

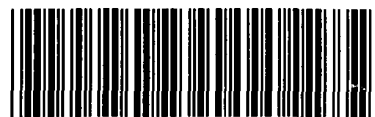
Company Registration Number 66516

WEST HAM UNITED FOOTBALL CLUB LIMITED

Annual Report and Financial Statements

For the year ended 31 May 2017

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WEST HAM UNITED FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2017

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WEST HAM UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT for the year ended 31 May 2017

Season Review

The Directors present their annual report together with the audited financial statements for the year ended 31 May 2017.

The Board were hopeful that we would build on the fact that we finished 7th in the Premier League in the 2015-2016 season, but as a result of unprecedented major injuries we had to endure, coupled with a difficult start to the season in our new stadium as we ironed out the teething problems associated with moving into a new ground and dealing with an outside operator, we are satisfied to have finished 11th.

At the start of the season we invested a total of £80.8m and bought Andre Ayew, Manuel Lanzini, Sofiane Feghouli, Havard Nordtveit, Arthur Masuaku, Edimilson Fernandes, and Ashley Fletcher. Further signings of Jose Fonte and Robert Snodgrass were added to the squad during the January 2017 transfer window.

During the season, we sold two major players for a significant profit, James Tomkins and Dimitri Payet, the former to Crystal Palace, the latter to Marseilles despite using our best endeavours to keep him.

Subsequent to the year end, we have further invested in the playing staff for the 2017-18 season with the significant investment into the purchases of a club-record signing Marko Arnautovic, Chicarito Hernandez, Pablo Zabaleta and Sead Haksabanovic. We also signed Joe Hart on a year-long loan.

To date, our second season at the London Stadium has proved to be very challenging on the pitch, culminating in a poor run of results and a disappointing league position. We therefore took the decision to replace Slaven Bilic with David Moyes on 7th November 2017.

Despite the disappointing start to the current season, we believe that the new Manager and his coaching staff will bring the desired improvement to the performance of the first team and will deliver an upturn in results.

WEST HAM UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT for the year ended 31 May 2017 (continued)

Principal Activities

The principal activity of the company is that of a professional football club as a member of the FA Premier League and the Football Association together with related and ancillary activities.

Results and Dividends

The results of the company are as set out in the profit and loss account on page 18. The directors do not propose the payment of a dividend (2016 – £nil).

Principal Risk and Uncertainties

The company's principal business risk remains that of the football club being relegated from the FA Premier League with the serious financial consequences which follow. The company prepares budgets three seasons in advance which include an evaluation of the impact of relegation and associated contingency plans.

It is a feature of football clubs' income streams that a significant element is known in advance because of its long term contractual nature. Centrally negotiated broadcast and sponsorship deals are presently in place to the end of the 2018-19 season. The company's own major sponsorship and partnership agreements are also in place until the end of seasons 2018 and 2019. Season ticket sales (including corporate sales) are made at the start of each season or accounting year and represent the bulk of the company's match day revenue. It follows that in the region of 75% of the company's annual turnover will be guaranteed, or in many cases received, by 31 July each year.

To the extent that there are ever any material variances from forecast, football clubs are in the unique position of being able to trade footballers to address any potential liquidity risks, although this ability can on occasion be constrained if less transfer activity is conducted by clubs (either domestically or internationally) in any one transfer window. Clubs can also normally accelerate receipt of deferred elements of transfer fees receivable by discounting those proceeds with a financial institution, although there can be no certainty of the availability of such funding.

At the London Stadium, we will rely on the stadium operator to obtain the annual safety certificate, but we will continue to hold £500 million of public liability insurance in respect of any one occurrence.

WEST HAM UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT for the year ended 31 May 2017 (continued)

Financial Risk Management

Financial assets that expose the company to financial risk consist principally of cash and trade and other debtors. Financial liabilities that expose the company to financial risk consist principally of trade and other creditors. The financial risks associated with these financial instruments are considered minimal.

The company is exposed to foreign exchange risks in respect of the purchase or sale of player registrations negotiated in foreign currency. In the course of the year just ended, the company made a loss on foreign currency translation of £2.16m, due to the foreign exchange market uncertainty in the aftermath of the EU referendum and the impact on the Euro in particular.

The company places its cash with a creditworthy institution. The company performs ongoing credit evaluation of its debtors' financial condition. The carrying amounts of cash, trade and other debtors represent the maximum credit risk to which the company is exposed.

Going Concern

On 18th August 2017, the Board secured additional short term loan finance of £25.0m, which is repayable in July 2018. This is secured by a fixed and floating charge over the assets of the Club.

The board has to assess the risk in relation to the company's forecast trading performance. The company has prepared and approved forecasts for the current and forthcoming seasons including the period of twelve months from the date of signing these financial statements. The board also performs sensitivity analysis on these forecasts, including the identification of mitigating actions, to take account of any projected shortfalls. Mitigating actions include alternative sources of loan finance, the option of player disposals to generate transfer fee income and wage savings as well as support from its investing owners.

The board has concluded that its forecast for the year in question and the assumptions on which it is based are sufficiently robust to justify confidence in the company's going concern status. A major element of the company's annual turnover comes from contractual broadcasting and central sponsorship distributions and is therefore effectively guaranteed for the seasons covered by the company's forecasts. The company also generates turnover from season ticket, match ticket, corporate and retail sales and, while the board recognises uncertainties about these sources of income, the evidence of the new season at the London Stadium is that demand remains strong due to the high level of supporter loyalty enjoyed by the club, as shown by 52,000 season ticket sales.

In the event that the foregoing initiatives do not generate the necessary cash flows to allow the company to operate within its borrowing limits, certain of the company's investing owners have undertaken to provide what the board has concluded would be a sufficient level of financial support to allow the company to continue to operate within its agreed borrowing limits and meet its debts as they fall due.

Consequently, after making enquiries and taking account of the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

WEST HAM UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT for the year ended 31 May 2017 (continued)

Key Performance Indicators

The company monitors its performance against a range of key performance indicators on an annual basis. Although not exhaustive, the table below summarises major KPI's over the last five years. Although the company does not set targets to be achieved each season it nevertheless seeks to maximise performance, both financial and non-financial, on an annual basis.

	2016/17	2015/16	2014/15	2013/14	2012/13
League position	11 th	7 th	12 th	13 th	10 th
FA Cup	3 rd round	6 th round	5 th round	3 rd round	3 rd round
Capital One Cup	5 th round	3 rd round	2 nd final	Semi final	2 nd round
Average league gate	56,972	34,910	34,874	34,007	34,720
Wage:turnover ratio	51.8%	60.0%	60.0%	55.6%	62.6%
Operating profit/(loss) before exceptional items & player trading	£56.8m	£31.5m	£27.0m	£31.3m	£16.7m

On behalf of the board



A Mollett
Director
14th December 2017

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017

Directors

The directors of the company who were in office during the year and up to the date of signing the audited financial statements of the company were:

D Sullivan
D Gold
K Brady
A Mollett
A Kinnear (resigned 9th June 2017)
D Harris
D Svanstrom (resigned 21st September 2017)
J Albert Smith (appointed 21st September 2017)
T Warren

Results and Dividends

See page 4 of the Strategic Report.

Employees

People

West Ham United Football Club Limited's employees are key to the Club and are the most visible part of the business to its customers. We are committed to high standards of employment practice and to providing equality of opportunity, training and development and a safe workplace, in addition to developing initiatives which encourage innovation.

West Ham United Football Club Limited aims to be an exceptional employer; one that recognises talent and develops people to the best of their abilities. We ask our people to share our determination to succeed and to deliver strong business success which is why it is important for us to appropriately reward, engage, listen to and develop our employees.

Engaging our people

Engaged staff help us to continue to be successful and grow. We continue to hold regular events to connect with our people and promote our community focus such as business results briefings, staff football tournaments, long service award ceremonies and our End of Season and Christmas parties.

Our informal and inclusive culture creates communication channels; promoting innovation and the sharing of ideas and we all work together in striving to achieve the common goal of the Club as a whole. We hold weekly management meetings and ensure that employees from across the business are in dialogue with our business leaders. West Ham United Football Club Limited's employees are kept well informed of the performance of the Club and key events concerning the business through regular staff briefings by management and through communications via our intranet, staff newsletter, staff surveys and email.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

Developing our people

Every employee plays a part in the Club's success and we are focused on developing our people to the best of their abilities. When joining the business employees undertake a thorough induction which includes training on how to perform in their new role and orientation around different areas of the business.

West Ham United Football Club Limited's people have a range of backgrounds and we work hard to provide opportunities to move around the business where appropriate and provide training to develop skills for current and future roles. We have a good track record in promoting our staff internally through investment in training and development.

Diversity of our people

We are committed to equal opportunities for all of our people, regardless of disability or background, from recruitment and selection, through training and development and promotion.

It is the policy of the Club that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Club continues. It is the policy of the Club that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

Employee Consultation and Involvement

The company's policy is to communicate honestly with employees and encourage consultation between employees and management. It places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings usually with the vice-chairman or other senior management. This leads to sharing the same understanding of goals, processes, and expectations. Heads of Department meetings are held frequently and committees have been established charged with reviewing contracts, controlling costs and maximising the group's income from staging events. Employees across the entire range of the company's operations participate in these committees.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

Community

Last season, we dedicated much of our development focus on establishing our new two-year business plan that will allow us to expand on our work across even more of our community.

As the Club's outreach vehicle, The Foundation's vision is to be the leading social and community outreach organisation in East London and Essex, using the power of the West Ham United Football Club Limited brand to provide inclusive, life-changing opportunities for individuals and wider society.

We have now set ourselves three key goals for the next two seasons:

- To be at the forefront of innovative community programmes and partnerships
- To strategically grow the Foundation's work across East London, Essex and beyond
- To serve in the best interest of the community, delivering a lasting legacy from the heart of east London

As a result of our fantastic period of development and growth, we will:

- Invest £3.2m into our community in 2017/18
- Expect a further 20% growth in our activity annually
- See up to 100,000 people benefiting from our work annually by 2019

The Foundation continues to be recognised as a shining example to others in the field, with Premier League Executive Chairman Richard Scudamore stating at the opening of the last Premier League season that: "[the Foundation is] "at the leading edge of charitable work and always deliver. Joe Lyons... and the whole Club always embrace what is going on."

2017 also saw the launch of the Foundation's fantastic new facility at their home in Beckton. The brand new 3G pitch which is a £0.4m investment into our local community is being used to deliver a wide variety of programmes. We expect to see sports participation increase by 78% over the coming years, with dozens of new teams created. The facility is home to all players from pre-school age through to our walking football team, whose oldest player is 84 years old!

As well as this, we developed and extended more of our core programmes that truly display our core values:

Any Old Irons

- Our ground-breaking programme, working in partnership with Friends of the Elderly, which aims to tackle social exclusion and loneliness.
- We are now on to our fifth cohort, with over 100 over 65s now worked with.
- Sporting Stories has also been formed off the back of the programme, with the participants now meeting up organically after their 5 week cohorts are finished – including trips to the seaside and other fantastic events to keep them engaged.
- The sessions have welcomed visits from first team players, coaches, West Ham Ladies - and the group have also completed several stadium tours.

Community School Hub Programme

- Our new Community Schools Hub model is underway, with the Foundation partnering with seven schools across Essex and East London.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017

- We have seven Community School Hub Officers who work within the schools every day delivering education and sporting interventions.

Premier League / BT Disability Fund

- The PL/BT Disability Fund was launched as a national programme to be delivered by 22 clubs in 2016 to create possibilities for disabled people through sport - helping to remove the barriers that mean, at present, disabled people are half as likely to participate in sport as non-disabled people.
- The Foundation delivered inclusive football sessions to over 500 young people during the 2016/17 season.
- Several high-profile events have been delivered, including working with Parallel London for their inclusive 1k run at the Olympic Park over the August bank holiday.

150Club

- Our 150Club Newham Community Prescription is a ground-breaking partnership initiative tackling the growing rise of diabetes and cardiovascular disease (CVD) in Newham.
- We are almost at the point where we will have achieved our 150th 'completer' of the programme – providing real life examples of how our work is helping local residents stay fit and healthy.

Olympic legacy

- Key partnerships have been forged with the Great Run Company, Special Olympics GB and London 2017 to maximise effect and engagement following the hugely successful London 2017 World Para and IAAF World Championships.
- Newham and Essex Beagles and the East End Road Runners have also become close partners over the last 12 months, with many developments taking place between running groups, athletics sessions and activation of the community athletics track.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

We are now well underway in working towards our business plan, which also includes a detailed milestone model based on our five strategic priorities;

“To wholly understand the communities local to the Foundation, supporting their social and community opportunities and challenges”

- Support better use of the third sector by local and national government

“To develop valuable, enduring and mutually-rewarding relationships with local and national partners”

- Maintain and diversify current partnerships, for example with ‘One Newham’, the Premier League and schools across East London and Essex.

“To operate a resourceful, inclusive and well-governed organisations positioned to support the communities local to the Foundation”

- Continue our work on internal governance, with our Youth Forum driving our strategy.

“To purposefully and strategically develop new business, and a new business pipeline, for the Foundation”

- Working on new opportunities including Judicial intervention, Early Years delivery models for education, a partnership with Theatre Royal in Stratford and a new homeless model.

“To function as a sustainable organisation – self-funding, risk-aware and ethically managed”

- Continue our Working Group/Forum approach for governance and decision making, and establish a structure which incorporates all subsidiary strands to ensure efficient working.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

Future Prospects

Being in the world's best league, the Premier League, for the 2016-17 season, has allowed the club to continue to benefit from increased Premier League distributions from the second year of the broadcasting agreement. Retention of our status in 2017-18 season is an absolute necessity for the future wellbeing of the Club.

Financial Fair Play is the legislation which, for the next two seasons at least, will limit the ability of clubs to over-extend themselves on players' costs. This will likely enable all clubs, including ourselves, to increase profitability, and we continue to operate within the rules.

We also renewed and increased our short-term secured facility for a further year in August 2017 which enabled us to invest in more on-field talent.

The London Stadium offers enormous commercial and brand opportunities, and we have a proven strategy to deliver sell-out crowds and field a team that are befitting of such an amazing iconic venue. Our next priority is to increase the capacity to cope with the demand for tickets.

Going Concern

The Directors have considered the use of the going concern assumption within the Strategic Report on page 5.

Post Balance Sheet Events

Note 28 provides details of material events which have occurred since the balance sheet date.

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

Statement on Information Given to Independent Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- 2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board



A Mollett
Director
14th December 2017

WEST HAM UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT for the year ended 31 May 2017 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

On behalf of the board



A Mollett
Director

14th December 2017

WEST HAM UNITED FOOTBALL CLUB LIMITED

Independent auditors' report to the members of West Ham United Football Club Limited

Report on the financial statements

Our opinion

In our opinion, West Ham United Football Club Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 May 2017;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

WEST HAM UNITED FOOTBALL CLUB LIMITED

Independent auditors' report to the members of West Ham United Football Club Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

WEST HAM UNITED FOOTBALL CLUB LIMITED

Independent auditors' report to the members of West Ham United Football Club Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14th December 2017

WEST HAM UNITED FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 May 2017

	Note	2017			2016		
		Operations excluding player trading £000	Player trading * (notes 6 & 10) £000	Total £000	Operations excluding player trading £000	Player trading * (notes 6 & 10) £000	Total £000
Turnover	2	183,340	-	183,340	142,063	-	142,063
Other operating income		2,112	-	2,112	1,717	-	1,717
Administrative expenses		(120,016)	(45,394)	(165,410)	(112,321)	(34,416)	(146,737)
Operating profit/(loss)	4	65,436	(45,394)	20,042	31,459	(34,416)	(2,957)
Analysed as;							
Operating profit/(loss) before exceptional items		56,772	(45,394)	11,378	31,459	(34,416)	(2,957)
Exceptional items	3	8,664	-	8,664	-	-	-
Operating profit/(loss)		65,436	(45,394)	20,042	31,459	(34,416)	(2,957)
Profit on disposal of players	6	-	28,419	28,419	-	4,117	4,117
Profit on operating activities before interest and taxation		65,436	(16,975)	48,461	31,459	(30,299)	1,160
Interest receivable and similar income	7			65			77
Interest payable and similar charges	8			(5,047)			(6,113)
Profit/(loss) on ordinary activities before taxation				43,479			(4,876)
Tax on Profit / (loss) on ordinary activities	9			(438)			-
Profit/(loss) for the financial year	23			43,041			(4,876)

* Player trading represents the amortisation of registrations and the profit or loss on disposal of registrations.

There are no other gains/losses other than presented above in the current or prior year

All activities derive from continuing operations.

WEST HAM UNITED FOOTBALL CLUB LIMITED

BALANCE SHEET as at 31 May 2017

	Notes	2017		2016	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		86,437		63,178
Tangible assets	11		23,378		46,747
			<u>109,815</u>		<u>109,925</u>
Current assets					
Stocks	12	2,289		358	
Debtors	13	46,105		20,026	
Cash at bank and in hand		30,046		27,683	
		<u>78,440</u>		<u>48,067</u>	
Creditors - amounts falling due within one year	14	(176,523)		(239,287)	
Net current liabilities			<u>(98,083)</u>		<u>(191,220)</u>
Total assets less current liabilities			<u>11,732</u>		<u>(81,295)</u>
Creditors – amounts falling due after more than one year	14		(72,819)		(20,724)
Provisions for liabilities	18,19		(7,407)		(9,516)
Net liabilities			<u>(68,494)</u>		<u>(111,535)</u>
Capital and reserves					
Called up share capital	20		5,500		5,500
Share premium account	21		4,847		4,847
Revaluation reserve	22		5,400		5,400
Profit and loss account	23		(84,241)		(127,282)
Total shareholders' deficit	24		<u>(68,494)</u>		<u>(111,535)</u>

These financial statements, on pages 18 to 38 for company registration number 66516, were approved by the board of directors on 14th December 2017 and signed on its behalf.

A J Mollett

A Mollett
Director

WEST HAM UNITED FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st May 2017

	Called up share capital £000	Share premium £000	Revaluation Reserve £000	Profit and loss account £000	Shareholders deficit £000
Balance as at 1 June 2015	5,500	4,847	5,400	(122,406)	(106,659)
Loss for the year	-	-	-	(4,876)	(4,876)
Balance as at 31 May 2016	5,500	4,847	5,400	(127,282)	(111,535)
Balance as at 1 June 2016	-	-	-	43,041	43,041
Profit for the year					
Balance as at 31 May 2017	5,500	4,847	5,400	(84,241)	(68,494)

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

1. Accounting Policies

a) General information

West Ham United Football Club Limited ('the Company') operates a professional football club, West Ham United Football Club, currently playing in the English Premier League.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is London Stadium, Queen Elizabeth Olympic Park, London E20 2ST.

b) Statement of compliance and basis of preparation

The financial statements of West Ham United Football Club Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of freehold land and buildings.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1d.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following disclosure exemption:

- 1) The requirements of Section 7 *Statement of Cash Flows* on the basis that it is a qualifying entity and the consolidated cash flow statement of WH Holding Limited includes the Company's cash flows.
- 2) The requirements of Section 33 Related Party Disclosures to disclose transactions with group companies.

Going concern

The financial statements have been prepared on the going concern basis as discussed further on page 5.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2017

1. Accounting Policies (continued)

c) Significant accounting policies

Turnover

Turnover represents the fair value of all amounts received and receivable in respect of football matches played, goods sold and service provided during the period excluding value added tax, returns discounts and rebates. Gate receipts and other match day revenue is recognised as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned.

Non trading income is disclosed as other operating income and is recognised once there is certainty that the income will be received.

Exceptional items

Items of income and expenditure, which fall within the ordinary activities of the company, may be considered to be exceptional by virtue of their size or the frequency with which they occur and these are disclosed in the financial statements as exceptional items.

Tangible fixed assets

The Chadwell Heath, Little Heath, Rush Green training grounds and the Beckton Community Centre are held under the revaluation model. A full valuation was undertaken and reflected in the financial statements for the year ended 31 May 2015. Full valuations take place at least every five years and any surplus or deficit is transferred to the revaluation reserve through other comprehensive income.

Where depreciation charges are increased following a revaluation, where material, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold land and buildings	2-10%
Plant, fittings and equipment	10-33%
Motor vehicles	25%

At the balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense. Assets are stated net of any provision for impairment.

Intangible assets – player registrations

Payments made to third parties in order to acquire a player's registration are capitalised at cost. The cost is then amortised during the football season on a straight line basis over the period of the player's contract. Where a player's contract is renegotiated before its expiry, on broadly similar financial terms, the unamortised balance of the original capitalised cost is then amortised over the term of the new contract together with any costs associated with the renegotiation. In the event of disposal of a player's registration, the unamortised cost of acquiring the registration is deducted from the net proceeds of disposal to arrive at a profit or loss on disposal.

Future payments for the acquisition of a player's registration, which may become due dependent on the performance of the team and/or the individual player, are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2017

1. Accounting Policies (continued)

c) Significant accounting policies (continued)

Intangible assets – player registrations (continued)

Similar terms may exist in contracts for the sale of players' registrations but such payments are not recognised as part of the proceeds of disposal until the event upon which the payment is dependent is known to have occurred.

At the balance sheet date, the company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense.

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 and FA Premier League regulations, they are charged to the profit and loss account evenly over the period of the player's contract. In the event of the player's registration being sold, the balance of any signing on fees paid or payable to a player is treated as a cost of disposal of the registration.

Grants and deferred income

Grants receivable from the Football Stadia Improvement Fund (formerly 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related turnover is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

1 Accounting Policies (continued)

c) Significant accounting policies (continued)

Pension costs

The company makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase schemes the principal one of which is The Football League Pension and Life Assurance Scheme. Contributions are charged to the profit and loss account over the period to which they relate.

In addition, the company is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). Contributions are charged to the profit and loss account as soon as they are claimed by the Scheme. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The assets of all schemes are held in funds independent from the company.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

1 Accounting Policies (continued)

c) Significant accounting policies (continued)

(i) Financial assets (continued)

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

1 Accounting Policies (continued)

d) Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

(i) Cost of intangible assets

Payments made to third parties in order to acquire a player's registration are initially capitalised at cost.

(ii) Impairment of intangible assets

The Company considers whether intangible assets are impaired. Where an indication of impairment is identified the recoverable value of the cash generating units ("CGUs") is required to be determined. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) Provisions

Provisions are made for contingent amounts payable under the terms of transfer agreements. These provisions require management's best estimate of the costs that will be incurred based on contractual agreements and the deemed likelihood of the trigger event occurring. A contingent liability is disclosed in relation to those amounts not considered likely to become payable.

2 Turnover

An analysis of turnover by class of business is provided below. All turnover is derived in the United Kingdom.

	2017 £000	2016 £000
Match receipts and related football activities	28,606	26,923
Broadcast and central sponsorship distributions	119,322	86,711
Commercial activities	25,828	19,035
Retail and merchandising	9,584	9,394
	<u>183,340</u>	<u>142,063</u>

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

3 Exceptional Items

	2017 £000	2016 £000
Profit on sale of Boleyn Ground Stadium	8,664	-
	<u>8,664</u>	<u>-</u>

4 Operating Profit/(Loss)

Operating profit/(loss) is stated after charging/(crediting) the following.

	2017 £000	2016 £000
Employment costs (note 5)	95,045	84,633
Amortisation of intangible assets (note 10)	45,394	34,416
Depreciation on tangible assets (note 11):		
- owned assets	1,463	1,474
Release of grant income	-	(831)
Fees payable to the company's auditors for the audit of the company	50	47
Fees payable to the company's auditors for the half year review:	8	11
Operating leases – land and buildings	2,420	418
Operating leases – plant and machinery	73	83

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

5 Staff Costs, Emoluments and Employees

	2017 £000	2016 £000
Wages and salaries	83,468	74,828
Social security costs	11,463	9,637
Other pension costs	114	168
	<u>95,045</u>	<u>84,633</u>
	2017 <u>Number</u>	2016 <u>Number</u>
Average monthly number of persons employed (including directors)		
Players, team management & training	102	98
Commercial & administrative	152	171
	<u>254</u>	<u>269</u>
Part-time employees	145	349
	<u>399</u>	<u>618</u>
	2017 £000	2016 £000
Directors' Emoluments	1,112	1,143
Aggregate payments made to a defined contribution pension scheme	17	18
Total directors' emoluments	<u>1,129</u>	<u>1,161</u>
	2017 £000	2016 £000
Emoluments of highest paid director	868	907
	Number	Number
Directors who are members of a defined contributions pension scheme	1	1

There were no payments to directors for compensation for loss of office (2016 – nil).

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

6 Profit on Disposal of Players

	2017 £000	2016 £000
Profit on sale of players	26,919	4,117
Loan fee received	1,500	-
	<u>28,419</u>	<u>4,117</u>

Tax attributable to the profit on disposal of players was a charge of £5,635,000 (2016 : £824,000). The tax has a cash impact due to the changes in the ability to utilise losses carried forward from previous years (see note 9).

7 Interest Receivable and Similar Income

	2017 £000	2016 £000
Bank and other interest receivable	<u>65</u>	<u>77</u>

8 Interest Payable and Similar Charges

	2017 £000	2016 £000
Interest payable on secured loans	2,384	2,708
Interest on loans from shareholders	2,608	3,002
Other interest payable	55	403
	<u>5,047</u>	<u>6,113</u>

9 Tax on profit/(loss)

As at 31 May 2017 cumulative tax losses available to carry forward against future trading profits were approximately £69,204,000 (2016 : £101,900,000) subject to agreement with HM Revenue & Customs. Refer to note 19.

There is a current tax charge in 2017 of £438,000 (2016: £nil), due to change in legislation regarding the utilization of carried forward losses. There is no deferred tax charge (2016: £nil).

The tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the United Kingdom of 19.83% (2016: 20.0%). The differences are explained below:

Factors affecting the corporation tax charge for the year are explained below.

	2017 £000	2016 £000
Profit/(loss) before tax	<u>43,479</u>	<u>(4,876)</u>
Tax charge/(credit) @ 19.83% (2016 – 20.0%) thereon	8,623	(975)
Expenses not deductible/income not taxable for tax purposes	27	508
Fixed asset timing differences	(1,378)	245
Other timing differences	(524)	-
Rate differences	-	(63)
(Utilisation of)/Increase in tax losses	<u>(6,310)</u>	<u>285</u>
Corporation tax charge for year	<u>438</u>	<u>-</u>

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

9 Tax on profit/(loss) (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

10 Intangible Assets

	Player Registrations £000
<u>Cost</u>	
1 June 2016	106,178
Additions	80,840
	(17,191)
Disposals	
	<hr/> 169,827
31 May 2017	
<u>Accumulated amortisation</u>	
1 June 2016	43,000
Charge for the year	45,394
Disposals	(5,004)
	<hr/> 83,390
31 May 2017	
<u>Net book value</u>	
31 May 2017	<hr/> 86,437
31 May 2016	<hr/> 63,178

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

11 Tangible Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2016	51,836	19,786	86	71,708
Additions	5,885	2,205	-	8,090
Disposal	(39,109)	(8,211)	-	(47,320)
31 May 2017	18,612	13,780	86	32,478
<u>Accumulated depreciation</u>				
1 June 2016	9,354	15,527	79	24,960
Charge for the year	723	735	5	1,463
Disposal	(9,112)	(8,211)	-	(17,323)
31 May 2017	965	8,051	84	9,100
<u>Net book value</u>				
31 May 2017	17,647	5,729	2	23,378
31 May 2016	42,482	4,259	7	46,747

Lambert Smith Hampton, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2015. A summary of valuations of the properties and the bases of valuation is set out below.

Property	Basis of valuation	£000
Chadwell Heath training ground	Depreciated replacement cost	4,650
Little Heath training ground	Existing use value, which is also fair value	840
Rush Green training ground	Existing use value	2,000
Beckton Community Centre	Depreciated replacement cost	1,525

The value of land included in the above is £3,759,000. The valuation of the Chadwell Heath training ground included plant, fittings and equipment valued at £1,250,000.

The historical cost equivalent of the revalued properties is £7,815,000.

All of the freehold properties were charged to CB Holding ehf and David Sullivan as lenders to the company until the Boleyn Ground was sold in July 2016 and their loans were paid off in full. The freehold properties are subject to a fixed charge from Rights and Media Funding Limited with effect from 18 August 2017.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

12 Stocks

	2017 £000	2016 £000
Goods for resale	2,289	358

13 Debtors

	2017 £000	2016 £000
Trade debtors	1,860	1,369
Debtors arising from player transfers	18,338	6,808
Other debtors	377	162
Prepayments and accrued income	25,530	11,687
	46,105	20,026

14 Creditors

	2017 £000	2016 £000
<u>Amounts falling due within one year</u>		
Bank loans and other loans (notes 15 & 17)	30,000	44,764
Trade Creditors	2,904	4,448
Loans from Shareholders (note 15)	-	49,200
Amounts owed to group undertakings	36,354	36,354
Amount owed to UK parent company	23,300	23,300
Taxation and social security	12,295	8,886
Creditors arising from player transfers	31,051	19,738
Other creditors	950	1,041
Season ticket and other receipts in advance	17,972	29,122
Accruals and deferred income	21,697	22,434
	176,523	239,287
<u>Amounts falling due after more than one year</u>		
Debenture loans & subscriptions (note 16)	611	611
Loans from shareholders (note 15)	45,000	-
Creditors arising from player transfers	24,889	15,881
Other creditors	1,503	1,565
Season ticket and other receipts in advance	816	2,667
	72,819	20,724

The short term loan of £30.0m taken out in August 2016 with Rights and Media Funding Limited was repaid in full on 14 July 2017.

The amounts owed to the group undertakings (£36,354,000) and the parent company (£23,300,000) are repayable on demand and do not bear interest.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2017 (continued)

15 Total Borrowings

	2017 £000	2016 £000
Debenture loans and subscriptions repayable after five years or more (note 16)	611	611
Secured bank and other loan repayable (note 17):		
Within one year or on demand	30,000	44,764
Loans from Shareholders repayable within one year	-	49,200
Loans from Shareholders repayable after greater than one year	45,000	-
	75,000	93,964

The loans from shareholders are unsecured, with interest accruing at 4-6% p.a. The interest accrued as at the balance sheet date amounts to £12,338,680.

On 12 August 2016, the Company repaid £4.2m of shareholder loan capital together with £2.2m of accrued interest. On 3 October 2016, the repayment date for the shareholders loans was extended to 1 January 2020.

16 Debenture Loans and Subscriptions

The balance of £611,000 (2016:£611,000) comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme in 1991/92. At 31 May 2017 and at 31 May 2016 the following applications had been received.

	2017 £000	2016 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	611	611

Under the terms and conditions of the scheme, the debentures are repayable at par after 150 years. The debentures are non interest bearing and are unsecured.

17 Bank and other loans

On 15th July 2016 the outstanding amount of £14.8m was repaid in full from the proceeds of the sale of the Boleyn Ground.

During the year to 31st May 2017, the company took out a short-term loan with Rights and Media Funding Limited of £30.0m. This was secured on the Premier League Basic Payment for the 2017-18 season, and it was repaid accordingly on 14 July 2017.

A further loan of £25.0m was taken out in August 2017 with Rights and Media Funding Limited, secured by a fixed and floating charge on the assets of the Club. This will be repayable in July 2018.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

18 Provisions for Liabilities – Cost of Player Registrations

	2017 £000	2016 £000
At start of the year	9,516	9,594
Utilised in the year	(1,967)	(2,759)
Released in the year	(3,468)	(3,272)
Provided in the year	3,326	5,953
At end of the year	<u>7,407</u>	<u>9,516</u>

The above provision represents contingent amounts payable under the terms of transfer agreements.

19 Provisions for Liabilities – Deferred Taxation

The amount of deferred taxation provided in the financial statements is as follows.

	2017 £000	2016 £000
Depreciation in excess of capital allowances	-	95
Other timing differences	216	116
Surplus on revaluation of properties	(216)	(211)
Total deferred liability	<u>-</u>	<u>-</u>

The amount of potential deferred taxation not provided in the financial statements is as follows.

	2017 £000	2016 £000
Unprovided deferred tax asset	<u>13,659</u>	<u>18,334</u>

The remaining deferred tax asset of £13,659,000 (2016: £18,334,000) has not been recognised as, in the opinion of the Board, there is insufficient evidence of appropriate profits in the future that would lead to the asset crystallising.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

20 Called up Share Capital

	2017 £000	2016 £000
<u>Allotted and fully paid</u>		
11,000,000 (2016: 11,000,000) ordinary shares of 50 pence each	5,500	5,500
Ordinary shares have full voting and dividend rights.		

21 Share Premium Account

	2017 £000	2016 £000
At the start and the end of the year	4,847	4,847

22 Revaluation Reserve

	2017 £000	2016 £000
At the start and the end of the year	5,400	5,400

23 Profit and Loss Account

	2017 £000	2016 £000
At the start of the year	(127,282)	(122,406)
Profit /(loss) for the financial year	43,041	(4,876)
At the end of the year	(84,241)	(127,282)

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

24 Reconciliation of Movements in Shareholders' Deficit

	2017 £000	2016 £000
At the start of the year	(111,535)	(106,659)
Profit/(loss) for the financial year	43,041	(4,876)
Closing shareholders' deficit	<u>(68,494)</u>	<u>(111,535)</u>

25 Operating Lease Commitments

At 31 May 2017 the company was committed to making the following annual payments in respect of operating leases.

	2017 £000	2016 £000
<u>Land and buildings</u>		
Expiring within one year	2,500	17
Expiring within two to five years	8,174	832
Expiring more than five years	235,000	
	<u>245,674</u>	<u>849</u>
<u>Other operating leases</u>		
Expiring within one year	25	6
Expiring within two to five years	20	110
	<u>45</u>	<u>116</u>
	<u>245,719</u>	<u>965</u>

26 Contingent Liabilities & Guarantees

There is an ongoing HMRC investigation in relation to agent's fees which commenced on 26th April 2016. However, at this early stage the outcome and potential quantum of any liability are unknown, and hence no provision has been made in the accounts.

In common with other group companies, the company is party to a group VAT registration whereby each member company guarantees the liability to VAT of the other members.

Under the terms of transfer agreements for certain players, additional transfer fees might be payable dependent on the success of the football club or those players making a certain number of club or international appearances. At the balance sheet date, the maximum unprovided contingent liability was £2,300,000 (2016 : £5,190,000).

Other than with regard to the potential contingent liability in respect of additional transfer fees, contingent liabilities are not expected to give rise to any material losses.

27 Contingent Assets

Under the terms of certain contracts for the sale of players' registrations, future payments may be received over a number of years, dependent on the future performance of the players sold and the future success of the buying clubs. At this stage it is impractical to quantify the likely financial effect of these provisions or to state with any degree of certainty that any payments will be received. Accordingly no further disclosure is made.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

28 Post Balance Sheet Events

Transfer of player registrations completed subsequent to 31 May 2017 amount to a net £23,270,000 payable by the Company (2016 : £45,730,000 payable) with a further net £5,824,000 payable (2016 : £3,500,000 payable) contingent on certain future events.

During the year to 31st May 2017, the company took out a short-term loan with Rights and Media Funding Limited of £30.0m. This was secured on the Premier League Basic Payment for the 2017-18 season, and it was repaid accordingly on 14 July 2017. Further loans of £6.0m and £19.0m were taken out on 15th August 2017 and 18th August 2017 respectively with Rights and Media Funding Limited, secured on a fixed and floating charge on all the assets of the Club. These are repayable in July 2018.

On 18th August 2017, the Club made two payments totalling £10,000,000 in partial settlement of interest accrued on the Shareholder loans. These loans were originally made from December 2011 to April 2013 and they have accrued interest at 6% over the past six years.

On 21st September 2017, CBH ehf sold their shares in the company to WHU LLC, a company whose ultimate beneficial owner is J Albert Smith. He was appointed as a Director of the Company, and CBH ehf's Director, Daniel Svanstrom, resigned on the same day.

Separately, WHU LLC provided the company with an interest-free loan of £9.5m, repayable only in the event of a change in control of the Club.

On 6th November 2017 Slaven Bilic was relieved of his duties as First Team Manager and replaced by David Moyes on 7th November 2017.

29 Pension Scheme

Eligible staff are members of the Football League Limited Pension and Life Assurance Scheme which is a defined contribution scheme with a defined benefit section. The assets of the scheme are held separately from those of the group, the defined contribution section being invested with an insurance company and the defined benefit section with professional investment managers.

Until 31 August 1999 the Football League Limited Pension and Life Assurance Scheme had been a defined benefit scheme. Following an actuarial funding review of the scheme, the scheme actuary identified a substantial deficit and accrual of benefits was suspended with effect from 31 August 1999. Thereafter, the defined contributions section was established for future contributions on behalf of members.

Under UK pensions legislation, participating employers to the scheme, including the group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. Following the actuarial valuation as at 31 August 1999 a schedule of contributions was put in place in July 2001 to pay off the deficit disclosed. It is required to carry out actuarial valuations every three years and updated deficits as at 31 August 2002, 31 August 2005, 31 August 2009 and 31 August 2012 were certified by the scheme actuary in January 2003, March 2006, July 2009 and May 2012 with new schedules of contributions put in place in April 2003, April 2006, September 2009, September 2012 and September 2015 which took account of market movements since the valuation date.

Following these valuations, the group's total contribution towards the deficit was calculated as £4,957,000. Legislation permits participating employers to make good any deficit over an extended period and so the revised schedule provides for the balance of contributions to be paid between September 2012 and August 2023. The Groups remaining unpaid deficit continues to be held with other creditors on the balance sheet at a present value of £1,273,000.

Total pension costs charged during the year amounted to £114,000 (2016 : £168,000).

30 Ultimate Controlling Party

As at the balance sheet date, David Sullivan owns 51.1% of the issued share capital of WH Holding Limited, and as a result has ultimate control over the Company.

WEST HAM UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2017

(continued)

31 Related Party Disclosures

At 31st May 2017 the combined balance of unsecured loans advanced by David Sullivan and David Gold was £45,000,000 (2016:£49,200,000). Interest accrued at the year-end totalled £6,367,718 and £6,358,792 respectively on their total unsecured loans.

David Sullivan and David Gold both own interests in in Telecom2 Limited, which is a telecommunications services partner to the company. During the year ended 31 May 2017, the company received payments from Telecom2 Limited amounting to £64,802 (2016:£130,793).

Fees paid to Telecom2 Limited for services procured amounted to £39,667 (2016:£17,276). At 31st May 2017, £16,923 was owed by the club (2016:£74,305 was outstanding from Telecom2 Limited and £4,150 was owed by the club.)

On 15 July 2016 a payment of £14,764,000 was made to CB Holding ehf and GC Co 102 Limited in settlement of loans.