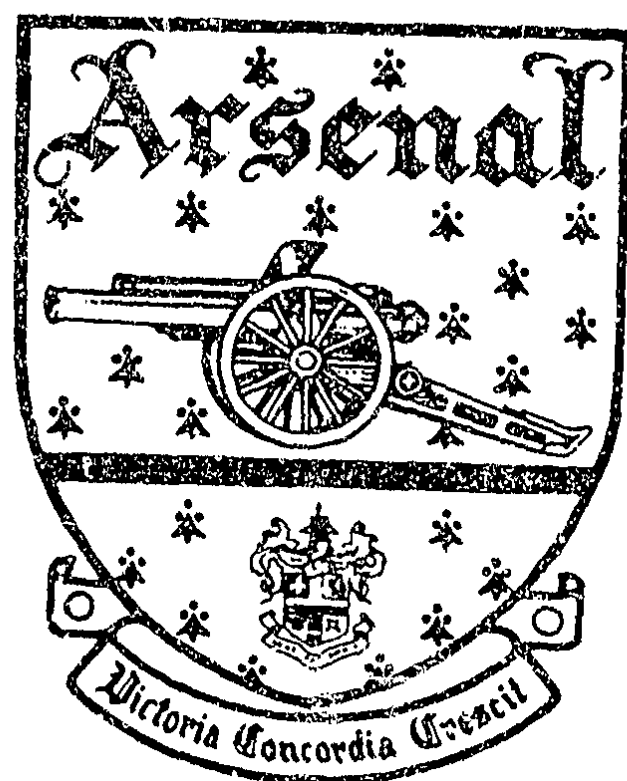


13-10-89

**ARSENAL FOOTBALL  
CLUB LIMITED**

**STATEMENT OF ACCOUNTS  
AND  
ANNUAL REPORT  
1988 - 1989**



# ARSENAL FOOTBALL CLUB LIMITED

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NOTICE IS HEREBY GIVEN that the Seventy Ninth Annual General Meeting of the shareholders of Arsenal Football Club Limited will be held at the Arsenal Stadium, Highbury, London N5 1BU on Thursday 24th August, 1989 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, 1989.
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  
20th July, 1989

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. 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

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 79th Annual Report to the Members together with the audited accounts for the year ended 31st May 1989.

It is my sad duty to report the death of two of our longest serving Directors, Stuart McIntyre and Anthony Wood. Stuart McIntyre died after a short illness on 26th May - the day we won the Championship. Mr McIntyre, who had supported the Club since boyhood, joined the Board in 1962 during which time he made an immense contribution to the well-being of the Club and his presence will be sadly missed.

Mr Anthony Wood, who retired from the Board in December due to ill-health, died on 29th July. Mr Wood had been connected with professional football for almost 40 years and his considerable experience was always of great value. To the families of them both we all extend our very sincere condolences.

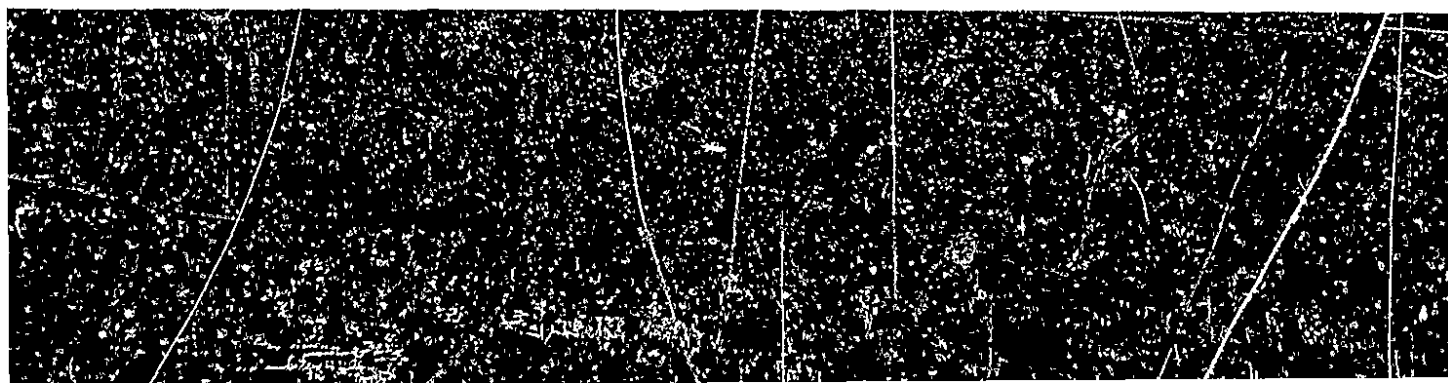
This season has been memorable for many reasons, but most of all of course for our success in winning the League Championship for the 9th time in the Club's history. The final game at Anfield where we needed to win by two clear goals, turned out to be an epic, watched by almost 13 million on TV in the UK, and of course by many millions more around the world. To win was marvellous and to win in such a manner made us extremely proud and our heartfelt congratulations must go to George Graham and the players for such a magnificent achievement.

Winning involves a team effort, both on and off the field, and congratulations are due to not only the coaches, Theo Foley, Stewart Houston and Pat Rice, but to our Chief Scout, Steve Burtenshaw, and his assistant Terry Murphy. The continuous flow of youth talent is of vital importance, and the fact that we have so many promising young players in the current squad, with more waiting in the wings, is a credit to our youth policy with which they are charged.

Success requires reward and I am pleased to advise you that almost all of the key management, players and staff have been secured on contracts which in our view establishes the firm base upon which we will continue to build.

During the year Kenny Sansom and Rhys Wilmot were transferred to Newcastle United and Plymouth Argyle respectively, and in wishing them well in their new careers, do extend to them both our sincere thanks for the valuable contribution they have each made to the fortunes of the Club over many years.

The close season has been probably the busiest for many many years. The playing area has been totally removed and renewed with new irrigation and undersoil heating installed, and we are hopeful that we will eventually have one of the finest pitches in the country. We have installed a completely new Public Address system, two Electronic Message Centres, renewed and renovated a large number of the public toilets and built new "Crowd Control" rooms. All of the seats within the Stadium are being renewed and as you will shortly see the main East Stand has been repainted. These improvements I know will be most welcome and of course we are hopeful that there will be others to follow.



## CHAIRMAN'S STATEMENT (Cont.)

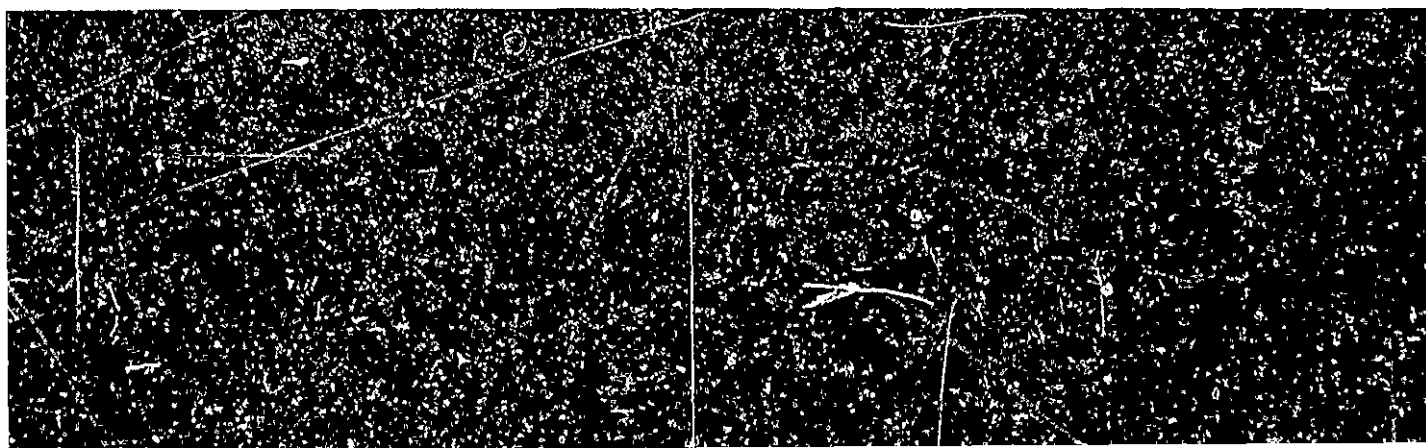
In addition to all of this extensive work costing more than £1 million, we have of course now opened our Executive Box Development which houses 53 Executive Boxes, restaurant, catering and conference facilities and a major Indoor Sports Hall. The development which cost almost £6 million, has been funded by the sale of the boxes and it is our view that this substantial asset will eventually be of prime importance to the financial future of the Club.

Attendances have again been good, rising from an average of 29,911 to 35,595. However, our overall 'Gate Receipts' did not increase in the same proportion, due to our relatively early exit from the Cup competitions this year, against our appearance in the Littlewoods Cup Final the year before.

I am pleased to report that the retained profit after expenses for the year under review was £1,058,813 taking into account a provision for taxation of £590,000. This is of course satisfactory but it is essential that we remain profitable if we are to face up to the challenge that the future undoubtedly holds. If we are to compete for players in the market place then we must be prepared to pay the 'market price', whatever that might be. Transfer fees are clearly not in decline.

Finally on behalf of the Board I would like once more to pay tribute to our very loyal and hard working staff, both on and off the field, who have contributed immensely to the smooth running of the Club in this our Championship year.

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 1989.

### 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 1989, all of whom served throughout the year, except as stated, together with details of their interests in the company's share capital, are set out below:—

	Ordinary Shares of £1 each	
	At 31st May 1989	At 31st May 1988
	<u>Beneficial Interests</u>	
P.D. Hill-Wood	1,016	1,016
D.B. Dein	1,342	1,342
Sir Robert Bellinger, G.B.E., D.Sc.	89	89
R.G. Gibbs	42	42
C.E.B.L. Carr	140	128
R.C.L. Carr	286	274
K.J. Friar	105	105
	<u>Non Beneficial Interests</u>	
P.D. Hill-Wood	355	355
C.E.B.L. Carr	433	433

S.C. McIntyre served as a director of the company until his death on 26th May 1989. A. Wood served as a director of the company until his resignation on 5th December 1988.

In accordance with the provisions of Article 90 of the Articles of Association D.B. Dein, R. Bellinger and R.G. Gibbs 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 £27,627 (1988: £1,508), which incorporates a donation of £25,000 to the Hillsborough Disaster Fund.

### 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

A resolution to reappoint the auditors, Kidsons, Chartered Accountants, will be proposed at the annual general meeting.

Registered Office:

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

20th July, 1989

By Order of the Board

K. J. FRIAR

Secretary

# ARSENAL FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1989

	<i>Note</i>	1989	1988
		£	£
<b>TURNOVER</b>	2	6,454,518	5,305,335
Costs and overheads less other income ... ..	3	<u>4,996,205</u>	<u>3,850,634</u>
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
BEFORE TRANSFER FEES ... ..		1,458,313	1,454,701
Transfer fees receivable/(payable) .. ..		<u>190,500</u>	<u>(587,500)</u>
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
BEFORE TAXATION ... ..		1,648,813	867,201
Taxation ... ..	6	<u>590,000</u>	<u>249,379</u>
<b>PROFIT ON ORDINARY ACTIVITIES</b>			
<b>AFTER TAXATION</b>			
RETAINED FOR THE FINANCIAL YEAR	12	<u>1,058,813</u>	<u>617,822</u>

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



# ARSENAL FOOTBALL CLUB LIMITED

BALANCE SHEET 31st MAY, 1989

	Note	1989	1988
		£	£
<b>FIXED ASSETS</b>			
Tangible assets ... ..	7	6,483,867	1,492,524
<b>CURRENT ASSETS</b>			
Stocks ... ..	8	76,054	70,059
Debtors ... ..	9	390,042	681,006
Investments ... ..		131,940	131,940
Cash at bank and in hand ... ..		316,834	1,987,296
		<u>914,870</u>	<u>2,870,301</u>
<b>CREDITORS</b>			
Amounts falling due within one year ... ..	10	<u>4,148,363</u>	<u>2,221,264</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b> ... ..		<u>(3,233,493)</u>	<u>649,037</u>
<b>NET ASSETS</b> ... ..		<u>3,250,374</u>	<u>2,141,561</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital ... ..	11	7,000	7,000
Share premium account ... ..	12	286,201	286,201
Building reserve ... ..	12	726,000	676,000
Profit and loss account ... ..	12	2,231,173	1,172,360
<b>SHAREHOLDERS' FUNDS</b> ... ..		<u>3,250,374</u>	<u>2,141,561</u>

The financial statements were approved by the Board of Directors on 20th July 1989.

P.D. HILL-WOOD

D.B. DEIN

)  
) Directors

*P.D. Hill-Wood*

*D.B. Dein*

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

# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1989

## 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 all tangible fixed assets, other than freehold land and buildings which are not depreciated, in equal annual instalments over their estimated useful lives at rates ranging from 10 to 20%.

### (d) Stocks

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

## 2. TURNOVER

Turnover comprises the following:

	1989 £	1988 £
Gate receipts ... ..	3,696,392	3,649,314
Ground advertisements and other activities ... ..	2,619,351	1,625,021
Prize money ... ..	138,775	31,000
	<u>£6,454,518</u>	<u>£5,305,335</u>

## 3. COSTS AND OVERHEADS LESS OTHER INCOME

Employment costs ... ..	2,330,553	1,951,569
Depreciation ... ..	69,038	50,437
Other operating charges ... ..	2,700,712	1,982,164
Interest receivable ... ..	(104,098)	(133,705)
Interest payable on bank overdraft ... ..	—	169
	<u>4,996,205</u>	<u>3,850,634</u>
Auditors remuneration included in other operating charges ... ..	<u>3,000</u>	<u>3,000</u>
Hire of plant and machinery included in other operating charges ... ..	<u>15,446</u>	<u>7,809</u>

## 4. DIRECTORS' EMOLUMENTS

Management remuneration including pension contributions of highest paid director ... ..

No other director received emoluments during the year under review.

77,000	65,980
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## 5. EMPLOYEES

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

	1989	1988
Playing staff ... ..	42	40
Training staff ... ..	9	7
Administrative staff ... ..	20	18
Ground staff ... ..	17	15
	<u>88</u>	<u>80</u>

(b) Staff costs:

	£	£
Wages and salaries ... ..	2,070,545	1,735,405
Social security costs ... ..	212,870	170,154
Other pension costs ... ..	47,138	46,010
	<u>2,330,553</u>	<u>1,951,569</u>

# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1989 - *continued*

## 5. EMPLOYEES (contd.)

(c) During the year the following number of employees, other than directors, received remuneration, excluding pension contributions, in excess of £30,000.

	1989	1988
£30,001 - £35,000 ... ..	1	2
£35,001 - £40,000 ... ..	3	2
£45,001 - £50,000 ... ..	3	2
£50,001 - £55,000 ... ..	1	2
£55,001 - £60,000 ... ..	3	3
£60,001 - £65,000 ... ..	3	1
£65,001 - £70,000 ... ..	-	2
£70,001 - £75,000 ... ..	3	-
£75,001 - £80,000 ... ..	2	-
£80,001 - £85,000 ... ..	-	1
£95,001 - £100,000 ... ..	1	1
£115,001 - £120,000 ... ..	-	1
£200,001 - £205,000 ... ..	1	-

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax based on the profit for the year at 35%

	£	£
(1988: 35%) ... ..	590,000	250,000
Under provision in respect of prior years ... ..	-	(621)
	<u>590,000</u>	<u>249,379</u>

## 7. TANGIBLE FIXED ASSETS

	Freehold Properties £	Plant, Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>				
Value at 1st June 1965 ... ..	5,750		-	5,750
At 1st June 1988 ... ..	1,387,690	353,193	127,832	1,868,715
Additions ... ..	4,990,900	57,610	41,871	5,090,381
Disposals ... ..	(30,000)	-	(15,091)	(45,091)
At 31st May 1989 ... ..	<u>6,354,340</u>	<u>410,803</u>	<u>154,612</u>	<u>6,919,755</u>
<b>DEPRECIATION</b>				
At 1st June 1988 ... ..	127,393	199,607	54,941	381,941
Charge for year ... ..	-	40,774	28,264	69,038
Disposals ... ..	-	-	(15,091)	(15,091)
At 31st May 1989 ... ..	<u>127,393</u>	<u>240,381</u>	<u>68,114</u>	<u>435,888</u>
<b>NET BOOK AMOUNT</b>				
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 1988 ... ..	<u>1,266,047</u>	<u>153,586</u>	<u>72,891</u>	<u>1,492,524</u>

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

	1989 £	1988 £
Authorised and contracted for ... ..	<u>358,114</u>	<u>5,200,000</u>

## 8. STOCKS

Goods for resale ... ..	<u>76,054</u>	<u>70,059</u>
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# ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS 31st MAY, 1989 -- *continued*

9. DEBTORS	1989 £	1988 £
Trade debtors ... ..	137,054	149,703
Other debtors ... ..	214,858	458,165
Prepayments and accrued income ... ..	38,130	73,138
	<u>390,042</u>	<u>681,006</u>

## 10. CREDITORS: amounts falling due within one year

Trade creditors ... ..	325,295	102,108
Taxation ... ..	845,375	265,660
Social security ... ..	231,969	68,807
Other creditors ... ..	1,164,553	1,136,087
Accruals and deferred income ... ..	1,220,363	246,255
Income received in advance ... ..	360,808	402,347
	<u>4,148,363</u>	<u>2,221,264</u>

## 11. CALLED UP SHARE CAPITAL

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

## 12. SHARE PREMIUM AND RESERVES

	Share Premium Account	Building Reserve	Profit and Loss Account	Total
Balance at 31st May 1988 ...	286,201	676,000	1,172,360	2,134,561
Retained profit for the year ...	—	—	1,058,813	1,058,813
Donations ... ..	—	50,000	—	50,000
Balance at 31st May 1989 ...	<u>286,201</u>	<u>726,000</u>	<u>2,231,173</u>	<u>3,243,374</u>

## 13. LEASING COMMITMENTS

Commitments due under operating leases  
for the period to 31st May 1990 are:

	1989		1988	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Leases expiring in —				
One year ... ..	—	15,031	33,500	11,823
Two to five years ...	42,500	—	—	—
	<u>42,500</u>	<u>15,031</u>	<u>33,500</u>	<u>11,823</u>

# ARSENAL FOOTBALL CLUB LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MAY, 1989

	1989		1988	
	£	£	£	£
<b>SOURCE OF FUNDS</b>				
Profit on ordinary activities before taxation ... ..		1,648,813		867,201
Adjustment for items not involving the movement of funds:				
Depreciation ... ..	69,038		50,437	
Profit on sale of tangible fixed assets ... ..	(5,943)		—	
		<u>63,095</u>		<u>50,437</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>		<u>1,711,908</u>		<u>917,638</u>
<b>FUNDS FROM OTHER SOURCES</b>				
Donations ... ..		50,000		80,000
Proceeds from disposal of tangible fixed assets ... ..		35,943		—
Corporation tax received ... ..		5,375		—
		<u>1,803,226</u>		<u>997,638</u>
<b>APPLICATION OF FUNDS</b>				
Purchase of tangible fixed assets ... ..	5,090,381		239,658	
Corporation tax paid ... ..	15,660		719	
		<u>5,106,041</u>		<u>240,377</u>
<b>(DECREASE)/INCREASE IN WORKING CAPITAL ...</b>		<u>(3,302,815)</u>		<u>757,261</u>
<b>REPRESENTED BY:—</b>				
Increase in stocks ... ..		5,995		19,578
(Decrease)/increase in debtors ... ..		(290,964)		18,105
(Increase) in creditors ... ..		(1,347,384)		(591,890)
		<u>(1,632,353)</u>		<u>(554,207)</u>
<b>Movement in net liquid funds:</b>				
(Decrease)/Increase in cash and short term investments ... ..		<u>(1,670,462)</u>		<u>1,311,468</u>
		<u>(3,302,815)</u>		<u>757,261</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

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

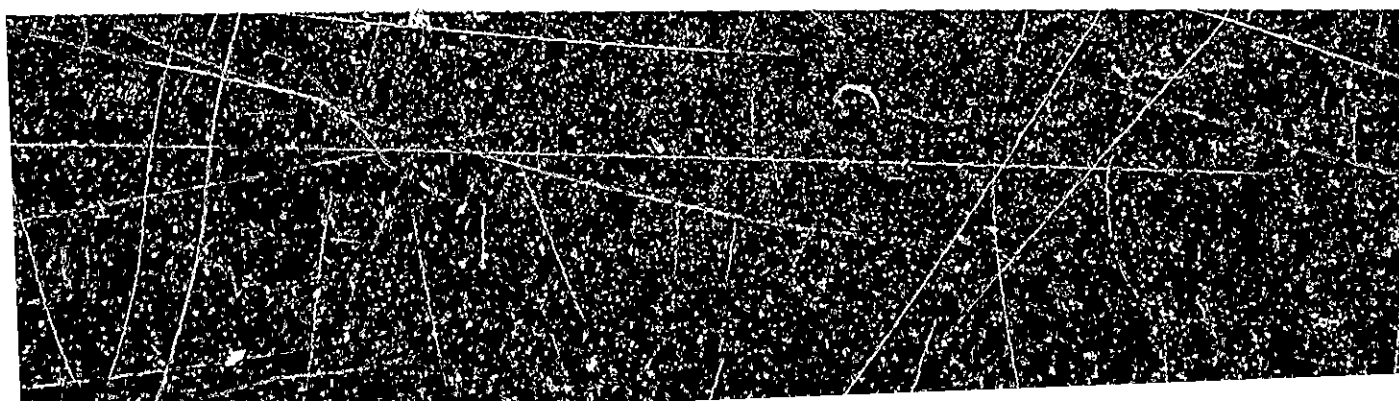
In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st May 1989 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

KIDSONS

*Chartered Accountants*

RUSSELL SQUARE HOUSE,  
10/12 RUSSELL SQUARE,  
LONDON WC1B 5AE

20th July, 1989.



# ARSENAL FOOTBALL CLUB LIMITED

PLAYING RECORD 1988-89

## FIRST TEAM

### BARCLAYS LEAGUE DIVISION ONE

	P	W	D	L	F	A	Pts.
HOME	19	10	6	3	35	19	36
AWAY	19	12	4	3	38	17	40
	38	22	10	6	73	36	76

Final Position: 1st League Champions

### F. A. CHALLENGE CUP

Round 3		v WEST HAM	(A)	DREW	2-2
Round 3	(Replay)	v WEST HAM	(H)	LOST	0-1

### LITTLEWOODS CHALLENGE CUP

Round 2	(1st Leg)	v HULL CITY	(A)	WON	1-2
Round 2	(2nd Leg)	v HULL CITY	(H)	WON	3-0
Round 3		v LIVERPOOL	(A)	DREW	1-1
Round 3	(Replay)	v LIVERPOOL	(H)	DREW	0-0
Round 3	(2nd Replay)	v LIVERPOOL	(Villa Park)	LOST	2-1

## SECOND TEAM

### FOOTBALL COMBINATION

	P	W	D	L	F	A	Pts.
HOME	19	10	6	3	44	22	26
AWAY	19	10	6	3	39	22	26
	38	20	12	6	83	44	52

Final Position: 2nd

## THIRD TEAM

### SOUTH EAST COUNTIES LEAGUE

	P	W	D	L	F	A	Pts.
HOME	15	11	4	0	42	10	26
AWAY	15	7	5	3	40	19	19
	30	18	9	3	82	29	45

Final Position: 2nd

### SOUTH EAST COUNTIES LEAGUE CUP

Round 1		v WIMBLEDON	(A)	LOST	2-3
---------	--	-------------	-----	------	-----

### F. A. YOUTH CUP

Round 2		v EPSOM & EWELL	(A)	WON	11-0
Round 3		v LUTON TOWN	(H)	WON	3-2
Round 4		v W.B.A.	(H)	WON	2-0
Round 5		v NEWCASTLE UNITED	(A)	LOST	0-1

### SOUTHERN JUNIOR FLOODLIT CUP

Round 1		v MILLWALL	(H)	WON	2-0
Round 2		v BRENTFORD	(A)	LOST	1-2