3,887,245</u>	<u>3,250,374</u>
CAPITAL AND RESERVES			
Called up share capital	11	7,000	7,000
Share premium account	12	286,201	286,201
Building reserve	12	766,000	726,000
Profit and loss account	12	<u>2,828,044</u>	<u>2,231,173</u>
SHAREHOLDERS' FUNDS		<u>3,887,245</u>	<u>3,250,374</u>

The financial statements were approved by the Board of Directors on 12th July 1990.

P.D. HILL-WOOD)
D.B. DEIN) Directors

B. Hill-Wood
D.B. Dein

The notes on pages 8 to 10 form part of these financial statements.

ARSENAL FOOTBALL CLUB LIMITED

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1990

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost accounting convention.

(b) Turnover

Turnover represents income from football and related activities.

(c) Depreciation

Depreciation is calculated to write off the cost of plant, equipment and motor vehicles in equal annual instalments over their estimated useful lives at rates ranging from 10 per cent to 20 per cent.

Leasehold properties are depreciated over the periods of the lease in equal annual instalments.

Freehold properties are maintained in such condition that their value is not diminished by the passage of time and the related expenditure is charged to profit and loss account in the year it is incurred. Therefore any element of depreciation is considered to be immaterial and no provision is made.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value.

2. TURNOVER

Turnover comprises the following:

	1990 £	1989 £
Gate receipts	4,346,063	3,696,392
Ground advertisements and other activities	3,302,355	2,619,351
Prize money	—	138,775
	<u>7,648,418</u>	<u>6,454,518</u>

3. COSTS AND OVERHEADS LESS OTHER INCOME

Employment costs	2,793,114	2,330,553
Depreciation	192,003	69,038
Other operating charges	2,631,757	2,700,712
Interest receivable	(479,318)	(104,098)
	<u>5,137,556</u>	<u>4,996,205</u>
Auditors remuneration included in other operating charges	3,250	3,000
Hire of plant and machinery included in other operating charges	8,815	15,446

4. DIRECTORS' EMOLUMENTS

Management remuneration including pension contributions and bonus of highest paid director

No other director received any emoluments during the year.

	101,000	77,000
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5. EMPLOYEES

(a) The average number of persons employed by the company during the year was:

Playing staff	48	42
Training staff	10	9
Administrative staff	25	20
Ground staff	14	17
	<u>97</u>	<u>88</u>

(b) Staff costs:

Wages and salaries	2,458,156	2,070,545
Social security costs	275,857	212,870
Other pension costs	59,101	47,138
	<u>2,793,114</u>	<u>2,330,553</u>

ARSENAL FOOTBALL CLUB LIMITED

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1990 (continued)

(c) During the year the following number of employees, other than directors, received remuneration, excluding pension contributions, in excess of £30,000						1990	1989
£30,001 – £35,000	...	...	...	...	...	4	1
£35,001 – £40,000	...	...	...	...	...	1	3
£45,001 – £50,000	...	...	...	...	...	1	3
£50,001 – £55,000	...	...	...	...	...	1	1
£55,001 – £60,000	...	...	...	...	...	1	3
£60,001 – £65,000	...	...	...	...	...	1	3
£65,001 – £70,000	...	...	...	...	...	5	
£70,001 – £75,000	...	...	...	...	...	2	3
£75,001 – £80,000	...	...	...	...	...	1	2
£80,001 – £85,000	...	...	...	...	...	1	
£95,001 – £100,000	...	...	...	...	...	1	1
£120,001 – £125,000	...	...	...	...	...	2	
£140,001 – £145,000	...	...	...	...	...	1	
£150,001 – £155,000	...	...	...	...	...	1	
£200,001 – £205,000	...	...	...	...	...		1
£240,001 – £245,000	...	...	...	...	...	1	

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax based on the profit for the year at 35% (1989: 35%)	£	£
Over provision in respect of prior years	240,000	590,000
	(22,259)	
	<u>217,741</u>	<u>590,000</u>

7. TANGIBLE FIXED ASSETS

	Short Leasehold Properties	Freehold Properties	Plant and Equipment	Motor Vehicles	Total
	£	£	£	£	£
Value at 1st June 1965	—	5,750	—	—	5,750
Cost at 1st June 1989	—	6,348,590	410,803	154,612	6,914,005
Additions	40,000	528,489	233,563	32,743	834,795
Disposals	—	—	(23,075)	(6,750)	(29,825)
Reallocation	—	(911,915)	911,915	—	—
At 31st May 1990	<u>40,000</u>	<u>5,970,914</u>	<u>1,533,206</u>	<u>180,605</u>	<u>7,724,725</u>
DEPRECIATION					
At 1st June 1989	—	127,393	240,381	68,114	435,888
Charge for year	2,500	—	156,661	32,842	192,003
Disposals	—	—	—	(6,750)	(6,750)
At 31st May 1990	<u>2,500</u>	<u>127,393</u>	<u>397,042</u>	<u>94,206</u>	<u>621,141</u>
NET BOOK AMOUNT					
At 31st May 1990	<u>37,500</u>	<u>5,843,521</u>	<u>1,136,164</u>	<u>86,399</u>	<u>7,103,584</u>
At 31st May 1989	—	<u>6,226,947</u>	<u>170,422</u>	<u>86,498</u>	<u>6,483,867</u>

At 31st May 1989 the company had the following capital commitments:

	1990	1989
Authorised and contracted for	<u>£2,500,000</u>	<u>£358,114</u>

ARSENAL FOOTBALL CLUB LIMITED

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1990 (continued)

8. STOCKS										1990 £	1989 £		
Goods for resale	...	...	...	...	...	...	...	...	...	<u>89,929</u>	<u>76,054</u>
9. DEBTORS													
Trade debtors	...	...	...	...	...	...	...	...	...	273,122	137,054
Other debtors	...	...	...	...	...	...	...	...	...	423,213	214,858
Prepayments and accrued income	...	...	...	...	...	...	...	...	...	<u>351,201</u>	<u>38,130</u>
										<u>1,047,536</u>	<u>390,042</u>		
10. CREDITORS DUE WITHIN ONE YEAR													
Trade creditors	...	...	...	...	...	...	...	...	...	131,815	325,295
Taxation	...	...	...	...	...	...	...	...	...	835,375	845,375
Social security	...	...	...	...	...	...	...	...	...	122,891	231,969
Other creditors	...	...	...	...	...	...	...	...	...	4,281,698	1,164,553
Accruals and deferred income	...	...	...	...	...	...	...	...	...	<u>856,790</u>	<u>1,581,171</u>
										<u>6,228,569</u>	<u>4,148,363</u>		
11. CALLED UP SHARE CAPITAL													
										<i>Authorised</i>	<i>Alotted Issued and Fully Paid</i>		
Ordinary Shares of £1 each	...	...	...	...	...	...	...	...	...	<u>7,000</u>	<u>7,000</u>
12. SHARE PREMIUM AND RESERVES													
										<i>Share Premium account</i>	<i>Building reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
										£	£	£	£
Balance at 31st May 1989	...									286,201	726,000	2,231,173	3,243,374
Retained profit for the year	...									—	—	596,871	596,871
Donations	—	40,000	—	40,000
Balance at 31st May 1990	...									<u>286,201</u>	<u>766,000</u>	<u>2,828,044</u>	<u>3,880,245</u>
13. LEASING COMMITMENTS													
Commitments due under operating leases for the period to 31st May 1991 are:										1990	1989		
										<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
										£	£	£	£
Leases expiring in --													
One year	—	9,578	—	15,031
Two to five years	42,500	—	42,500	—
Over five years	<u>20,490</u>	—	—	—
										<u>62,990</u>	<u>9,578</u>	<u>42,500</u>	<u>15,031</u>

ARSENAL FOOTBALL CLUB LIMITED

SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MAY 1990

	1990		1989	
	£	£	£	£
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		814,612		1,648,813
Adjustment for items not involving the movement of funds:				
Depreciation	192,003		69,038	
Profit on sale of tangible fixed assets	<u>(1,100)</u>		<u>(5,943)</u>	
		<u>190,903</u>		<u>63,095</u>
TOTAL GENERATED FROM OPERATIONS		1,005,515		1,711,908
FUNDS FROM OTHER SOURCES				
Donations		40,000		50,000
Proceeds from disposal of tangible fixed assets		24,175		35,943
Corporation tax received		<u>--</u>		<u>5,375</u>
		<u>1,069,690</u>		<u>1,803,226</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	834,795		5,090,381	
Corporation tax paid	<u>227,741</u>		<u>15,660</u>	
		<u>1,062,536</u>		<u>5,106,041</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		<u>7,154</u>		<u>(3,302,815)</u>
REPRESENTED BY:—				
Increase in stocks		13,875		5,995
Increase/(decrease) in debtors... ..		657,494		(290,964)
(Increase) in creditors		<u>(2,090,206)</u>		<u>(1,347,384)</u>
		<u>(1,418,837)</u>		<u>(1,632,353)</u>
MOVEMENT IN NET LIQUID FUNDS				
Increase/(decrease) in cash and short term investments		<u>1,425,991</u>		<u>(1,670,462)</u>
		<u>7,154</u>		<u>(3,302,815)</u>

The notes on pages 8 to 10 form part of these financial statements.

ARSENAL FOOTBALL CLUB LIMITED

REPORT OF THE AUDITORS To the Members of Arsenal Football Club Limited

We have audited the financial statements on pages 6 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st May 1990 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KIDSONS IMPEY

Chartered Accountants

London, 12th July 1990.

ARSENAL FOOTBALL CLUB LIMITED

PLAYING RECORD 1989-90

FIRST TEAM

HOME
AWAY

BARCLAYS LEAGUE DIVISION ONE

P	W	D	L	Pts	A	Pts
19	14	3	2	38	11	45
19	4	5	10	16	27	17
38	18	8	12	54	38	62

Final Position: 4th

F.A. CHALLENGE CUP

Round 3		v STOKE CITY	(A)	WON	1-0
Round 4		v Q.P.R.	(H)	DREW	0-0
Round 4	(Replay)	v Q.P.R.	(A)	LOST	0-2

LITTLEWOODS CHALLENGE CUP

Round 2	(1st leg)	v PLYMOUTH ARGYLE	(H)	WON	2-0
Round 2	(2nd leg)	v PLYMOUTH ARGYLE	(A)	WON	6-1
Round 3		v LIVERPOOL	(H)	WON	1-0
Round 4		v OLDHAM ATHLETIC	(A)	LOST	1-3

SECOND TEAM

HOME
AWAY

FOOTBALL COMBINATION

P	W	D	L	Pts	A	Pts
19	14	3	2	43	20	45
19	12	3	4	41	31	39
38	26	6	6	84	51	84

Final Position: 1st League Champions

THIRD TEAM

HOME
AWAY

SOUTH EAST COUNTIES LEAGUE

P	W	D	L	Pts	A	Pts
15	9	2	4	40	22	20
15	8	4	3	26	13	20
30	17	6	7	66	35	40

Final Position: 3rd

SOUTH EAST COUNTIES LEAGUE CUP

Round 1		v COLCHESTER	(A)	WON	3-2
Round 2		v OXFORD UNITED	(H)	DREW	1-1
Round 2	(Replay)	v OXFORD UNITED	(A)	WON	3-4
Round 3		v WATFORD	(A)	LOST	2-1

F.A. YOUTH CUP

Round 2		v LUTON TOWN	(H)	DREW	2-2
Round 2	(Replay)	v LUTON TOWN	(A)	WON	4-2
Round 3		v OXFORD UNITED	(A)	WON	5-1
Round 4		v PORTSMOUTH	(H)	LOST	0-1

SOUTHERN JUNIOR FLOODLIT CUP

Round 1		v CRYSTAL PALACE	(H)	DREW	1-1
Round 1	(Replay)	v CRYSTAL PALACE	(A)	WON	1-2
Round 2		v CAMBRIDGE UNITED	(H)	WON	2-0
Round 3		v LUTON TOWN	(A)	WON	4-0
Semi-Final		v WEST HAM UNITED	(H)	WON	4-1
Final	(1st leg)	v TOTTENHAM HOTSPUR	(A)	WON	0-1
Final	(2nd leg)	v TOTTENHAM HOTSPUR	(H)	LOST	0-2