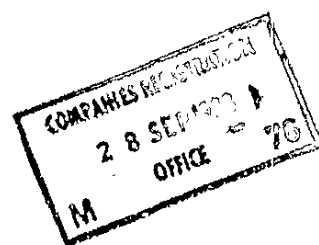
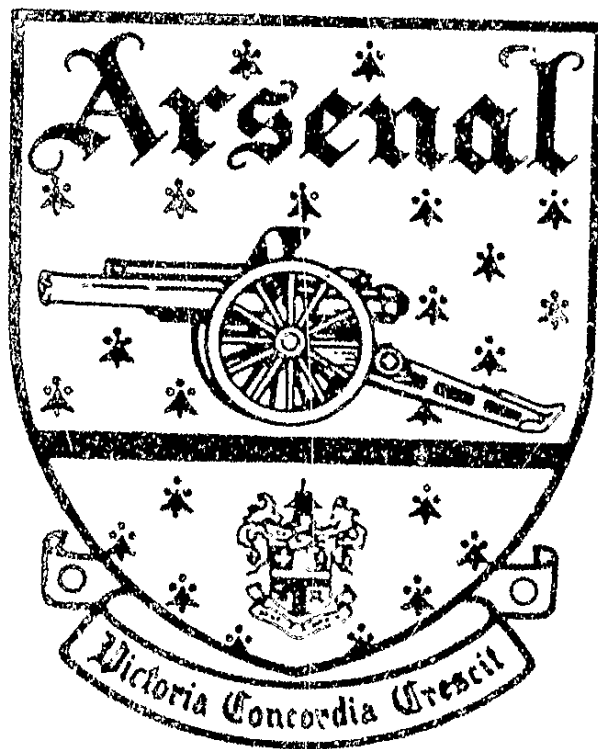


**ARSENAL FOOTBALL  
CLUB LIMITED**

**STATEMENT OF ACCOUNTS  
AND  
ANNUAL REPORT  
1987 - 1988**



# ARSENAL FOOTBALL CLUB LIMITED

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NOTICE IS HEREBY GIVEN that the Seventy Eighth Annual General Meeting of the shareholders of Arsenal Football Club Limited will be held at the Regent Crest Hotel, Carburton Street, London W17 8LE on Thursday 25th August, 1988 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, 1988.
2. To re-elect Directors.
3. To re-appoint the auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of the meeting.

Dated this  
1st day of August, 1988.

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

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## Directors:

P. D. HILL-WOOD, Esq., (*Chairman*)  
D. DEIN, Esq., (*Vice-Chairman*)  
Sir ROBERT BELLINGER, G.B.E., D.Sc.  
S. C. McINTYRE, Esq., M.B.L., F.C.I.S.  
A. WOOD, Esq.  
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:

HOPE AGAR  
Chartered Accountants  
Epworth House, 25/35 City Road, London EC1Y 1AR

## Registered Office:

ARSENAL STADIUM  
Avenell Road, Highbury, London N5 1BU

## CHAIRMAN'S STATEMENT

The Directors have pleasure in submitting their 78th Annual Report to the Members together with the audited accounts for the year ended 31 May 1988.

It is pleasing to report the continued increase in our attendances which rose to an average of 29,911. Strangely enough, our run in the Cup Competitions was very similar to that of the previous season, when we reached the 6th round of the FA cup and again appeared at Wembley in the Final of the Littlewoods Challenge Cup, where success on this occasion was to elude us, losing to Luton 3 - 2.

The trophies this year went to the youth side who proudly won the FA Youth Cup by beating Doncaster Rovers on aggregate 6 - 1. A fine achievement, and we congratulate Pat Rice and all of those involved. The future prospects of some of these lads look very encouraging, and hopefully we will continue to produce players who will represent the Club at senior level.

During the season, George Graham strengthened the squad by signing Kevin Richardson from Watford, Lee Dixon from Stoke City and Brian Marwood from Sheffield Wednesday. In June, Steve Bould, the young centre-back was purchased from Stoke City and further signings are planned.

Charlie Nicholas was transferred to Aberdeen and Graham Rix was granted a free transfer at the end of his long career with the Club and has now joined the French side, FC Caen. We wish them both well in their new careers and send with them our sincere thanks for the valuable contributions they have each made to the fortunes of the Club.

As you may know, the Board decided to proceed with the development of our South Terrace and we now have under construction 53 Executive Boxes which we feel will be unequalled in British football at the present time. Each will accommodate a minimum of 8 persons with all of the facilities that one might expect from a development of this nature. The Boxes are being sold on a 10 year agreement and I am happy to report that a large number have already been sold or are under offer. Although this will not produce immediate income, the initial amounts received will be used to repay the capital commitment, and profits will be generated through to the revenue account upon renewals in future years. This method of funding should ensure that our ordinary revenues will remain available for the normal trading requirements and of course for further player acquisition.

Turning to the Accounts, I am again pleased to report a continuing increase in our turnover. The increased attendances during our Cup runs and in the League were extremely good. An attendance in excess of 40,000 was reached at Highbury on no less than 4 occasions which is quite remarkable, in that this figure occurred only 5 times in the whole of British football last season. Despite a deficit on transfer fees of £587,500 our profit for the year was £617,822, taking into account a provision for taxation of £249,379.

## CHAIRMAN'S STATEMENT (Cont.)

Those figures are satisfactory, but it is essential that we maintain profitability if we are to compete in the transfer market which has seen all previous domestic records exceeded in recent months.

Much has been written about the Television negotiations which the media and various other parties have linked with a break-away from the Football League by the major Clubs. It has never been the Clubs' wish to leave the Football League, although we recognise that a restructure *within* the League is essential if British football is to progress.

The TV negotiations have been very fruitful, and we anticipate a very considerable increase in our future income from this source. Fortunately we will be able to retain a far greater proportion of the monies that we are responsible for generating than was the case in previous years.

The future of our industry relies upon our supporters and it is gratifying to know that membership of our Junior Gunners, Cannon Club and Family Enclosure now exceeds 7,000.

On behalf of the Board I would like to place on record our sincere thanks for the loyalty of our supporters and of course to the many members of our staff both on and off the field for their efforts on our behalf.

PETER HILL-WOOD  
Chairman

## REPORT OF THE DIRECTORS

---

The Directors present their Report and the Audited Accounts of Arsenal Football Club Limited for the year ended 31st May 1988.

### PRINCIPAL ACTIVITY

The principal activity of the Company is that of a Professional Football Club

### RESULTS AND REVIEW OF THE BUSINESS

The results for the year are set out on page 6 and these are reviewed in the Chairman's Statement. The Directors do not recommend the payment of a dividend.

### FUTURE DEVELOPMENTS

Work has commenced on the provision of executive boxes at the south end of the stadium.

### LAND AND BUILDINGS

The Directors are of the opinion that the market value of the Company's Land and Buildings is considerably greater than book value.

### DIRECTORS

The Directors who held office during the year, together with their shareholdings, were as follows:

	<u>31st May 1988</u>	<u>31st May 1987</u>
	<u>Beneficial Interests</u>	
P.D. Hill-Wood	1,016	1,016
D. Dem	1,342	1,326
Sir Robert Bellinger, G.B.E., D.Sc.	89	89
S.C. McIntyre, M.B.E., F.C.I.S.	80	80
A. Wood	81	81
R.G. Gibbs	42	42
C.E.B.L. Carr	128	128
R.C.L. Carr	274	274
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, S.C. McIntyre and R.C.L. Carr retire by rotation, and, being eligible, offer themselves for re-election.

### DONATIONS

During the year the Company made charitable donations amounting to £1,508

### AUDITORS

Hope Agar are willing to continue in office as Auditors to the Company and, in accordance with Section 384(1) of the Companies Act 1985, a resolution will be submitted to the forthcoming Annual General Meeting proposing their appointment for the ensuing year.

By Order of the Board

K. J. IRIAE

Secretary

1st August 1988

**ARSENAL FOOTBALL CLUB LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1988**

	<i>Note</i>	1988	1987
		£	£
<b>TURNOVER</b>	<b>2</b>	<b>5,305,335</b>	<b>4,579,264</b>
Costs and Overheads less Other Income ... ..	<b>3</b>	<b>3,850,634</b>	<b>3,509,779</b>
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
BEFORE TRANSFER FEES ... ..		<b>1,454,701</b>	<b>1,069,485</b>
Transfer Fees Payable ... ..		<b>587,500</b>	<b>118,000</b>
<b>PROFIT BEFORE TAXATION</b> ... ..		<b>867,201</b>	<b>951,485</b>
Taxation ... ..	<b>5</b>	<b>249,379</b>	<b>17,000</b>
<b>PROFIT AFTER TAXATION</b> ... ..	<b>12</b>	<b>£617,822</b>	<b>£934,485</b>



# ARSENAL FOOTBALL CLUB LIMITED

BALANCE SHEET 31st MAY, 1988

	Note	1988	1987
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets ... ..	6	1,492,524	1,303,303
<b>CURRENT ASSETS</b>			
Stocks ... ..	7	70,059	50,481
Debtors ... ..	8	681,006	662,901
Short Term Investments ... ..		131,940	131,940
Cash at Bank and in Hand ... ..		1,987,296	675,828
		<u>2,870,301</u>	<u>1,521,150</u>
<b>CURRENT LIABILITIES --</b>			
<b>CREDITORS DUE WITHIN ONE YEAR</b>			
Creditors ... ..	9	<u>2,221,264</u>	<u>1,380,714</u>
<b>NET CURRENT ASSETS</b> ... ..		<u>649,037</u>	<u>140,436</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> ...		<u>£2,141,561</u>	<u>£1,443,739</u>
<b>CAPITAL AND RESERVES</b>			
Called-up Share Capital ... ..	10	7,000	7,000
Share Premium Account ... ..		286,201	286,201
Building Reserve ... ..	11	676,000	596,000
Profit and Loss Account ... ..	12	<u>1,172,360</u>	<u>554,538</u>
<b>SHAREHOLDERS' FUNDS</b> ... ..		<u>£2,141,561</u>	<u>£1,443,739</u>

P.D. HILL-WOOD

D. DEIN

Directors

P.D. Hill-Wood  
D. Dein

1st August 1988

# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1988

## 1. ACCOUNTING POLICIES

### Convention

These accounts have been prepared under the historical cost convention

### Turnover

Turnover represents income from football and related activities.

### Depreciation

Depreciation on all fixed assets other than freehold properties is calculated to write off cost during their expected normal lives by equal annual instalments at rates ranging from 10 per cent to 20 per cent.

No depreciation has been provided in the year under review on freehold properties.

### Stocks

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

## 2. TURNOVER

Turnover comprises the following:

	1988	1987
Gate Receipts	3,649,314	3,058,356
Ground Advertisements and Other Activities	1,625,021	1,433,408
Prize Money	31,000	87,500
	<u>£5,305,335</u>	<u>£4,579,264</u>

## 3. COSTS AND OVERHEADS LESS OTHER INCOME

Employment Costs (Note 4)	1,951,569	1,998,862
Depreciation	50,437	40,825
Other Operating Charges	1,982,164	1,492,311
Interest Receivable	(153,705)	(40,211)
Interest Payable on Bank Overdraft	169	17,992
	<u>£3,850,634</u>	<u>£3,509,779</u>
Auditors' Remuneration included in Other Operating Charges	£5,000	£3,000
Hire of Plant & Machinery included in Other Operating Charges	<u>£7,808</u>	<u>£4,034</u>

## 4. DIRECTORS AND EMPLOYEES

Employment costs incurred were:

Wages and Salaries	1,735,405	1,800,190
Social Security Costs	170,154	161,131
Other Pension Costs	46,010	37,541
	<u>£1,951,569</u>	<u>£1,998,862</u>

Employment costs include the following in respect of Directors:

Management Remuneration including Pension Contributions	£65,980	£56,866
---	---------	---------

The number of employees whose emoluments receivable were in excess of £30,000 for the year were:

£30,001 - £35,000	2	1
£35,001 - £40,000	2	6
£40,001 - £45,000		2
£45,001 - £50,000	2	1
£50,001 - £55,000	2	
£55,001 - £60,000	3	1
£60,001 - £65,000	1	
£65,001 - £70,000	2	1
£70,001 - £75,000		
£75,001 - £80,000	1	1
£80,001 - £85,000		1
£85,001 - £90,000		1
£90,001 - £95,000		1
£95,001 - £100,000	1	1
£100,001 - £105,000		1
£105,001 - £110,000		
£110,001 - £115,000	1	
£115,001 - £120,000		

# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1988 - *continued*

## 4. DIRECTORS AND EMPLOYEES (contd.)

The average number employed by the Company within each category of persons was:	1988	1987
Playing Staff	40	41
Team Management and Training Staff	7	7
Administrative Staff	18	19
Ground Staff	15	15
	<u>80</u>	<u>82</u>

## 5. TAXATION

Corporation Tax at 35% (1987 29%)	250,000	17,000
Adjustments relating to Prior Years	(621)	-
	<u>£249,379</u>	<u>£17,000</u>

The tax charge has been arrived at after taking into account losses brought forward from previous years

## 6. TANGIBLE FIXED ASSETS

	Freehold Properties	Plant, Fixtures, Fittings and Equipment	Emergency and Flood Lighting	Motor Vehicles	Total
Value at 1965	5,750				5,750
Cost at 1st June 1987	1,247,990	284,777	41,405	100,387	1,674,559
Additions	334,700	70,113		42,945	447,758
Disposals	(195,000)	(43,103)		(15,500)	(253,603)
At 31st May 1988	<u>1,393,440</u>	<u>311,787</u>	<u>41,405</u>	<u>127,832</u>	<u>1,874,464</u>
Depreciation at 1st June 1987	127,393	156,846	41,355	51,414	377,008
Charge for the year		31,410		19,027	50,437
Disposals		(30,005)		(15,500)	(45,505)
At 31st May 1988	<u>127,393</u>	<u>158,251</u>	<u>41,355</u>	<u>54,941</u>	<u>381,940</u>
Net Book Value 31st May 1988	<u>£1,266,047</u>	<u>£153,536</u>	<u>£50</u>	<u>£72,891</u>	<u>£1,492,524</u>
Net Book Value 31st May 1987	<u>£1,126,346</u>	<u>£127,931</u>	<u>£50</u>	<u>£48,976</u>	<u>£1,303,303</u>

At 31st May 1988 the Company had the following capital commitments:

	1988	1987
Authorised and Contracted for	<u>£5,200,000</u>	<u>£</u>

## 7. STOCKS

Stocks represent items held for resale.

# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1988 *continued*

## 8. DEBTORS

	1988	1987
Trade Debtors ...	149,703	73,930
Other Debtors ...	458,165	528,459
Prepayments ...	73,138	60,512
	<u>£681,006</u>	<u>£662,901</u>

## 9. CREDITORS DUE WITHIN ONE YEAR

Trade Creditors ...	102,108	102,793
Corporation Tax ...	265,660	17,000
Other Creditors ...	1,136,087	832,724
Other Taxation and Social Security ...	68,807	75,477
Accruals ...	246,255	214,059
Income Received in Advance ...	402,347	140,661
	<u>£2,221,264</u>	<u>£1,380,714</u>

## 10. SHARE CAPITAL

Authorised		
Ordinary Shares of £1 each ...	<u>£7,000</u>	<u>£7,000</u>
Allotted, Issued and Fully Paid		
Ordinary Shares of £1 each ...	<u>£7,000</u>	<u>£7,000</u>

## 11. BUILDING RESERVE

At 1st June 1987 ...	596,000
Donations ...	80,000
At 31st May 1988	<u>£676,000</u>

## 12. PROFIT AND LOSS ACCOUNT

At 1st June 1987 ...	612,822
Profit for the year ...	£1,172,460
At 31st May 1988	

# ARSENAL FOOTBALL CLUB LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MAY, 1988

	1988		1987	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit before Taxation ... ..		867,201		951,488
Adjustment for item not involving the movement of funds:				
Depreciation ... ..		50,437		40,825
		<u>917,638</u>		<u>992,310</u>
<b>FUNDS FROM OTHER SOURCES</b>				
Donations ... ..	80,000		50,000	
Disposal of Fixed Assets (Net) ... ..			200,561	
		<u>80,000</u>		<u>250,561</u>
		997,638		1,242,871
<b>APPLICATION OF FUNDS</b>				
Tax Paid ... ..	719			
Purchase of Fixed Assets (Net) ... ..	239,658			
		<u>240,377</u>		
<b>INCREASE IN WORKING CAPITAL ... ..</b>		<u>£757,261</u>		<u>£1,242,871</u>
<b>MOVEMENT IN WORKING CAPITAL</b>				
Increase in Stocks ... ..	19,578		6,196	
Increase in Debtors ... ..	18,105		345,913	
Increase in Cash and Short Term Investments ... ..	1,311,468		1,088,024	
Increase in Creditors ... ..	(591,890)		(197,262)	
		<u>£757,261</u>		<u>£1,242,871</u>

# ARSENAL FOOTBALL CLUB LIMITED

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

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We have audited the accounts on pages 6 to 11 in accordance with approved Auditing Standards

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st May 1988 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

HOPE AGAR

*Chartered Accountants*

EPWORTH HOUSE,  
25/35 CITY ROAD,  
LONDON EC1Y 1AR

1st August, 1988

# ARSENAL FOOTBALL CLUB LIMITED

PLAYING RECORD 1987-88

## FIRST TEAM

### BARCLAYS LEAGUE DIVISION ONE

	P	W	D	L	F	A	Pts
HOME	20	11	4	5	35	16	37
AWAY	20	7	8	5	23	23	29
	40	18	12	10	58	39	66

Final Position: 6th

### F.A. CHALLENGE CUP

Round 3	v MILLWALL	(H)	WON	2	0
Round 4	v BRIGHTON & H.A.	(A)	WON	2	1
Round 5	v MANCHESTER UNITED	(H)	WON	2	1
Round 6	v NOTTINGHAM FOREST	(H)	LOST	1	2

### LITTLEWOODS CHALLENGE CUP

Round 2	(1st Leg)	v DONCASTER ROVERS	(A)	WON	3	0
Round 2	(2nd Leg)	v DONCASTER ROVERS	(H)	WON	1	0
Round 3		v A.C. BOURNEMOUTH	(H)	WON	3	0
Round 4		v STOKLY CITY	(H)	WON	3	0
Round 5		v SHEFFIELD WEDNESDAY	(A)	WON	1	0
Semi-Final	(1st Leg)	v LIVERPOOL	(A)	WON	1	0
Semi-Final	(2nd Leg)	v LIVERPOOL	(H)	WON	3	1
FINAL		v LUTON TOWN	(Wembley)	LOST	2	3

## SECOND TEAM

### FOOTBALL COMBINATION

	P	W	D	L	F	A	Pts
HOME	19	9	2	8	39	23	20
AWAY	19	10	3	6	38	25	23
	38	19	5	14	77	48	43

Final Position: 8th

## THIRD TEAM

### SOUTH EAST COUNTIES LEAGUE

	P	W	D	L	F	A	Pts
HOME	15	8	1	6	41	20	17
AWAY	15	9	2	4	59	15	20
	30	17	3	10	100	35	37

Final Position: 4th

### SOUTH EAST COUNTIES LEAGUE CUP

Round 1	v LUTON TOWN	(H)	WON	5	1
Round 2	v IPSWICH TOWN	(H)	WON	4	2
Round 3	v SOUTHAMPTON	(A)	LOST	3	7

### F.A. YOUTH CUP

Round 2		v MILLWALL	(A)	WON	5	1
Round 3		v WIMBLEDON	(A)	WON	2	1
Round 4		v SOUTHAMPTON	(A)	WON	2	1
Round 5		v CREWE ALEXANDRA	(A)	DRAW	1	1
Round 5	(Re-play)	v CREWE ALEXANDRA	(H)	WON	5	1
Semi-final	(1st Leg)	v NOTTINGHAM FOREST	(H)	DRAW	1	1
Semi-final	(2nd Leg)	v NOTTINGHAM FOREST	(A)	WON	3	0
FINAL	(1st Leg)	v DONCASTER ROVERS	(A)	WON	5	0
FINAL	(2nd Leg)	v DONCASTER ROVERS	(H)	DRAW	1	1