

Company Registration Number 66516

# WEST HAM UNITED FOOTBALL CLUB LIMITED

**Annual Report and Financial Statements**

**For the year ended 31 May 2019**



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2019

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# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2019

The directors present their annual report together with the audited financial statements of the company for the year ended 31 May 2019.

### 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 20. The directors do not propose the payment of a dividend (2018: £nil). The balance sheet can be found on page 21.

### Statement from the Principal Owner

The Board made a decision at the beginning of 2018 to embark on an investment programme that would involve bringing in a world-class Manager, investing in better players and making significant investment into the Club's infrastructure. As a result of this new strategy, we signed Manuel Pellegrini, who has the most successful track record as a Manager in the Club's history. Furthermore, the Club invested £107.9m in transfer fees, grew the wage cost to £135.8m for the First team squad, management and staff and invested £4.0m into facilities at Rush Green (for the First team) and Chadwell Heath (for the Academy). We also spent £0.6m in setting up a Women's team in the FA Women's Super League, and similar financial outlay will be required in the 2019-20 season.

For the 2019-20 season, the Board remains determined to maximise the Club's prospects of retaining Premier League status by continuing to make investment in the playing squad with a further net £35.8m being invested during the summer transfer window under the guidance of Manuel Pellegrini. We now believe we have one of the strongest squads and management teams in the Premier League but will always look to continue to invest and build on this strong squad base.

We ended season 2018-19 in 10<sup>th</sup> position with a general belief that the direction the Club is heading in is the right one.

The investment in the squad, Manager and facilities has contributed to the loss in this financial year, with both player costs and amortisation increasing significantly from 2017-18, but we believe in the long term the investment will prove to be successful.

Turnover during the year was £190.7m, an increase of £15.3m from 2017-18, with all areas of the Club improving.

We reached a satisfactory outcome to most of our legal issues with the owner of the London Stadium and we were able to increase our capacity to 60,000 as a result, with the additional seats sold in a matter of hours. Given the demand for tickets, we are looking to increase stadium capacity again in the following year.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2019 (continued)

### Statement from the Principal Owner (continued)

We have also now obtained the claret pitch surround which we had been striving to install since we moved into the stadium. This has really improved the look and feel of the stadium for our supporters and players alike.

Our supporters and our staff on and off the pitch are our focus and we continue to work hard to ensure that we fulfill all the expectations.

David Sullivan  
Principal Owner and Co-Chairman

### Future Prospects

Retaining our position in the Premier League for the 2018-19 season has allowed the Club to continue to benefit from increased Premier League distributions from the third year of the broadcasting agreement. Retention of our status in 2019-20 season is an absolute necessity for the future wellbeing of the Club and we have once again invested in the personnel both on and off the pitch to achieve this.

We also renewed and increased our short-term secured facility for a further year in July 2019 which enabled us to invest in more on-field talent during the summer transfer window.

### 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 2022-23 season. The company's own major sponsorship and partnership agreements are also in place until the end of seasons 2020 and 2021 respectively. 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 during the transfer windows 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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2019 (continued)

### **Principal Risk and Uncertainties (continued)**

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 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.

### *Financial Risk Management*

Financial assets that expose the company to financial risk consist principally of cash, 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 gain on foreign currency translation of £0.6m due to favourable movements in the Euro foreign exchange markets at the yearend date.

The company places surplus 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 29 July 2019, the Board drew down additional short term loan finance of £10.0m, and made further draw downs on the facility of £16.0m on 13 August 2019 and £13.0m on 27 August 2019. This funding is repayable by July 2020. The total value of the facility is £75.0m and 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 at least 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 such as those which may occur as a result of relegation from the Premier League. 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 again by over 50,000 season ticket sales for the 2019-20 season.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STRATEGIC REPORT for the year ended 31 May 2019 (continued)

### *Going Concern (continued)*

In the event that the foregoing initiatives did not generate the necessary cash flows to allow the company to operate within its secured borrowing limits, the company's current providers of short term loan finance, and certain of the 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 meet its debts as they fall due for at least 12 months from the date of approval of these financial statements.

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 2019 (continued)

### Key Performance Indicators (“KPI’s”)

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.

	2018/2019	2017/18	2016/17	2015/16	2014/15
League position	10 <sup>th</sup>	13 <sup>th</sup>	11 <sup>th</sup>	7 <sup>th</sup>	12 <sup>th</sup>
FA Cup	4 <sup>th</sup> round	4 <sup>th</sup> round	3 <sup>rd</sup> round	6 <sup>th</sup> round	5 <sup>th</sup> round
Carabao Cup	4 <sup>th</sup> round	5 <sup>th</sup> round	5 <sup>th</sup> round	3 <sup>rd</sup> round	2 <sup>nd</sup> round
Average league gate	58,325	56,923	56,972	34,910	34,874
Wage: turnover ratio	71.2%	60.8%	51.8%	60.0%	60.0%
Operating profit before exceptional items & player trading	£20.7m	£35.6m	£56.7m	£31.5m	£27.0m

On behalf of the board



**Andy Mollett**  
**Director**  
18 November 2019

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019

### **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  
D Harris  
J Albert Smith  
T Warren

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors and Officers liability insurance in respect of itself and its Directors.

### **Results and Dividends**

The results of the company are as set out in the profit and loss account on page 20. The directors do not propose the payment of a dividend (2018: £nil).

### **Political donations**

No donations were made to a registered political party or other political organisation in the EU (including the UK), or any independent elections candidate and no EU political expenditure exceeding £2,000 in aggregate was incurred in the financial year (2018: £nil).

### **Employees**

#### *Recruitment & Staffing*

West Ham United'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 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.

West Ham United'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. During the year a total of 187 staff attended 46 in-house training courses.



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### Employees (continued)

#### *Recruitment & Staffing (continued)*

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. The Club achieved the Premier League Intermediate Level Equality Standard in March 2018 and is now working towards achieving the Advanced Level in January 2020. All members of staff continue to receive equality and diversity training including equality impact assessment, disability awareness and equality and diversity in recruitment.

The Club is proud to be a Disability Confident Leader and the Club is part of The Valuable 500, committed to putting diversity inclusion onto our business leadership agenda.

The Club has embraced the Apprenticeship Levy with 54 members of staff on apprenticeships who are employed across a variety of departments including senior management media, ground staff, HR, retail, commercial partnerships, ticket office and maintenance.

#### *Engagement & Involvement*

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, summer family BBQs 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'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.

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 company. 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 regularly, and committees have been established charged with reviewing contracts, modern slavery policies, controlling costs and maximising the company's income from staging events. Employees across the entire range of the company's operations participate in these committees.

#### *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, and mandatory training in General Data Protection Regulations, Cardiopulmonary Resuscitation, fire awareness, and Display Screen Equipment.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### Employees (continued)

#### *Compensation & Benefits*

The West Ham United Skills School was launched in 2017 and the Club has heavily invested in staff who have benefitted from a range of training programmes and development courses that have further enhanced skills and output across all departments, upskilling the entire workforce and producing stars of the future who can lead the Club as it grows at London Stadium.

In line with legislation the Club has also undertaken a gender pay gap audit and the results show that the pay gap is currently -13.4%, a 4% increase on the previous year (excluding first team players, management and coaching staff).

The Club pays equal pay for men and women performing equal jobs. Categorically, men and women doing the same job are paid the same rate of pay.

The Board has worked very hard in the last six years to address the gender issues faced in football. This has been achieved through the promotion and development of existing staff and positive action in external recruitment and more than half of the Vice-Chairman's direct reports are female.

The Club is also very supportive of its workforce who have children, providing generous maternity and paternity pay and is welcome to considering all flexible working requests.

Additionally, West Ham United FC has paid the equivalent of London Living Wage to all full-time and part-time permanent members of staff since June 2015 and became an accredited London Living Wage Employer in December 2017.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### **West Ham United Foundation**

Over the 2018/19 season we have been working relentlessly to unite our community and deliver a sustainable framework of activation which is diverse, inclusive and accessible to all.

We have now completed our three-year business plan which sees us driving three long-term objectives:

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

Across this period, we have seen enormous growth, and following consultation with trustees, partners and stakeholders we are now in a position to launch our new five-year strategy which is sustainable, transparent and above all focused on our beneficiaries.

Under our new plan, as of 2019/20 season, our vision is to harness the power of football to maximise life-chances and inspire better futures for all. We are on a mission to provide an innovative approach to understanding and meeting the needs of our community; building partnerships and utilising insight and technology to create an environment where all can thrive, from the heart of East London.

Drawing down from that, our three main objectives are clear. We will be responding to local need, uniting our community and providing an environment where all can thrive. To enable us to develop these ambitious aims, we are building on not only strengthening our existing partnerships and collaborations but connecting with new ones, utilising digital technology and developing innovative eco-systems.

Below are some of the milestones during 2018-19 from our flagship programmes, highlighting some key areas of development throughout the season:

#### **Queen Elizabeth Olympic Park**

- Since West Ham United Foundation took over the program, last April, the Olympic Park maintains six weekly running groups throughout the year for the community and residents to access for free each week via the LLDC partnership.
- Approximately 1,000 unique participants have accessed regular sessions at Queen Elizabeth Olympic Park and the Community Athletics Track since the new structure began.

#### **150Club**

- Starting in April 2016, our 150Club Newham Community Prescription is a ground-breaking partnership initiative tackling the growing rise of diabetes 2 and cardiovascular disease (CVD). With 55.2% of adults in Newham inactive, it aims to empower local people and enable them to take greater control of their own health.
- Won the prestigious BT Sports Industry 'Community Programme of the Year 2018' Award.
- Recently celebrated its 500<sup>th</sup> completer with an event including Pablo Zabaleta and Carlos Sanchez.
- Now has 535 completers (since inception in 2016).

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### **West Ham United Foundation (continued)**

#### **Any Old Irons**

- Programme aims to tackle social exclusion and loneliness.
- It has worked in partnership with Friends of the Elderly, Premier League, Professional Footballers Association, Neighbours in Poplar. For the 19/20 season The Mercer Company replaces Friends of the Elderly as our partner.
- This is a five-week programme, taking place once a week with exciting activities, all related to West Ham United. This has included Club legends events which have featured the likes of Sir Trevor Brooking, Bobby Barnes, Keith Robson and Alan Taylor.

#### **Leadership Through Sport and Business (LTSB)**

- Prepares talented young people from disadvantaged backgrounds with the skills and opportunities to succeed in the finance and digital sectors.
- Intensive pre-apprenticeship training programme prepares young people for employment and equips them with coaching and leadership skills.
- Relevant qualifications, such as a Level 2 AAT, are embedded within the programme.
- Offers participants the chance to work with partners such as Grant Thornton, Rolls Royce, Barclays, Santander, NatWest and many more.
- Recruited 20 young people during the 18/19 season (8 females, 12 males).
- 16 young people have secured placements.

#### **Kicks**

- For over a decade, this programme has a long history of using the power of football and the value of sports participation to help hard-to-reach youngsters in some of the most high-need areas.
- Provision for 8-18 year olds.
- Engages with 1,551 participants in 2018/19.

#### **Premier League Primary Stars**

- Started in 2016, Premier League Primary Stars uses the appeal of the Premier League and professional football clubs to inspire children to learn, be active and develop important life skills. Inspires girls and boys aged 5-11 in the classroom, the playground and on the sports field. Learning is connected to the real world of sport to enthuse pupils when tackling challenging PSHE topics such as resilience, diversity, self-esteem and fair-play.
- Delivering a variety of activities to upskill staff and build leadership and communication skills in students.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### West Ham United Foundation (continued)

#### Community Schools Hub

- The WHU Foundation Community School Hub Officer supports each community school hub with their targeted interventions on mentoring and behavioural management. The Community School Hub Officer works closely with the school behavioural management team to work with certain individual students. This includes mentoring and supporting them whether it's in the classroom or across a number of sports activities. The community school hub model has three main aims:
  - Becoming an integral part of each community hub school environment;
  - Develop individual primary school cluster relationships and external partnerships; and
  - Premier League programme development across East London and Essex.The key objective is to become fully embedded within the community school hubs culture and ethos of teaching and learning.  
Areas: Newham, Barking and Dagenham, Havering, Brentwood, Thurrock, Basildon, Chelmsford
- In the last three years the Hub has increased from six to eight schools.
- 1,547 students engaged in 18/19 season.
- 278 individuals involved in intervention activities with 72% of these demonstrating improvement with their numeracy and literacy skills.
- 65 students have enrolled onto the Foundation's Post 16-year-old programmes.

#### Tackling Holiday Hunger (Funded as part of Premier League Primary Stars Innovation Fund)

- A recent report outlined that the school holidays often leave over 3 million pupils eligible for free school meals during term time, at risk of hunger.
- The Foundation delivers healthy meals alongside sport to primary school pupils who are at most at risk of hunger.
- Parents of the children at risk gain a better understanding of healthy eating and cost-effective meals through learning materials we provide.
- Raise participation of targeted primary school children through physical activity.
- Delivered two years of this successful programme, now going into year three.
- Over 300 children at risk of food poverty were engaged across 7 courses.

#### Second Chance Academy

- This ground-breaking partnership between West Ham United Foundation and West Ham United Academy has seen WHU Foundation provide 16-18 year-old footballers previously released by Academies at Category 1 and 2 clubs to attend Chadwell Heath to train and to also be educated.
- Training at our Chadwell Heath base, the young players see the images of the likes of Sir Bobby Moore, Sir Geoff Hurst and Martin Peters.
- Worked with 260 male and female learners on post 16 programmes across East London and Essex 2018-19 season.
- West Ham United Foundation's partnership extended to four colleges and two Hub Schools creating 12 teams playing weekly matches.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### **West Ham United Foundation (continued)**

#### **Second Chance Academy (continued)**

- West Ham United Foundation has extended contracts with both the West Ham United Academy and also SCL Education to deliver first-class experiences for participants both on and off the pitch.
- This follows an outstanding season for the Chadwell Heath Second Chance team who remained unbeaten last season in two leagues, winning a never been achieved before quadruple of cups, with the National U19 League, SCL Champions of Champions, SCL Challengers Cup and the SCL League.
- West Ham United's Foundation college programmes achieved a 97% pass rate across all programmes

Our outstanding 18/19 period of growth means that we:

- Have delivered £1.3 million in 2018/19 in Newham alone, supporting over 12,000 residents
- Plan to deliver £4.2m in 19/20 season across all areas.

Our new business cycle will build on the successful progress we have made over the last six years and will ultimately deepen our work and its impact.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### **Financial risk management**

See Strategic report, page 5

### **Future prospects**

See Strategic report page 4.

### **Post Balance Sheet Events**

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

### **Going Concern**

See Strategic report, page 5.

### **Dividends**

See Strategic report, page 3.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (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.



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT for the year ended 31 May 2019 (continued)

### Statement of directors' responsibilities in respect of the financial statements

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

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



A Mollett  
Director  
18 November 2019

# WEST HAM UNITED FOOTBALL CLUB LIMITED

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

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, West Ham United Football Club Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 May 2019; the profit and loss account, the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

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

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 May 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 17, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

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.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Timothy McAllister (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

18 November 2019

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2019

		2019			2018		
	Note	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	190,695	-	190,695	175,346	-	175,346
Other operating income		2,009	-	2,009	1,232	-	1,232
Administrative expenses		(172,026)	(57,371)	(229,397)	(142,593)	(41,021)	(183,614)
<b>Operating Profit / (Loss)</b>	<b>4</b>	<b>20,678</b>	<b>(57,371)</b>	<b>(36,693)</b>	<b>33,985</b>	<b>(41,021)</b>	<b>(7,036)</b>
Analysed as;							
<b>Operating Profit/ (Loss) before exceptional items</b>		<b>20,678</b>	<b>(57,371)</b>	<b>(36,693)</b>	<b>35,628</b>	<b>(41,021)</b>	<b>(5,393)</b>
Exceptional items	3	-	-	-	(1,643)	-	(1,643)
<b>Operating Profit/ (Loss)</b>		<b>20,678</b>	<b>(57,371)</b>	<b>(36,693)</b>	<b>33,985</b>	<b>(41,021)</b>	<b>(7,036)</b>
Profit on disposal of players	6	-	12,653	12,653	-	29,938	29,938
<b>Profit / (Loss) on operating activities before interest and taxation</b>		<b>20,678</b>	<b>(44,718)</b>	<b>(24,040)</b>	<b>33,985</b>	<b>(11,083)</b>	<b>22,902</b>
Interest receivable and similar income	7			47			24
Interest payable and similar charges	8			(4,187)			(3,711)
<b>(Loss) / Profit on ordinary activities before taxation</b>				<b>(28,180)</b>			<b>19,215</b>
Tax on (Loss) / Profit on ordinary activities	9			925			(932)
<b>(Loss / Profit for the financial year</b>	<b>23</b>			<b>(27,255)</b>			<b>18,283</b>

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

All activities derive from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 May 2019

	2019 £000	2018 £000
(Loss) / Profit for the financial year	(27,255)	18,283
Loss on revaluation of properties	-	(625)
<b>Total comprehensive (expense) / income</b>	<b>(27,255)</b>	<b>17,658</b>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## BALANCE SHEET

as at 31 May 2019

	Notes	2019	2018
		£000	£000
<b>Fixed assets</b>			
Intangible assets	10	127,421	78,473
Tangible assets	11	24,011	20,980
		<u>151,432</u>	<u>99,453</u>
<b>Current assets</b>			
Stocks	12	2,903	2,297
Debtors: amounts falling due after more than one year	13	17,586	24,037
Debtors: amounts falling due within one year	13	30,653	27,873
Cash at bank and in hand		12,521	30,538
		<u>63,663</u>	<u>84,745</u>
<b>Creditors - amounts falling due within one year</b>	14	(190,602)	(157,090)
<b>Net current liabilities</b>		<u>(126,939)</u>	<u>(72,345)</u>
<b>Total assets less current liabilities</b>		<u>24,493</u>	<u>27,108</u>
<b>Creditors – amounts falling due after more than one year</b>	14	(92,328)	(73,765)
<b>Provisions for liabilities</b>	18,19	(10,256)	(4,179)
<b>Net liabilities</b>		<u><u>(78,091)</u></u>	<u><u>(50,836)</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	5,500	5,500
Share premium account	21	4,847	4,847
Revaluation reserve	22	319	319
Profit and loss account	23	(88,757)	(61,502)
<b>Total shareholders' deficit</b>	24	<u><u>(78,091)</u></u>	<u><u>(50,836)</u></u>

These financial statements, on pages 20 to 41 for company registration number 66516, were approved by the board of directors on 18 November 2019 and signed on its behalf.



**A Mollett**  
Director

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 May 2019

	Called up share capital	Share premium	Revaluation reserve	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000	£000
<b>Balance as at 1 June 2017</b>	5,500	4,847	319	(61,502)	(50,836)
Profit for the year	-	-	-	18,283	18,283
Other comprehensive expense	-	-	(625)	-	(625)
Transfer	-	-	(4,456)	4,456	-
<b>Balance as at 31 May 2018</b>	<b>5,500</b>	<b>4,847</b>	<b>319</b>	<b>(61,502)</b>	<b>(50,836)</b>
<b>Balance as at 1 June 2018</b>	<b>5,500</b>	<b>4,847</b>	<b>319</b>	<b>(61,502)</b>	<b>(50,836)</b>
Other comprehensive expense	-	-	-	(27,255)	(27,255)
<b>Balance as at 31 May 2019</b>	<b>5,500</b>	<b>4,847</b>	<b>319</b>	<b>(88,757)</b>	<b>(78,091)</b>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

### 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.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

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 exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its immediate parent company, WH Holding Limited, includes the company's cash flows in its own consolidated financial statements.
- (ii) The requirement of Section 33 *Related Party Disclosures* to disclose transactions with group companies.

The Company has taken an exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the financial statements of WH Holding Limited.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 1. Accounting Policies (continued)

#### b) Statement of compliance and basis of preparation (continued)

##### *Going concern*

The financial statements have been prepared on the going concern basis.

On 29 July 2019, the Club's Board drew down additional short term loan finance of £10.0m, and made further draw downs on the facility of £16.0m on 13 August 2019 and £13.0m on 27 August 2019.

This funding is repayable by July 2020. The total value of the facility is £75.0m and 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 again by over 50,000 season ticket sales for the 2019-20 season.

In the event that the foregoing initiatives did not generate the necessary cash flows to allow the company to operate within its secured borrowing limits, the company's current providers of short term loan finance, and certain of the 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 meet its debts as they fall due for at least 12 months from the date of approval of these financial statements.

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.

#### 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.



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 1. Accounting Policies (continued)

#### c) Significant accounting policies (continued)

##### *Exceptional items*

The company classifies certain irregular charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

##### *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 2018. 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 the balance held on reserve permits.

Where insufficient revaluation reserve balances are held, the revaluation deficit is charged to the current year profit and loss account. 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 2019

(continued)

### 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.

##### *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 2019

(continued)

### 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. 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 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. This is a multi-employer scheme therefore the liability recognised in the balance sheet in respect of the plan represents the company's liability for the contributions payable for its share of the deficit.

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.

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 a 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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 1. Accounting Policies (continued)

#### c) Significant accounting policies (continued)

##### *Financial instruments (continued)*

##### *(i) Financial assets (continued)*

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 company 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 company's financial statements.

#### 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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 1. Accounting Policies (continued)

#### d) Critical accounting judgements and estimates (continued)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts 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.

	2019 £000	2018 £000
Match receipts and related football activities	27,131	24,521
Broadcast and central sponsorship distributions	127,419	118,542
Commercial activities	27,422	24,065
Retail and merchandising	8,723	8,218
	<u>190,695</u>	<u>175,346</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 3. Exceptional Items

	2019 £000	2018 £000
English Football League Pension scheme revaluation (note 29)	-	(1,643)
	<u>-</u>	<u>(1,643)</u>

### 4. Operating Profit/(Loss)

Company operating profit/(loss) is stated after charging the following:

	2019 £000	2018 £000
Employment costs (note 5)	135,796	106,635
Amortisation of intangible fixed assets (note 10)	57,371	41,021
Depreciation on tangible fixed assets (note 11)		
- owned assets	2,061	1,839
Revaluation of properties	-	1,120
Fees payable to the company's auditors for the audit of the company's financial statements	56	50
Fees payable to the company's auditors for the half year review	10	10
Operating leases – land and buildings	3,064	2,912
Operating leases – plant and machinery	62	76

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 5 Staff Costs, Emoluments and Employees

	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Wages and salaries	118,880	93,768
Social security costs	16,750	12,745
Other pension costs	166	121
	<u>135,796</u>	<u>106,635</u>
	<b>2019</b> <b>Number</b>	<b>2018</b> <b>Number</b>
Average monthly number of persons employed (including directors)		
Players, team management & training	110	101
Commercial & administrative	212	191
	<u>322</u>	<u>292</u>
Part-time employees	220	143
	<u>542</u>	<u>435</u>
	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Aggregate Directors emoluments	<u>1,799</u>	<u>1,399</u>
	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Emoluments of highest paid director	1,136	898

There were no payments to directors for compensation for loss of office (2018 – nil).

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 6 Profit on Disposal of Players

	2019 £000	2018 £000
Profit on sale of players	10,482	29,938
Profit on loan of players	2,171	-
	<u>12,653</u>	<u>29,938</u>

### 7 Interest Receivable and Similar Income

	2019 £000	2018 £000
Bank and other interest receivable	<u>47</u>	<u>24</u>

### 8 Interest Payable and Similar Expenses

	2019 £000	2018 £000
Interest payable on secured loans	2,258	1,731
Interest on loans from shareholders	1,911	1,865
Other finance costs	18	112
Other interest payable	-	3
	<u>4,187</u>	<u>3,711</u>

### 9. Tax on (Loss) / Profit

As at 31 May 2019 cumulative unrecognised tax losses available to carry forward against future trading profits were approximately £84,533,400 (2018: £62,285,000) subject to agreement with HM Revenue & Customs. Refer to note 19.

There is a current tax credit in 2019 of £925,000 (2018: charge £932,000), due to a repayment due for last year's tax payment, which resulted from a change last year in legislation regarding the utilisation of carried forward losses. There is no deferred tax charge (2018: £nil).

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the United Kingdom of 19.0% (2018: 19.0%).

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



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 9. Tax on (Loss) / Profit (continued)

	2019 £000	2018 £000
(Loss) / Profit before taxation	<u>(28,180)</u>	<u>19,215</u>
Tax charge @ 19.0% (2018: 19.00%) thereon	(5,354)	3,651
Expenses not deductible/income not taxable for tax purposes	53	638
Fixed asset timing differences	212	(102)
Adjustments to tax charge in respect of previous periods	-	7
Losses carried forward unrecognised	3,797	-
Other timing differences	367	(1,390)
Utilisation of tax losses	-	(1,872)
Corporation tax charge for year	<u>(925)</u>	<u>932</u>

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate from 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 10 Intangible Assets

	Player Registrations £000
<u>Cost</u>	
1 June 2018	161,974
Additions	107,920
Disposals	<u>(14,713)</u>
	<u>255,181</u>
31 May 2019	
<u>Accumulated amortisation</u>	
1 June 2018	83,501
Charge for the year	57,371
Disposals	<u>(13,112)</u>
	<u>127,760</u>
31 May 2019	
<u>Net book value</u>	
31 May 2019	<u>127,421</u>
31 May 2018	<u>78,473</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 11 Tangible Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor Vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2018	18,982	14,222	102	33,306
Additions	3,521	1,571	-	5,092
Disposal	-	-	(41)	(41)
31 May 2019	22,503	15,793	61	38,357
<u>Accumulated depreciation</u>				
1 June 2018	3,296	8,954	76	12,326
Charge for the year	1,036	1,017	8	2,061
Disposal	-	-	(41)	(41)
31 May 2019	4,332	9,971	43	14,346
<u>Net book value</u>				
31 May 2019	18,171	5,822	18	24,011
31 May 2018	15,686	5,268	26	20,980

Montague Evans, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2018. 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	4,541
Little Heath training ground	Depreciated replacement cost	498
Rush Green training ground	Depreciated replacement cost	4,100
Beckton Community Centre	Depreciated replacement cost	1,740

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

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 12 Stocks

	2019 £000	2018 £000
Goods for resale	2,903	2,297

There is no significant difference between the replacement cost of goods for resale and their carrying amounts.

### 13 Debtors

	2019 £000	2018 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,387	925
Debtors arising from player transfers	13,471	15,698
Other debtors	1,133	235
Prepayments and accrued income	14,662	11,015
	<u>30,653</u>	<u>27,873</u>
<b>Amounts falling due after more than one year:</b>		
Debtors arising from player transfers	3,167	9,467
Prepayments and accrued income	14,419	14,570
	<u>17,586</u>	<u>24,037</u>

Prepayments and accrued income due after more than one year relates to an advanced one-off usage fee of £15,000,000 paid to E20 Stadium LLP in respect of use of the London Stadium in July 2016. The fee will be released to the profit and loss account on a straight-line basis over the term on the 99-year lease.

### 14 Creditors

	2019 £000	2018 £000
<u>Amounts falling due within one year</u>		
Bank loans and other loans (notes 15 & 17)	21,250	10,000
Trade Creditors	3,531	4,661
Amounts owed to company undertakings	36,354	36,354
Amount owed to parent company	32,235	32,235
Taxation and social security	16,452	8,705
Creditors arising from player transfers	44,154	32,500
Other creditors	843	868
Season ticket and other receipts in advance	23,659	17,962
Accruals and deferred income	12,124	13,805
	<u>190,602</u>	<u>157,090</u>
<u>Amounts falling due after more than one year</u>		
Debenture loans & subscriptions (note 16)	611	611
Bank loans and other loans (notes 15 & 17)	1,950	-
Loans from shareholders (note 15)	45,000	45,000
Creditors arising from player transfers	42,697	24,490
Other creditors	2,070	2,774
Season ticket and other receipts in advance	-	890
	<u>92,328</u>	<u>73,765</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 14 Creditors (continued)

The amounts owed to the company undertakings £36,354,000 (2018: £36,354,000) and the parent company £32,235,000 (2018: £32,235,000) are repayable on demand and do not bear interest.

The outstanding balance of the short-term bank loan of £21.25m consists of amounts owed to Rights and Media Funding Limited in respect of the annual facility (£20.5m) and the amount due on the Chadwell Heath development loan (£0.75m). The former was repaid in full on 12 July 2019. A further loan of £51.0m was taken out after the year end date 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 2020.

This loan was secured by a fixed and floating charge on the assets of the Club.

### 15 Total Borrowings

	2019 £000	2018 £000
Debenture loans and subscriptions repayable after five years or more (note 16)	611	611
Secured loan repayable within 1 year (note 17):	21,250	10,000
Secured loan repayable after greater than one year	1,950	-
Loans from Shareholders repayable after greater than one year	45,000	45,000
	68,200	75,000

The loans from shareholders repayable after greater than one year are unsecured, with interest accruing at 4.25% p.a. The interest accrued as at the balance sheet date amounts to £1.9m (2018: £4.6m).

The repayment date for these shareholders' loans is 1 January 2024.

### 16 Debenture Loans and Subscriptions

The balance of £611,000 (2018: £611,000) comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme in 1991/92. At 31 May 2019 and at 31 May 2018 the following applications had been received.

	2019 £000	2018 £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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 17 Bank and other loans

During the year to 31 May 2019, the company took out a short-term loan with Rights and Media Funding Limited of £42.0m. This was secured by a fixed and floating charge on the assets of the Club, and it was repaid accordingly by 12 July 2019 in two tranches, £21.5m on 17 May 2019 and £20.5m on 12 July 2019.

A further loan of £39.0m was taken out after the year end date 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 2020.

### 18 Provisions for Liabilities – Cost of Player Registrations

	2019 £000	2018 £000
At start of the year	4,179	7,407
Utilised in the year	(1,779)	(970)
Released in the year	(260)	(3,334)
Provided in the year	8,116	1,076
At end of the year	<u>10,256</u>	<u>4,179</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:

	2019 £000	2018 £000
Fixed asset timing differences	(138)	(320)
Other timing differences	686	868
Surplus on revaluation of properties	(548)	(548)
Total deferred tax asset/(liability)	<u>-</u>	<u>-</u>

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

	2019 £000	2018 £000
Unprovided deferred tax asset	<u>15,110</u>	<u>10,620</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 20 Called up Share Capital

	2019 £000	2018 £000
<u>Allotted and fully paid</u>		
11,000,000 (2018: 11,000,000) ordinary shares of 50 pence each	<u>5,500</u>	<u>5,500</u>
Ordinary shares have full voting and dividend rights.		

### 21 Share Premium Account

	2019 £000	2018 £000
At the start and the end of the year	<u>4,847</u>	<u>4,847</u>

### 22 Revaluation Reserve

	2019 £000	2018 £000
At the start of the year	319	5,400
Adjustment on revaluation of properties	-	(625)
Transfer	-	(4,456)
At end of the year	<u>319</u>	<u>319</u>

### 23 Profit and Loss Account

	2019 £000	2018 £000
At the start of the year	(61,502)	(84,241)
(Loss) / Profit for the financial year	(27,255)	18,283
Transfer	-	4,456
At the end of the year	<u>(88,757)</u>	<u>(61,502)</u>

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 24 Reconciliation of Movements in Shareholders' Deficit

	2019 £000	2018 £000
At the start of the year	(50,836)	(68,494)
(Loss) / Profit for the financial year	(27,255)	18,283
Revaluation of properties	-	(625)
Closing shareholders' deficit	<u>(78,091)</u>	<u>(50,836)</u>

### 25 Operating Lease Commitments

At 31 May 2019 the company was committed to making the following annual payments in respect of operating leases.

	2019 £000	2018 £000
<u>Land and buildings</u>		
Expiring within one year	3,185	2,705
Expiring within two to five years	12,806	8,248
Expiring more than five years	270,422	246,751
	<u>286,413</u>	<u>257,704</u>
<u>Other operating leases</u>		
Expiring within one year	16	3
Expiring within two to five years	60	133
	<u>76</u>	<u>136</u>
	<u>286,490</u>	<u>257,840</u>

### 26 Contingent Liabilities & Guarantees

There is an ongoing HMRC investigation in relation to agent's fees which commenced on 26<sup>th</sup> April 2017. However, the outcome and potential quantum of any liability are still unknown, and hence no provision has been made in the financial statements.

In common with other Group companies, the company is party to a company 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 £1,985,000 (2018: £3,985,000).

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.

# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 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.

### 28 Post Balance Sheet Events

Transfer of player registrations completed subsequent to 31 May 2019 amount to a net £35,817,000 (inclusive of player related agent fees), payable by the company (2018: £89,455,000 payable) with a further net £3,434,000 payable (2018: £6,840,000 payable) contingent on certain future events.

During the year to 31 May 2019, the company took out a short-term loan with Rights and Media Funding Limited of £42.0m which was secured on a fixed and floating charge on all the assets of the Club. At 31 May 2019 the balance outstanding on the loan was £20.50m, which was repaid in full on 12 July 2019.

A new loan of £51.0m from Rights and Media Funding Limited was drawn down in four separate tranches on 31 July 2019, 16 August 2019, 27 August 2019 and 22 October 2019 respectively. The total borrowing is secured on a fixed and floating charge on all the assets of the Club and is repayable by July 2020.

On 28 August 2019, the Club made two payments totalling £2,912,500 in settlement of interest accrued during the year on the Shareholder loans, and partial repayment of loan capital. These loans were originally made from December 2011 to April 2013 and they have accrued interest at 4.25%.

### 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 company, 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 company, 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, 31 August 2012 and 31<sup>st</sup> August 2015 were certified by the scheme actuary in January 2003, March 2006, July 2009, May 2013 and August 2016. New schedules of contributions were put in place in April 2003, April 2006, September 2009, September 2013 and September 2016, which took account of market movements since the valuation dates.

Following the most recent valuation, the company's total contribution towards the deficit was calculated as £2,568,053, resulting in an exceptional charge in the financial statements of 2018 (see note 3). 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 2017 and August 2023.

Total pension costs charged under other defined contribution schemes during the year amounted to £166,000 (2018: £121,000).



# WEST HAM UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2019

(continued)

### 30 Ultimate Controlling Party

As at the balance sheet date, David Sullivan owns 51.1% of the issued share capital of WH Holding Limited, the ultimate parent company of the Group within which the financial statements of West Ham United Football Club are consolidated. As a result, David Sullivan has ultimate control over the Company.

Additional copies of these financial statements can be obtained by writing to the address shown below:

The Company Secretary  
West Ham United Football Club Limited  
London Stadium  
Queen Elizabeth Olympic Park  
London E20 2ST

### 31 Related Party Disclosures

At 31 May 2019 the combined balance of unsecured loans advanced by David Sullivan and David Gold was £45,000,000. Interest accrued at the year-end totalled £1,911,000 on the two loans. This balance was subsequently paid in full on 28 August 2019.

On 28 August 2019 a payment of £1,000,000 was made to GGI International, a company related to David Gold, in respect of a partial repayment of loan capital.

David Sullivan and David Gold both own interests in Telecom2 Limited, which is a telecommunications services provider to the company. During the year ended 31 May 2019, the company paid fees of £82,683 to Telecom2 Limited for services procured. At 31 May 2019, a balance of £4,284 was owed.

During the year recharges totalling £14,800 were invoiced to Conegate Limited, a company wholly owned by David Sullivan. At 31 May 2019, a balance of £14,015 was owed, and subsequently paid after the year end date.