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WEST HAM UNITED

FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST JULY 1987



WEST HAM UNITED

FOOTBALL COMPANY LIMITED

Directors

L.C. Cearnns (Chairman)
W.F. Cearnns (Vice Chairman)
B.R. Cearnns F.C.I.S.
J. Patchey
M.W. Cearnns A.C.I.B.

Secretary

T.M. Finn

Registered Office

Boleyn Ground
Green Street
Upton Park
London E13 9AZ

Auditors

Deloitte Haskins & Sells
London

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

despatched to the shareholders 29.4.88

NOTICE OF MEETING

Notice is hereby given that the eighty seventh Annual General Meeting of the Company will be held at the Registered Offices of the Company, Boleyn Ground, Green Street, Upton Park, London E13, on 26th May 1988 at 7.00pm for the following purposes:

1. To receive the Directors' Report and Accounts for the year ended 31st July 1987.
2. To re-elect Mr. W.F. Cearns as director.
3. To re-elect Mr. M.W. Cearns as director.
4. To re-appoint Deloitte Haskins & Sells as auditors and to authorise the directors to fix their remuneration.
5. To consider the following Special Resolutions:-
 - (i) It is resolved that Article 71 of the Articles of Association of the Company shall henceforth be amended by deleting the sentence:-

"Both on a show of hands and on a poll, every Member present or by proxy shall have one vote".

- and substituting therefor the following sentence

"On a show of hands every member present in person or by proxy shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder"
 - (ii) It is resolved that Article 83 of the Articles of Association of the Company shall henceforth cease to apply and that the following new Article 83 be adopted in its stead.

83. The Directors shall be entitled to such remuneration as the Company may by ordinary resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.
 - (iii) It is resolved that Article 3 of the Company's Articles of Association shall henceforth cease to apply and that the present Articles 4-10 (inclusive) be renumbered as Articles 3-9 inclusive and that a new Article 10 be inserted as follows:

"10. Subject to the provisions of the Companies Act 1985 the Company may

 - (a) purchase its own shares (including any redeemable shares);
 - (b) make a payment in respect of the redemption or purchase of its own shares not only out of distributable profits or the proceeds of a fresh issue of shares but also out of capital".

WEST HAM UNITED

FOOTBALL COMPANY LIMITED (Continued)

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

By order of the Board

T.M. FINN

Secretary

Boleyn Ground,
Green Street,
Upton Park,
London E13 9AZ

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him; a proxy need not also be a member.

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

CHAIRMAN'S REPORT

Our revenue profit for the year ended 31st July 1987 was £644,161 a considerable increase over the previous year's figure. However, we once again had a deficit on our transfer account of £507,250 which left a profit before taxation of £136,911.

The large increase in our revenue profit was due to increased season ticket sales following the team's outstanding efforts in the previous season and financially lucrative runs in both the F.A. Cup and Littlewoods Cup.

After the excellent performance of our teams in the Football League and Football Combination the previous season, our playing results in both these competitions in 1986/87 were disappointing.

We have been and still are committed to considerable expenditure resulting from the additional safety measures required by the London Borough of Newham who became our licensing authority on 1st April 1987, following the dissolution of the Greater London Council. Included in the work to date was the updating of and modifications to our flood lighting system.

A success story has been the growth and development of our Junior Hammers Club. Open to children up to the age of 16, the Club can now proudly boast a membership of some 2600. Run by Bill Elliott, a retired headmaster and local J.P., it holds regular meetings and encourages parental involvement. Indeed many of the members and their parents occupy the Family Seating Area, also recently introduced. The two designated areas in the East Stand have a capacity for 900 and have proved to be extremely popular.

After 5½ years with the Club, including a year as Secretary and Financial Controllers following Eddie Chapman's retirement in August 1986, Keith Godbee resigned to take up a position outside football. I am pleased to announce that the Club appointed Tom Finn as Secretary and Financial Controller with effect from 1st August, 1987.

L.C. CEARNS

Chairman

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31st July 1987.

Principal activities and business review

The principal activity of the company continues to be that of a professional football club as a member of the Football Association and Football League. The results for the year are as shown on page 6. The report of the chairman on page 3 reviewed the business of the company during the year, its position at the end of the year and future developments. The directors do not propose payment of a dividend.

Fixed Assets

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

Directors and their interests

The interest of the directors in the capital of the company were as follows:-

	<u>Number of ordinary shares of .50p each</u>	
	<u>31st July 1987</u>	<u>1st August 1986</u>
L.C. Cearns	585	585
W.F. Cearns	284	284
B.R. Cearns	64	64
M.W. Cearns	45	45
J. Petchey	32	32

Mr. W.F. Cearns and Mr. M.W. Cearns retire by rotation and being eligible offer themselves for re-election.

Donations

Charitable donations during the year amounted to £620 (1986 : £775)

Auditors

In accordance with section 384 of the Companies Act 1985 a resolution proposing the reappointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

By order of the board

T.M. Finn

Secretary

7th April 1988

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WEST HAM UNITED FOOTBALL COMPANY LIMITED

We have audited the accounts on pages 7 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st July 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.


DELOITTE HASKINS & SELLS
Chartered Accountants

7th April 1988

London

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1987

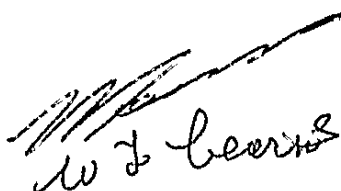
	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
INCOME			
Turnover	1(b)	3,087,252	2,339,536
Change in stocks of goods for resale		-	16,120
Other operating income		764,092	364,637
Interest receivable		95,630	50,461
		<u>3,946,974</u>	<u>2,770,754</u>
EXPENDITURE			
Staff costs	3	1,593,149	1,498,273
Depreciation	1(c)	21,075	21,682
Other operating charges		2,186,373	1,111,968
Change in stocks of goods for resale		9,466	-
		<u>3,810,063</u>	<u>2,631,923</u>
Profit on ordinary activities before taxation	2	136,911	138,831
Taxation (charge)/rebate	4	<u>(26,000)</u>	<u>16,000</u>
Profit on ordinary activities after taxation		110,911	154,831
Accumulated reserve at 1st August 1986		<u>306,369</u>	<u>151,538</u>
Accumulated reserve at 31st July 1987		<u>£417,280</u>	<u>£306,369</u>

WEST HAM UNITEDFOOTBALL COMPANY LIMITEDBALANCE SHEET AT 31ST JULY 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		£	£
FIXED ASSETS			
Tangible assets	5	125,975	130,248
CURRENT ASSETS			
Stocks	1(d)	41,684	51,150
Debtors	7	344,579	241,747
Cash at bank and in hand		1,064,725	965,525
		<u>1,450,988</u>	<u>1,258,422</u>
CURRENT LIABILITIES			
Creditors due within one year	8	358,566	399,495
Season tickets 1987/8 season		769,597	680,181
		<u>1,128,183</u>	<u>1,079,676</u>
NET CURRENT ASSETS		<u>322,805</u>	<u>178,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		448,780	308,994
CREDITORS DUE AFTER MORE THAN ONE YEAR	8	29,500	625
		<u>£419,280</u>	<u>£308,369</u>
CAPITAL AND RESERVES			
Called up share capital	9	2,000	2,000
Profit and loss account		417,280	306,369
		<u>£419,280</u>	<u>£308,369</u>

The accounts on pages 7 to 13 were approved by the board of directors on 7th April 1988 and are signed on its behalf by:

L.C. CEARNS)
) Directors
W.F. CEARNS)



WEST HAM UNITEDFOOTBALL COMPANY LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF
FUNDS FOR THE YEAR ENDED 31ST JULY 1987

	<u>1987</u>	<u>1986</u>
	£	£
SOURCE OF FUNDS		
Profit on ordinary activities after taxation	110,911	154,831
adjustments for items not involving the movement of funds:		
Depreciation	21,075	21,682
Loss on sale of fixed assets	-	1,212
TOTAL FUNDS GENERATED FROM OPERATIONS	<u>131,986</u>	<u>177,725</u>
FUNDS FROM OTHER SOURCES		
Proceeds on sale of fixed assets	-	8,150
Increase/(decrease) in creditors falling due after more than one year	28,875	(625)
TOTAL SOURCES OF FUNDS	<u>160,861</u>	<u>185,250</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	<u>(16,802)</u>	<u>(41,612)</u>
Net increase in funds	<u>£144,059</u>	<u>£143,638</u>
INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	(9,466)	16,120
Debtors	102,832	(149,493)
Creditors	40,909	85,264
Season ticket creditors	(89,416)	(187,184)
Movement in net liquid assets:		
Bank and cash	<u>99,200</u>	<u>378,931</u>
Net increase in working capital	<u>£144,059</u>	<u>£143,638</u>

WEST HAM UNITED

FOOTBALL COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Turnover

Turnover represents all income arising from the football matches played.

(c) Depreciation

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

Fixtures, fittings, equipment

and floodlighting installations - 15% straight line

Motor vehicles - 25% straight line

(d) Stock

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

(e) Transfer fees

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

(f) Grants

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

(g) Deferred taxation

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

WEST HAM UNITEDFOOTBALL COMPANY LIMITEDNOTES TO THE ACCOUNTS

(Continued)

	<u>1987</u> £	<u>1986</u> £
2 Profit on ordinary activities before taxation is stated after crediting: Transfer fees received	516,500	140,500
after charging:		
Transfer fees paid	1,023,750	275,625
Depreciation	21,075	21,682
Auditors' remuneration	5,000	5,000
	<u>1987</u> £	<u>1986</u> £
3. STAFF COSTS		
Wages and salaries	1,430,034	1,351,869
Social security costs	140,222	126,829
Other pension costs	22,893	19,575
	<u>£1,593,149</u> =====	<u>£1,498,273</u> =====

The average number of persons employed by the company was

	<u>1987</u> Number	<u>1986</u> Number
Full time employees	79	78
Part time employees	24	23
	<u>103</u> =====	<u>101</u> =====

PARTICULARS OF DIRECTORS' AND EMPLOYEES' REMUNERATION

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

	<u>Number of employees</u>	
	<u>1987</u>	<u>1986</u>
£30,001 - £ 35,000	2	2
£35,001 - £ 40,000	2	3
£40,001 - £ 45,000	3	3
£45,001 - £ 50,000	1	1
£50,001 - £ 55,000	1	1
£55,001 - £ 60,000	2	3
£60,000 - £ 65,000	2	-
£65,001 - £ 70,000	1	-
£70,001 - £ 75,000	-	2
£85,001 - £ 90,000	1	-
£90,001 - £ 95,000	1	-
£95,001 - £100,000	1	1

WEST HAM UNITEDFOOTBALL COMPANY LIMITEDNOTES TO THE ACCOUNTS (Continued)

4. TAXATION

	<u>1987</u> £	<u>1986</u> £
UK corporation tax (at 29%) based on profit of the year	26,000	-
Over-provision in respect of prior year	-	(16,000)
	<u>26,000</u>	<u>(16,000)</u>

There are tax losses amounting to approximately £105,000 (1986 : £186,342) available to reduce future tax liabilities. There is no potential liability to deferred taxation due to timing differences (1986 : Nil).

5. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u>		<u>Fixtures, Fittings, Equipment and F'Lighting</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>Freehold (Boleyn Ground) £</u>	<u>Short Leasehold (Chad. Hth.) £</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost:					
At 1st August 1986	862,235	144,119	242,108	56,715	1,305,177
Additions	-	-	7,229	9,573	16,802
Disposals	-	-	-	-	-
At 31st July 1987	<u>862,235</u>	<u>144,119</u>	<u>249,337</u>	<u>66,288</u>	<u>1,321,979</u>
Depreciation:					
At 1st August 1986	787,235	144,119	223,777	19,798	1,174,929
Disposals	-	-	-	-	-
Charge for the year	-	-	6,421	14,654	21,075
At 31st July 1987	<u>787,235</u>	<u>144,119</u>	<u>230,198</u>	<u>34,452</u>	<u>1,196,004</u>
Net book value:					
At 31st July 1987	<u>£75,000</u> =====	<u>£ -</u> =====	<u>£19,139</u> =====	<u>£31,836</u> =====	<u>£ 125,975</u> =====
At 1st August 1986	<u>£75,000</u> =====	<u>£ -</u> =====	<u>£18,331</u> =====	<u>£36,917</u> =====	<u>£ 130,248</u> =====

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

6. CAPITAL COMMITMENTS

	<u>1987</u> £	<u>1986</u> £
Capital expenditure contracted for but not provided	<u>Nil</u> =====	<u>Nil</u> =====
Capital expenditure authorised but not contracted for	<u>Nil</u> =====	<u>Nil</u> =====

WEST HAM UNITEDFOOTBALL COMPANY LIMITEDNOTES TO THE ACCOUNTS (Continued)

7. DEBTORS

	<u>1987</u> £	<u>1986</u> £
Due within one year:		
Trade debtors	148,866	73,038
Other debtors	141,578	119,925
Prepayments and accrued income	31,871	16,771
Staff loans	19,764	11,364
	<hr/>	<hr/>
	342,079	221,098
Due in over one year:		
Staff loans	2,500	20,649
	<hr/>	<hr/>
	£344,579	£241,747
	=====	=====

8. CREDITORS

	<u>1987</u> £	<u>1986</u> £
Due within one year:		
Trade creditors	128,382	73,240
Taxation and social security	155,566	171,396
Other creditors	536	536
Accruals and deferred income	74,102	154,323
	<hr/>	<hr/>
	£358,586	£399,495
	=====	=====
Due after more than one year:		
Trade creditors	3,500	625
Taxation and social security	26,000	-
	<hr/>	<hr/>
	29,500	625
	=====	=====

9. CALLED UP SHARE CAPITAL

	<u>1987</u> £	<u>1986</u> £
Authorised, allotted, called up and fully paid 4,000 ordinary shares of 50p each	£2,000	£2,000
	=====	=====

10. CONTINGENT LIABILITY

In the event of a certain player completing three full international appearances, £50,000 will become payable to the club from which the player was transferred. In the event of two other players completing 25 appearances for West Ham, £25,000 will become payable to each of the clubs from which the players were transferred.