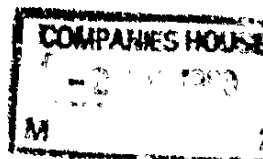




West Ham United
Football Company Limited

Directors' Report and Accounts
for the year ended 31st July 1989



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WEST HAM UNITED

FOOTBALL COMPANY LIMITED

DIRECTORS

M. W. Cearn	A.C.I.P.	(Chairman)
W. F. Cearn		(Vice Chairman)
L. G. Cearn		
J. Petchey		
C. J. Warner	M.A. Notary	
P. J. Storrie		

SECRETARY

T. M. Finn

REGISTERED OFFICE

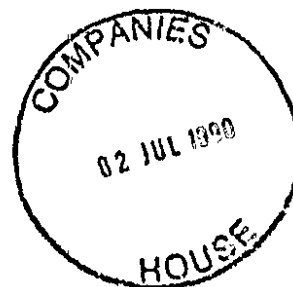
Boleyn Ground
Green Street
Upton Park
London E13 9AZ

AUDITORS

Cosper & Lybrand Deloitte
LONDON

BANKERS

Barclays Bank Plc
Plaistow Business Centre
London E13



WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTICE OF MEETING

Notice is hereby given that the eighty ninth Annual General Meeting of the Company will be held at the Registered Office of the Company, Boleyn Ground Green Street, Upton Park, London E13, on Thursday 28th June 1990 at 7:00 pm for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31st July 1989.
2. To re-elect Mr C.J. Warner as a Director.
3. To re-elect Mr W.F. Cearns as a Director.
4. To re-appoint Gopers & Lybrand Deloitte as auditors and to authorise the directors to fix their remuneration.
5. To consider the following Special Resolutions:-
 - i) It is resolved that Article 58 of the Articles of Association of the Company shall henceforth cease to apply and that the following new Article 58 be adopted in its stead.

58. In case the Directors for twenty one days after such a deposit fail to convene an Extraordinary General Meeting to be held within twenty eight days of the notice convening the meeting the requisitionists or any of them representing more than one half of the total voting rights of all of them may themselves convene a meeting to be held within three months of such deposit.
 - ii) It is resolved that Article 83 of the Articles of Association of the Company shall henceforth be amended by inserting the following provisions:
 - 83 (A) Save as provided in sub-clause (B) a Director shall not be entitled to receive any remuneration in respect of his office as a Director or as an employee.
 - (B) Directors may receive remuneration in consideration of their appointment as Director provided that the terms of such appointment are notified to and approved by The Football Association and The Football League and that such appointment is in respect of full time employment.

NOTE: The existing Article 83 will then become Article 83(C).
The wording of that Article is set out below:

- 83 (C) The Directors shall be entitled to such remuneration as the Company may by ordinary resolution determine, and unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTICE OF MEETING (Continued)

6. To transact any other ordinary business of the Company.

By order of the Board

T.M. FINN

Secretary

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.

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

CHAIRMAN'S REPORT

These accounts for the financial year to 31st July 1989 show a positive profit retention and leave us with a strong balance sheet as at the year end. The irony that this was the season when we lost our first division status, will not be lost on you.

It is best that I give some observations in order to put the financial results in perspective. The surplus on transfer account of nearly £1,500,000 reflects the departures of Tony Cottee and Alan Dickens, albeit at extreme opposite ends of the year, and whilst that figure does include the transfer in of Frank McAvennie, it does need to be viewed in conjunction with expenditure incurred in the preceding and subsequent financial years.

The surplus on the revenue account reflect success in the cup competitions but this is balanced by expenditure of some £600,000 incurred on building work to upgrade and provide new facilities in the West Stand. This was incurred during the close season of summer 1989 and in line with our normal past accounting practice, this has been shown in full in the profit and loss account. Notwithstanding this a tax liability has accrued as there are no allowances for most of this expenditure to be set against our trading profit.

Since the last annual report, Len Cearn's has retired as Chairman. This was after over ten years successful commitment to the role and I am pleased to say that the Club will continue to benefit from his vast experience with West Ham United, and professional football in general, as he remains a Director.

The media headlines have concentrated on changes of Team Manager but there has been a stability and strength in both our coaching and administrative staff. In an era where the only constant is change, your club is in a strong and sound position to face the opportunities and challenges that lie ahead.

M.W. CEARN'S

CHAIRMAN

May 1990

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st July 1989.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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. The results for the year are as shown on page 7. The report of the Chairman on page 4 reviewed the business of the company during the year, its position at the end of the year and future developments. The directors do not propose payment of a dividend.

FIXED ASSETS

In the opinion of the directors the market value of the freehold ground is in excess of its book value. In view of the specialised nature of these assets, it is not considered appropriate to quantify the excess over book value.

DIRECTORS AND THEIR INTERESTS

The interests of the directors in the capital of the company were as follows:

	Number of ordinary shares of 50p each	
	31st July 1989	1st August 1988
M.W. Cearns	45	45
W.F. Cearns	229	279
L.C. Cearns	606	552
J. Petchey	34	32
C.J. Warner	50	25
P.J. Storrie	-	-

In accordance with the Memorandum and Articles of Association of the company, Mr C.J. Warner and Mr W.F. Cearns retire by rotation and being eligible offer themselves for re-election. Mr P.J. Storrie was appointed a director on 25 January 1990 in accordance with the Memorandum and Articles of Association.

DONATIONS

Charitable donations during the year amounted to £640 (1988: £490).

AUDITORS

Our auditors Deloitte Haskins & Sells have merged their practice with Coopers & Lybrand and now practice in the name of Coopers & Lybrand Deloitte. They have signed their audit report in their new name. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

T.M. Finn

Secretary

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

WEST HAM UNITED FOOTBALL COMPANY LIMITED

We have audited the financial statements on pages 7 to 14 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 July 1989 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.

COOPERS & LYBRAND DELOITTE
Chartered Accountants

31 May 1990

London

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1989

	Notes	1989 £	1988 £
INCOME			
	(1b)	4,233,084	2,554,300
Turnover		3,613,737	1,172,224
Other operating income		258,410	135,129
Interest receivable			
		<u>8,105,231</u>	<u>3,861,653</u>
EXPENDITURE			
	(3)	2,246,235	1,929,228
Staff costs	(1c)	35,740	27,631
Depreciation		4,199,964	2,579,877
Other operating charges			
		<u>6,481,939</u>	<u>4,536,736</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(2)	1,623,292	(675,083)
Taxation charge	(4)	466,620	-
Profit/(Loss) on ordinary activities after taxation		<u>1,156,672</u>	<u>(675,083)</u>
Accumulated deficit at 1st August 1988		(257,803)	417,280
Accumulated reserve at 31st July 1989		<u>898,869</u>	<u>(257,803)</u>
		=====	=====

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

BALANCE SHEET

AT 31ST JULY 1989

	<u>Notes</u>	<u>1989</u> <u>£</u>	<u>1988</u> <u>£</u>
FIXED ASSETS			
	(5)	161,056	167,965
Tangible assets			
CURRENT ASSETS			
	(1d)	52,926	61,106
Stocks	(7)	784,050	212,641
Debtors		2,221,526	451,044
Cash at bank and in hand		<u>3,058,502</u>	<u>724,791</u>
CURRENT LIABILITIES			
	(8)	1,460,122	386,401
Creditors due within one year		803,446	717,075
Season tickets 1989/90 season		<u>2,263,568</u>	<u>1,103,476</u>
NET CURRENT ASSETS/(LIABILITIES)		794,934	(378,685)
TOTAL ASSETS LESS CURRENT LIABILITIES		955,990	(210,720)
CREDITORS DUE AFTER MORE THAN ONE YEAR	(8)	(55,121)	(45,083)
		<u>900,869</u>	<u>(255,803)</u>
		=====	=====
CAPITAL AND RESERVES			
	(9)	2,000	2,000
Called up share capital		898,869	(257,803)
Profit and loss account		<u>900,869</u>	<u>(255,803)</u>
		=====	=====

The financial statements on pages 7 to 14 were approved by the board of directors on 26 April 1990 and were signed on its behalf by:

M.W. CEARNS

M.W. Cearn DIRECTOR

L.C. CEARNS

L.C. Cearn DIRECTOR

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31ST JULY 1989

	1989 £	1988 £
SOURCE OF FUNDS		
Profit/(Loss) on ordinary activities before taxation	1,623,297	(1,083)
Adjustments for items not involving the movement of funds:		
Depreciation	35,740	27,631
Profit on sales of fixed assets	(10,842)	(1,208)
	<hr/>	<hr/>
TOTAL FUNDS GENERATED FROM OPERATIONS	1,648,190	(648,660)
FUNDS FROM OTHER SOURCES		
Proceeds on sale of fixed assets	43,469	3,000
Increase in creditors falling due after more than one year	10,038	15,583
	<hr/>	<hr/>
TOTAL SOURCE OF FUNDS	1,701,697	(630,077)
APPLICATION OF FUNDS		
Purchase of fixed assets	(61,458)	(71,413)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN FUNDS	1,640,239	(701,490)
	=====	=====
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	(8,180)	19,422
Debtors	571,409	(131,938)
Creditors	(607,101)	(27,815)
Season ticket creditors	(86,371)	52,522
Movement in net liquid assets:		
Bank and cash	1,770,482	(613,681)
	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN WORKING CAPITAL	1,640,239	(701,490)
	=====	=====

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 1989

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The company prepares its financial statements on the historical cost basis of accounting.

(b) Turnover

Turnover represents all income arising from the football matches played.

(c) Depreciation

Boleyn Ground and Chadwell Heath - major improvements including related furniture and equipment are written off in the year of purchase.

Fixtures, fittings, equipment and
Floodlighting installations
Motor vehicles
Computer equipment

- 15% straight line
- 25% straight line
- 25% straight line

(d) Stock

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

(e) Transfer fees

Transfer fees payable and receivable are charged or credited to the Profit and Loss Account on an accrual basis effective from the date of the registration of the player's transfer.

(f) Grants

Expenditure required under the Safety of Sports Grounds Act 1975 is charged to the Profit and Loss Account. Grants from the Football Ground Improvement Trust based on this expenditure are also dealt with in the Profit and Loss Account when receivable. Capital Grants are credited against the cost of construction.

(g) Deferred taxation

Provision is made for deferred taxation using the liability method where it is considered that such tax may become payable within the foreseeable future.

WEST HAM UNITEDFOOTBALL COMPANY LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST JULY 1989 (Cont'd)

	<u>1989</u> £	<u>1988</u> £
2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		
Profit on ordinary activities before taxation is stated after crediting:		
Transfer fees received	2,743,750	841,750
After charging:		
Transfer fees paid	1,296,409	1,588,250
Depreciation	35,740	27,631
Auditors' remuneration	6,000	5,000
Hire of plant and machinery	8,971	6,213
3. STAFF COSTS		
Wages and salaries	2,041,496	1,754,439
Social security costs	179,644	155,870
Other pension costs	25,095	18,919
	<u>2,246,235</u>	<u>1,929,228</u>
	=====	=====
The average number of persons employed by the company was	<u>1989</u> <u>Number</u>	<u>1988</u> <u>Number</u>
Full time employees	85	84
Part time employees	19	22
	<u>104</u>	<u>106</u>
	=====	=====

PARTICULARS OF DIRECTORS' AND EMPLOYEES' REMUNERATION

The directors received no remuneration. Details of employees who received remuneration in the following ranges are:

	<u>Number of employees</u>	
	<u>1989</u>	<u>1988</u>
£ 30,001 - £ 35,000	3	3
£ 35,001 - £ 40,000	1	2
£ 40,001 - £ 45,000	3	2
£ 45,001 - £ 50,000	3	-
£ 50,001 - £ 55,000	2	1
£ 55,001 - £ 60,000	1	1
£ 60,001 - £ 65,000	-	1
£ 65,001 - £ 70,000	4	2
£ 70,001 - £ 75,000	1	1
£ 75,001 - £ 80,000	2	1
£ 80,001 - £ 85,000	-	1
£ 90,001 - £ 95,000	-	1
£ 95,001 - £ 100,000	2	-

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 1989

(Cont'd)

1989
£

1988
£

4. TAXATION

UK corporation tax (at 35%) based on profit of the year

466,620

Nil

This years tax charge has been reduced as a result of the utilisation of tax losses brought forward from prior years amounting to some £801,260. There are no further tax losses available to reduce future tax liabilities. There is no potential liability to deferred taxation due to timing differences (1988 Nil).

5. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>		<u>Fixtures, Fittings, Equipment and F'lighting</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>Freehold (Boleyn Ground)</u>	<u>Short Leasehold (Chad. Hth.)</u>	<u>£</u>	<u>£</u>	<u>£</u>
COST					
At 1st August 1988	862,235	144,119	303,000	76,873	1,386,227
Additions	-	-	10,212	51,246	61,458
Disposals	-	-	-	61,327	61,327
At 31st July 1989	862,235	144,119	313,212	66,792	1,386,358
DEPRECIATION					
At 1st August 1988	787,235	144,119	239,831	47,077	1,218,262
Disposals	-	-	-	28,700	28,700
Charge for the year	-	-	16,043	19,697	35,740
At 31st July 1989	787,235	144,119	255,874	38,074	1,225,302
NET BOOK VALUE					
At 31st July 1989	75,000	-	57,338	28,718	161,056
At 1st August 1988	75,000	-	63,169	29,796	167,965

The original cost of the Boleyn Ground stands and buildings have been written off. The balance of £75,000 represents the cost of land.

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 1989 (Cont'd)

6. CAPITAL COMMITMENTS

There was no capital expenditure contracted for but not provided or authorised but not contracted for at 31 July 1989 (1988 : Nil).

7. DEBTORS

Due within one year:

	<u>1989</u> £	<u>1988</u> £
Trade debtors	523,750	48,640
Other debtors	33,870	136,347
Prepayments and accrued income	68,225	11,904
Staff loans	149,663	12,880
	<u>775,508</u>	<u>209,771</u>

Due after more than one year:

Staff loans	8,542	2,870
	<u>784,050</u>	<u>212,641</u>
	=====	=====

8. CREDITORS

Due within one year:

Bank overdraft	13,013	63,025
Trade creditors	709,408	194,440
Corporation tax	466,620	-
Other taxation and social security	178,565	56,519
Other creditors	579	536
Accruals and deferred income	91,937	71,881
	<u>1,460,122</u>	<u>386,401</u>
	=====	=====

Due after more than one year:

Trade creditors	55,121	45,083
	=====	=====

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 1989

(Cont'd)

9. CALLED UP SHARE CAPITAL

Authorised, issued, allotted, called up and fully
paid 4,000 ordinary shares of 50p each

1989
£

1988
£

2,000

2,000