

Company Registration No. 66516

WEST HAM UNITED FOOTBALL CLUB PLC

Report and Financial Statements

31 May 1999



WEST HAM UNITED FOOTBALL CLUB PLC

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 May 1999.

Principal Activity

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

Results and Dividends

The results of the company are as set out in the profit and loss account on page 6. Due to the implementation of Financial Reporting Standard 10 on Goodwill and Intangible Assets the company has changed its accounting policy for the cost of player registrations and has restated its results for the year ended 31 May 1998. The effect of these changes is set out in note 2.

The directors do not propose the payment of a dividend (1998 - nil)

Review of the Company's Activities

The team finished fifth in The FA Premier League, its highest position for thirteen seasons, and the second highest position ever achieved by the club.

Turnover increased by 15% from £21.1 million to £24.3 million but increases in both overheads and amortisation costs of player registrations resulted in a pre-tax loss of £2.5 million against a profit of £4.0 million in the previous year.

The company continues to strengthen the playing squad and the board is hopeful that this investment will result in further success in future.

Directors and their Interests

The directors who held office during the year are as follows.

TW Brown
MW Cearn
PJ Storrie (resigned 31 May 1999)
CJ Warner
N Igoe
PM Aldridge

None of the directors had a beneficial interest in the shares of the company. The directors' beneficial interests in the shares of the parent company, West Ham United plc, are disclosed in that company's report and financial statements.

Set out below are the directors' beneficial interests in 'C' class debentures in the company.

	31 May 1998 & 31 May 1999
TW Brown	2
MW Cearn	2
CJ Warner	6
PJ Storrie	2

WEST HAM UNITED FOOTBALL CLUB PLC

DIRECTORS' REPORT (continued)

Playing Squad

In the opinion of the directors the value of the playing squad at 31 May 1999 amounted to approximately £70 million (1998 - £52 million). Insurance cover for this amount, subject to adjustment for post year end transfers, is in place for the 1999/2000 season.

Year 2000 Compliance

Many computer and digital storage systems express dates using only the last two digits of the year and thus require modification or replacement to accommodate the transition from 1999 to 2000 in order to avoid malfunction and consequent commercial disruption.

The directors fully recognise the potential risks associated with this issue and are taking steps to ensure that the company is prepared for the transition. The costs associated with the transition are not considered to be significant.

Payment of Suppliers

The Companies Act 1985 (Directors' Report) (Statement of Payment Practice) Regulations 1997 require the company to make a statement of its policy on the payment of creditors.

The company seeks the best possible terms from suppliers appropriate to its business and, in placing orders, gives consideration to quality, price and terms of payment which will be agreed with suppliers when the details of each transaction are settled. The company will continue to honour its contractual and other legal obligations and to pay creditors on the dates agreed in contracts and purchase orders.

At 31 May 1999 the aggregate amount owed to trade creditors, as a proportion of the aggregate amounts invoiced by suppliers to the company during the year then ended, represented an average of 54 days' credit (1998 - 108 days). Average figures calculated on the basis laid down by the regulations bear little or no relation to actual days' credit taken as a result of the irregular pattern of invoiced supplies during the year.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors of the company and, accordingly, a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

By order of the board



GH Mackrell
Secretary

10 November 1999

WEST HAM UNITED FOOTBALL CLUB PLC


STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

By order of the board



GH Mackrell
Secretary

10 November 1999

WEST HAM UNITED FOOTBALL CLUB PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF WEST HAM UNITED FOOTBALL CLUB PLC

We have audited the financial statements on pages 6 to 20, which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

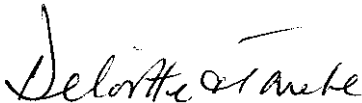
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

10 November 1999

WEST HAM UNITED FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT for the year ended 31 May 1999

	Notes	1999 £000	1998 (restated) £000
Turnover	3	24,317	21,129
Other operating income		1	22
Administrative expenses		(23,138)	(17,440)
Operating profit before amortisation of players		<u>1,180</u>	<u>3,711</u>
Amortisation of players	11	(7,752)	(3,886)
Operating loss	4	<u>(6,572)</u>	<u>(175)</u>
Profit on disposal of players	5	4,898	4,862
(Loss)/profit before interest and taxation		<u>(1,674)</u>	<u>4,687</u>
Net interest payable	6	(785)	(693)
(Loss)/profit for the financial year before and after taxation transferred from reserves	24	<u><u>(2,459)</u></u>	<u><u>3,994</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £000	1998 (restated) £000
(Loss)/profit for the financial year	(2,459)	3,994
Adjustment arising on revaluation of land and buildings	-	(10)
Realisation of revaluation surplus on disposal of land & buildings	-	(13)
Total recognised (losses)/gains relating to the year	<u><u>(2,459)</u></u>	<u><u>3,971</u></u>
Total recognised losses relating to the year (as above)	(2,459)	
Prior period adjustment (as explained in note 2)	15,719	
Total gains recognised since the last annual report	<u><u>13,260</u></u>	

All activities derive from continuing operations.

WEST HAM UNITED FOOTBALL CLUB PLC

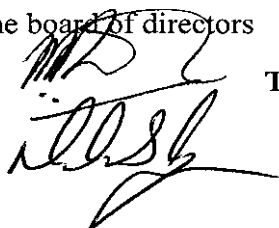
BALANCE SHEET

as at 31 May 1999

	Notes	1999		1998 (restated)	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	10		28,526		26,717
Intangible assets	11		17,309		16,368
			<u>45,835</u>		<u>43,085</u>
Current assets					
Debtors – due within one year	12	5,296		4,036	
Debtors – due after more than one year	12	67		94	
Cash at bank and in hand		250		1,428	
		<u>5,613</u>		<u>5,558</u>	
Creditors - amounts falling due within one year	13	(16,955)		(13,592)	
Net current liabilities			<u>(11,342)</u>		<u>(8,034)</u>
Total assets less current liabilities			<u>34,493</u>		<u>35,051</u>
Creditors – amounts falling due After more than one year	13		(6,549)		(6,724)
Deferred grant income	18		(3,648)		(3,498)
Provisions for liabilities and charges	19		(2,703)		(777)
Total net assets			<u>21,593</u>		<u>24,052</u>
Capital and reserves					
Called up share capital	21		5,500		5,500
Share premium account	22		4,847		4,847
Revaluation reserve	23		7,965		7,965
Profit and loss account	24		3,281		5,740
Total equity shareholders' funds	25		<u>21,593</u>		<u>24,052</u>

These financial statements were approved by the board of directors on 10 November 1999.

Signed on behalf of the board of directors



TW Brown

Director

N Igoe

Director

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS for the year ended 31 May 1999

1 Accounting Policies

The accounts have been prepared in accordance with applicable accounting standards. The following are the accounting policies used by the company.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings.

Turnover

Turnover represents all amounts received and receivable in respect of football matches played, goods sold and services provided during the year excluding value added tax.

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.

Tangible fixed assets

Depreciation is not provided on freehold land and buildings. It is the group's policy to maintain all its properties in such a condition that the estimated residual value of buildings is at least equal to their book value. Consequently, any element of depreciation would, in the opinion of the directors, be immaterial. Depreciation in respect of all other fixed assets is provided at the followings rates on a straight line basis. The rates used are expected to write off the cost, less any estimated residual value, of each asset over its expected useful life.

Plant & equipment	15%
Motor vehicles	25%
Computer equipment	25%

Intangible assets – player registrations

Due to the implementation of FRS 10 on Goodwill and Intangible Assets the company has changed its accounting policy for the cost of player registrations. Payments made to third parties in order to acquire a player's registration are now capitalised at cost. The cost is then amortised on a straight line basis over the period of the player's contract.

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.

Due to the implementation of FRS 12 on Provisions, Contingent Liabilities and Contingent Assets, 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 now recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made.

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.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

(continued)

Grants and deferred income

Grants receivable from 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.

Pension costs

Defined contribution arrangements are made for eligible employees of the company. The pension cost charged in the period represents contributions payable by the company to the relevant pension schemes.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to 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.

2 Prior Year Adjustment

Due to the implementation of FRS 10 on Goodwill and Intangible Assets the company has changed its accounting policy for the cost of player registrations. Payments made to third parties in order to acquire a player's registration are now capitalised at cost. The cost is then amortised on a straight line basis over the period of the player's contract.

Due to the implementation of FRS 12 on Provisions, Contingent Liabilities and Contingent Assets, the company has also changed its accounting policy for the treatment of future payments for the acquisition of a player's registration which may become due dependent on future events.

In 1996/97 certain costs attributable to Thames Iron Works & Shipbuilding Company Limited, a fellow group company, were borne in this company's accounts although the correct accounting treatment would have been to transfer the costs to its fellow group company. This adjustment has now been implemented as a prior year adjustment.

The effect of these changes on the profit and loss account reserves of the company is set out below.

	1998 £000
As previously reported	(9,979)
Prior year adjustment:	
- intangible assets (note 11)	16,368
- provisions for liabilities and charges (note 19)	(777)
- costs written back and transferred to fellow group company	128
As restated	<u>5,740</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

2 Prior Year Adjustment (continued)

Prior to the implementation of FRS 10, fees payable to and receivable from other football clubs on the transfer of player registrations, together with associated costs, were accounted for in the profit and loss account as "net transfer fees" in the period in which the transfer took place.

The effect on the profit/(loss) before and after taxation is as follows.

	1998 £000
Loss as previously reported	(2,454)
Add: Cost of player registrations now capitalised	10,721
Less: Amortisation of player registration costs	(3,886)
Less: Net book value of players sold	(387)
Profit as restated	<u>3,994</u>

In the year to 31 May 1999, the effect of the change in accounting policy has been to increase the loss before taxation by £986,000.

3 Turnover

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

	1999 £000	1998 £000
Match receipts and related football activities	10,080	10,196
Television and FA Premier League distributions	9,886	8,437
Commercial activities	4,351	2,496
	<u>24,317</u>	<u>21,129</u>

The directors have not provided an analysis of operating profit or net assets by class of business as they believe it would be prejudicial to the interests of the company to do so.

4 Operating Loss

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

	1999 £000	1998 £000
Employment costs (note 7)	17,314	10,984
Depreciation on tangible fixed assets (note 10):		
- owned assets	354	320
- assets held under hire and lease purchase contracts	181	20
Auditors' remuneration:		
- audit	18	16
- other services	26	68
Operating leases	43	45
Profit on disposal of fixed assets	(1)	(22)

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

5 Profit on Disposal of Players

	1999 £000	1998 (restated) £000
Disposal proceeds (net of costs of realisation)	10,651	5,249
Net book value of players sold (note 11)	(5,753)	(387)
	<u>4,898</u>	<u>4,862</u>

6 Net Interest Payable

	1999 £000	1998 £000
Interest payable on bank loans and overdrafts	548	607
Hire purchase loan interest	112	45
Bill of exchange discounting costs	211	111
Interest on other loans	10	29
	<u>881</u>	<u>792</u>
Bank and other interest receivable	(96)	(99)
	<u>785</u>	<u>693</u>

7 Staff Costs and Employees

	1999 £000	1998 £000
Wages and salaries	15,555	9,895
Social security costs	1,603	1,001
Other pension contributions	156	88
	<u>17,314</u>	<u>10,984</u>
	Number	Number
<u>Average number of persons employed</u>		
Full time employees	128	116
Part time employees	20	22
	<u>148</u>	<u>138</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

8 Directors' Emoluments

	1999 £000	1998 £000
Emoluments	776	525
Compensation for loss of office	30	-
Aggregate payments made to a defined contribution scheme	60	30
	<u>866</u>	<u>555</u>
<u>Emoluments of highest paid director</u>		
Emoluments	328	267
Compensation for loss of office	30	-
Aggregate payments made to a defined contribution scheme	23	15
	<u>381</u>	<u>282</u>
	Number	Number
Directors who are members of a defined contributions pension scheme	4	3

9 Taxation on Profit on Ordinary Activities

The tax charge in the year was nil (1998 – nil). As at 31 May 1999, cumulative tax losses available to carry forward against future trading profits were approximately £2,200,000 (1998 – £15,900,000) subject to agreement with the Inland Revenue. The reduction in group tax losses can be attributed to the tax treatment in the current year of the prior year adjustment disclosed in note 2.

10 Tangible Fixed Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 1998	25,700	2,123	267	28,090
Additions	-	2,249	111	2,360
Disposals	-	(77)	(22)	(99)
31 May 1999	<u>25,700</u>	<u>4,295</u>	<u>356</u>	<u>30,351</u>
<u>Depreciation</u>				
1 June 1998	-	1,307	66	1,373
Charge for the year	-	449	86	535
Disposals	-	(69)	(14)	(83)
31 May 1999		<u>1,687</u>	<u>138</u>	<u>1,825</u>
<u>Net book value</u>				
31 May 1999	<u>25,700</u>	<u>2,608</u>	<u>218</u>	<u>28,526</u>
31 May 1998	<u>25,700</u>	<u>816</u>	<u>201</u>	<u>26,717</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

10 Tangible Fixed Assets (continued)

Edward Symmons Hotel & Leisure, Chartered Surveyors, undertook a valuation of the stadium and adjoining land belonging to the company as at 21 August 1997 the results of which have been reflected in these accounts. No separate valuation of land was undertaken.

A summary of previous valuations of the stadium and adjoining land is set out below.

Date of valuation	Valuation £000
July 1991	11,210
May 1995	24,799
August 1997	25,700

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £12,642,000 (1998 – £12,770,000) and accumulated depreciation of £1,575,000 (1998 – £1,370,000).

The Boleyn Ground land and buildings and adjoining land are charged firstly to Barclays Bank PLC and secondly to Bank of Scotland.

The net book value of the company's assets includes £2,081,000 (1998 – £1,012,000) in respect of assets held under hire and lease purchase contracts.

11 Intangible Fixed Assets

	£000
<u>Cost of player registrations</u>	
1 June 1998 (restated)	24,863
Additions	14,446
Disposals	(10,807)
31 May 1999	<u>28,502</u>
<u>Amortisation of player registrations</u>	
1 June 1998 (restated)	8,495
Charge for the year	7,752
Disposals	(5,054)
31 May 1999	<u>11,193</u>
<u>Net book value</u>	
31 May 1999	<u>17,309</u>
31 May 1998	<u>16,368</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

12 Debtors

	1999 £000	1998 (restated) £000
<u>Due within one year</u>		
Trade debtors	822	773
Amounts owing by parent company	130	5
Amounts owing by fellow subsidiary company	1,317	1,366
Other debtors	1,278	339
Prepayments and accrued income	1,749	1,553
	<u>5,296</u>	<u>4,036</u>
<u>Due after more than one year</u>		
Prepayments and accrued income	<u>67</u>	<u>94</u>

In 1994 the company entered into an interest rate cap agreement which effectively limits the maximum rate of interest payable on a significant part of the company's borrowings. The company paid a premium to acquire the capping agreement of which £94,000 (1998 - £127,000) is included in prepayments. The premium is being amortised over the ten year life of the cap.

13 Creditors

	1999 £000	1998 £000
<u>Due within one year</u>		
Bank overdraft and loans (notes 14 & 16)	1,784	251
Bills of exchange payable	625	2,005
Obligations under hire and lease purchase contracts (notes 14 & 17)	511	241
Trade creditors	1,001	1,215
Amounts owing to fellow subsidiary company	343	711
Taxation and social security	2,277	1,974
Season ticket and other receipts in advance	3,552	4,828
Other creditors	5,444	1,852
Accruals	1,418	515
	<u>16,955</u>	<u>13,592</u>
<u>Due after more than one year</u>		
Debenture loans and subscriptions (notes 14 & 15)	612	612
Bank loans (notes 14 & 16)	4,724	5,004
Bills of exchange payable	-	625
Obligations under hire and lease purchase contracts (notes 14 & 17)	1,213	333
Other creditors	-	150
	<u>6,549</u>	<u>6,724</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

14 Total Borrowings

	1999 £000	1998 £000
Debenture loans and subscriptions repayable after 5 years or more	612	612
Bank loans repayable:		
Within 1 year or on demand	264	251
Between 1 and 2 years	264	258
Between 2 and 5 years	786	817
After 5 years or more	3,674	3,929
	4,988	5,255
Obligations under hire purchase contracts repayable:		
Within 1 year	511	241
Between 1 and 5 years	1,213	333
	1,724	574
	<u>7,324</u>	<u>6,441</u>

15 Debenture Loans and Subscriptions

The balance of £612,000 comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme. Under the terms of the issue the definitive certificate can only be issued once payment has been received in full. At 31 May 1998 and 1999 the following applications had been received.

	1999 £000	1998 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	14	14
	<u>612</u>	<u>612</u>

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 PLC

NOTES TO THE ACCOUNTS (continued)

16 Bank Loans

The loans held by the company and in respect of which an amount is repayable after more than five years include the following:

Term of loan	Date of termination	Frequency of repayments	Interest rate
10 years	February 2004	Monthly instalments	Base rate plus 2.5%
20 years	January 2015	Quarterly instalments	LIBOR plus 1.75%
20 years	June 2014	Monthly instalments	Base rate plus 1.0%
20 years	March 2016	Monthly instalments	Base rate plus 1.0%

The bank loans and overdraft are secured by legal charges on the Boleyn Ground land and buildings and the adjoining land and debentures over all the assets and undertaking of the company in favour of Barclays Bank plc and Bank of Scotland.

17 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts are in respect of certain assets of the company and are secured on the assets themselves. One of the contracts is additionally secured by a charge over certain debts of the company.

18 Deferred Grant Income

Grant income has been received from the Football Trust against approved capital projects and is not repayable. It is the group's policy to release deferred income to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. However, since the group maintains all its properties in such a condition that the estimated residual value of buildings is at least equal to their book value no depreciation is currently being provided on freehold buildings. Consequently, no deferred grant income has been released to the profit and loss account in either the current or preceding accounting periods.

The movements for the year are as follows.

	1999 £000	1998 £000
1 June 1998	3,498	3,498
Grant received	150	-
31 May 1999	<u>3,648</u>	<u>3,498</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

19 Provisions for Liabilities and Charges – Cost of Player Registrations

Due to the implementation of FRS 12 on Provisions, Contingent Liabilities and Contingent Assets, 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 now recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made. Provision has been made for these future payments as follows.

	1999 £000	1998 (restated) £000
1 June 1998	777	1,616
Movement for year	1,926	(839)
31 May 1999	<u>2,703</u>	<u>777</u>

20 Provisions for Liabilities and Charges – Deferred Taxation

No provision has been made for deferred taxation as, in the opinion of the board, no liability is likely to crystallise in the foreseeable future. The amount of potential deferred taxation not provided in the accounts is as follows.

	1999 £000	1998 £000
Capital allowances in excess of depreciation	759	878
Other timing differences	(66)	(34)
	<u>693</u>	<u>844</u>
Less unutilised tax losses	(660)	(844)
Surplus on revaluation of properties	2,516	2,668
Unprovided deferred tax liability	<u>2,549</u>	<u>2,668</u>

21 Called up Share Capital

	1999 £000	1998 £000
<u>Authorised</u>		
11,000,000 ordinary shares of 50 pence each	<u>5,500</u>	<u>5,500</u>
<u>Called up, allotted and fully paid</u>		
1 June 1998	5,500	54
99 for 1 bonus issue	-	5,395
Shares issued pursuant to placing	-	51
31 May 1999	<u>5,500</u>	<u>5,500</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

21 Called up Share Capital (continued)

Pursuant to a resolution passed at an Extraordinary General Meeting of the company held on 19 March 1997, on 24 June 1997 the company made a bonus issue by the capitalisation of £5,394,856 standing in the company's revaluation reserve, by paying up in full 10,789,713 unissued ordinary shares of 50 pence each and by the distribution of 99 new ordinary shares of 50 pence each for each one existing ordinary share.

On 3 November 1997 the company allotted 101,300 ordinary shares of 50 pence each with an aggregate nominal value of £50,650 for a consideration of £5 per share, representing £506,500 in total.

22 Share Premium Account

	1999 £000	1998 £000
1 June 1998	4,847	4,392
Shares issued pursuant to placing	-	456
Share placing expenses	-	(1)
31 May 1999	<u>4,847</u>	<u>4,847</u>

23 Revaluation Reserve

	1999 £000	1998 £000
1 June 1998	7,965	13,383
Adjustment arising on revaluation of land and buildings	-	(10)
Bonus issue	-	(5,395)
Realisation of revaluation surplus on disposal of land and buildings	-	(13)
31 May 1999	<u>7,965</u>	<u>7,965</u>

24 Profit and Loss Account

	1999 £000	1998 (restated) £000
1 June 1998	5,740	1,746
(Loss)/profit for the year	(2,459)	3,994
31 May 1999	<u>3,281</u>	<u>5,740</u>

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

25 Reconciliation of Movements in Shareholders' Funds

	1999 £000	1998 (restated) £000
(Loss)/profit for the year	(2,459)	3,994
Shares issued pursuant to placing	-	507
Share placing expenses	-	(1)
Adjustment arising on revaluation of land and buildings	-	(10)
Realisation of revaluation surplus on disposal of land and buildings	-	(13)
Net increase in shareholders' funds	(2,459)	4,477
Opening shareholders' funds	24,052	10,304
Prior year adjustment	-	9,271
Closing shareholders' funds	21,593	24,052

26 Capital Commitments

	1999 £000	1998 £000
Contracted for but not provided in the financial statements	430	988

27 Operating Lease Commitments

At 31 May 1998 the company was committed to making the following payments in respect of operating leases.

	1999 £000	1998 £000
<u>Land and buildings</u>		
Expiring after five years	206	11
<u>Other operating leases</u>		
Expiring within one year	8	9
Expiring within two to five years	38	44
	46	53
	252	64

28 Post Balance Sheet Events

Net transfers completed subsequent to 31 May 1999 amounted to a minimum of £972,000 receivable by the company with a further £500,000 receivable contingent on certain future events.

WEST HAM UNITED FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS (continued)

29 Pension Scheme

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

Total pension costs charged during the year amounted to £156,000 (1998 - £88,000).

30 Contingent Liabilities

Under a group banking facility, the company has guaranteed certain bank overdrafts and loans of other group companies. At 31 May 1999 there were no balances outstanding on these overdrafts and loans (1998 – nil).

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.

The Trustees of the Football League Limited Pension and Life Assurance Scheme have advised the company that it is experiencing difficulty in meeting its minimum funding requirement, as laid down by the Pensions Act 1995, and that consequently it is winding up the scheme with effect from 31 August 1999. Any deficit on the scheme will become a liability of the participating employers to the scheme, including the company. At this stage the Trustees are unable to quantify the contribution required from the company and accordingly no provision has been made for this liability.

31 Related Party Transactions

Mr CBC Manhire, a director of Thames Iron Works & Shipbuilding Company Limited, a fellow group company, is also a director of Nash & Partners Limited, a firm of surveyors, which undertook work on behalf of the company in the course of the year. Fees paid to Nash & Partners Limited in respect of these services totalled £8,548.

Mr Charles Warner, a director of the company, is also a partner in the firm of Messrs Warners, Solicitors, which undertook legal work on behalf of the company in the course of the year. Fees paid to Messrs Warners in respect of these services totalled £38,528.

In accordance with the exemption permitted by paragraph 3(c) Financial Reporting Standard 8 (Related Party Transactions), transactions between group companies have not been disclosed.

32 Ultimate Parent Company

In the opinion of the directors the ultimate parent company and controlling party is West Ham United plc, registered in England and Wales number 3407691. Copies of the group financial statements of West Ham United plc are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.