

109 244

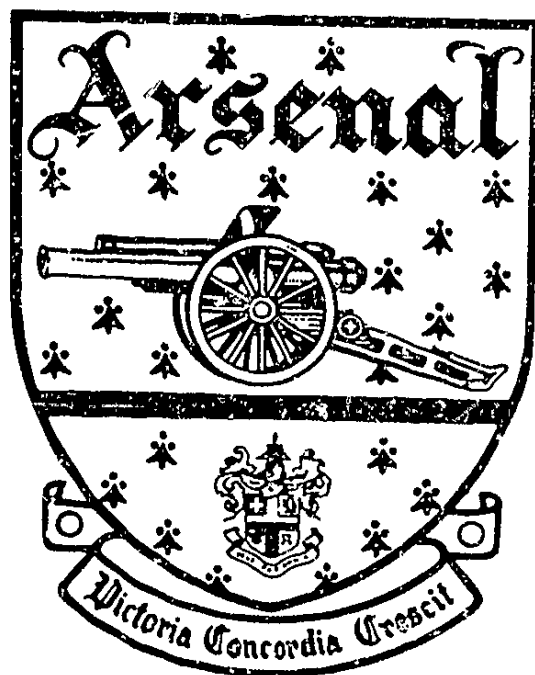
176

ARSENAL FOOTBALL CLUB LIMITED

STATEMENT OF ACCOUNTS
AND
ANNUAL REPORT

1980-81





ARSENAL FOOTBALL CLUB LIMITED

NOTICE IS HEREBY GIVEN that the Seventy First Annual General Meeting of the shareholders of Arsenal Football Club Limited will be held at The Conference Centre, Winchester House, 100 Old Broad Street, London E.C.2 on Thursday 15th October, 1981 at 12 noon precisely when the following ordinary business will be transacted, viz.:

1. To receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon for the year ended 31st May, 1981.
2. To re-elect Directors.
3. To re-appoint the auditors and to authorise the Directors to fix their remuneration.
4. To transact any other ordinary business of the meeting.

Dated this
22nd day of September, 1981.

By Order of the Board,
K. J. FRIAR,
Secretary.

Registered Office:
Arsenal Stadium,
Avoncll Road,
Highbury,
London N5 1BU.

Note.—A member of the Company who is entitled to attend and vote may appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

A form of proxy is enclosed with this annual report for the use of members who are unable to attend the meeting and should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

Admission to the meeting will be upon production of an admission card only and any person attending as a proxy (whether a member or not) must produce the admission card.

ARSENAL FOOTBALL CLUB LIMITED

Directors:

D. J. C. H. HILL-WOOD, Esq., M.C. (*Chairman*)

Sir ROBERT BELLINGER, G.B.E., D.Sc.

S. C. McINTYRE, Esq., M.B.E., F.C.I.S.

P. D. HILL-WOOD, Esq.

The Reverend NOEL F. BONE, T.D.

A. WOOD, Esq.

R. G. GIBBS, Esq.

C. E. B. L. CARR, Esq.

R. C. L. CARR, Esq.

Secretary:

K. J. FRIAR

Manager:

W. J. T. NEILL

Auditors:

HOPE, AGAR & CO.

Chartered Accountants

Epworth House, 25/35 City Road, London EC1Y 1AR

Registered Office:

ARSENAL STADIUM

Avenell Road, Highbury, London N5 1BU

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report to the Members, together with the audited Accounts for the year ended 31st May 1981.

In March we learned with great sadness of the death of our colleague and great friend, Bob Wall. Bob joined the Club in 1928 and later became Box Office Manager, Assistant Secretary, Secretary, General Manager and finally a Director upon his retirement in 1977. His tremendous service to Arsenal over half a century was immense and he will be sadly missed by all.

You will observe from the Notice of the Meeting that the venue for this year's meeting has been changed. In view of the ever increasing numbers now attending these meetings we are unable to find suitable facilities within the Stadium to accommodate such large numbers and therefore we have decided to take advantage of the larger facilities available at Winchester House.

We are delighted to be competing once more in the UEFA Cup having finished in third position in the League Championship. It was not to be the year for our fourth consecutive visit to Wembley and we were disappointed that we were eliminated in the early rounds of both of the Cup Competitions.

The close Season has seen much activity and we were sad to lose a player of Frank Stapleton's class to Manchester United. Under existing legislation a player is free to move to another Club of his choice at the end of his Contract. In the event that Clubs cannot mutually agree a fee, as was indeed the situation, then the Football League Appeals Committee determine the amount of compensation to be paid. The amount we eventually received was far less than our own valuation but whilst current legislation prevails we are left with little alternative.

During the year Mr Clive Carr and Mr Richard Carr were invited to join the board. They are the grandsons of the late Sir Bracewell Smith, previous Chairman of the Club, and are young men with considerable business experience. We are confident that they will prove to be a great asset to the Club in coming years.

The Companies Act 1980 requires all Companies which according to the Companies Act 1948 are Public Companies to take a decision before March 1982 concerning their future status under that Act. It is the view of the Board that we do not comply with the requirements of a Public Company and accordingly application has been made to the Registrar of Companies that the Company be re-registered as a Private Company. We are advised that the position of existing members will not be affected detrimentally by this action.

Now to the accounts. Gate receipts fell this year by £523,897. However last years figures included very considerable sums from our long run in the FA Cup, culminating in the Final at Wembley, 7 matches in the Football League Cup and of course our success in reaching the Final of the European Cup Winners Cup in Brussels. Our average League attendance was 32,480 compared with 33,596 in the previous year. The continued overall pattern of decreasing attendances is worrying, but hopefully greater team success will reverse this national trend.

Income from Broadcasting and Television was considerably less than in the previous year almost entirely due to the television fees from the Cup Finals in 1980.

Ground Advertisements and other activities showed a very slight increase. You will be aware that for the first time in the Club's history we have entered into a sponsorship arrangement with JVC (UK) Ltd, the Victor Company of Japan. Our agreement initially covers the next three years and we are delighted to be associated with such an internationally famous Company. It is our intention to utilise some of the money we shall receive from JVC to make into a reality our long-held plans for converting our Indoor Hall into a fully equipped 'Indoor Training Centre' that will be a focus for youth football throughout a large part of North London. This will bring considerable benefit not only to us, but to the community as a whole.

The major increase in expenditure has been an excess of transfer fees paid over those received of £787,203. During the year we acquired Clive Allen, later to move to Crystal Palace, Kenny Sansom, Peter Nicholas and

George Wood. Liam Brady, Pat Rice, Paul Barron, David Price and Steve Walford all joined other Clubs and we would like to place on record our sincere appreciation and of course, our good wishes to them with their new Clubs.

During the close Season the area previously known as the Arsenal West Enclosure was completely refurbished and virtually rebuilt. It is now a fully operational Executive Suite and we are pleased that its popularity has been such that all seats were very quickly sold and we now have a waiting list. Although this involved a substantial capital commitment, the immediate increase in our income has totally justified this decision.

Apart from transfer fees, overall expenditure has slightly decreased mainly because of the virtual completion in 1979-80 of works necessary to comply with the Safety of Sports Grounds Act.

The net result therefore is an Excess of Expenditure over Income of £488,341 and after taxation, the reduction to unappropriated profit amounts to £356,341. Your Directors do not recommend the payment of a dividend.

Under the provisions of Article 94 of the Articles of Association, Mr Richard Carr and Mr Clive Carr retire from the Board and, being eligible, offer themselves for re-election.

In accordance with the provisions of Article 90 of the Articles of Association Mr R. Gibbs, Mr D Hill-Wood and Sir Robert Bellinger retire by rotation and being eligible offer themselves for re-election.

The Auditors Messrs Hope, Agar and Co have expressed their willingness to continue in Office.

Signed on behalf of the Board,

D. J. C. H. HILL-WOOD.

ARSENAL FOOTBALL CLUB LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MAY, 1981

| | Note | 1981 | 1980 |
|---|------|-------------------|-------------------|
| | | £ | £ |
| FOOTBALL INCOME | | | |
| Gate Receipts—Net | | 1,703,636 | 2,227,533 |
| Broadcasting and Television Fees | | 31,105 | 44,100 |
| Ground Advertisements and other activities | | 293,587 | 288,440 |
| | | <u> </u> | <u> </u> |
| TURNOVER | 1 | 2,028,328 | 2,560,073 |
| EXPENDITURE | | | |
| Transfer Fees—Net | | 787,203 | 56,966 |
| Players, Management and Staff | | 1,153,899 | 1,288,717 |
| Police, Referees and Gatemen | | 89,484 | 66,214 |
| Ground Maintenance and Expenses | | 390,522 | 727,814 |
| General Expenses | | 129,523 | 91,023 |
| Depreciation | 1 | 11,406 | 3,100 |
| Audit Fee | | 2,000 | 1,500 |
| | | <u> </u> | <u> </u> |
| | | 2,564,037 | 2,235,334 |
| FOOTBALL (LOSS)/PROFIT | | (535,709) | 324,739 |
| RENTS AND INTEREST RECEIVABLE | 2 | 47,368 | 68,328 |
| (LOSS)/PROFIT BEFORE TAXATION | | (488,341) | 393,067 |
| TAXATION | 3 | (132,000) | 132,000 |
| MOVEMENT IN RETAINED PROFITS | | <u>(£356,341)</u> | <u>£261,067</u> |

ARSENAL FOOTBALL CLUB LIMITED

BALANCE SHEET 31st MAY, 1981

| | Note | 1981 | 1980 |
|--------------------------------------|------|------------------|------------------|
| | | £ | £ |
| FIXED ASSETS | 8 | 484,389 | 456,901 |
| CURRENT ASSETS | | | |
| Stocks | 1 | 56,488 | 37,429 |
| Debtors | | 341,901 | 573,472 |
| Short Term Investments | | 770,997 | 1,289,167 |
| Cash at Bank and in Hand | | 2,052 | 1,961 |
| | | <u>1,171,438</u> | <u>1,902,029</u> |
| CURRENT LIABILITIES | | | |
| Season Tickets | | 345,058 | 291,417 |
| Creditors | | 728,481 | 684,504 |
| Corporation Tax | | — | 117,000 |
| Bank Overdraft (Secured) | 9 | 322,619 | 634,999 |
| | | <u>1,396,158</u> | <u>1,727,920</u> |
| NET CURRENT (LIABILITIES)/ASSETS ... | | (224,720) | 174,109 |
| | | <u>£259,669</u> | <u>£631,010</u> |
| FINANCED BY: | | | |
| SHARE CAPITAL | 10 | 5,849 | 5,849 |
| RETAINED PROFITS | | 253,820 | 610,161 |
| DEFERRED TAXATION | | — | 15,000 |
| | | <u>£259,669</u> | <u>£631,010</u> |

D. J. C. H. HILL-WOOD
R. I. BELLINGER

Directors.

D. J. C. H. Hill-Wood.

R. I. Bellinger

K. J. FRIAR, Secretary

K. J. Friar

ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS

31st May, 1981

1. ACCOUNTING POLICIES

Turnover

Turnover represents the net income from football and related activities.

Depreciation

Depreciation on all Fixed Assets other than Freehold Properties is calculated to write off cost during their expected normal lives by annual instalments at rates ranging from 10 per cent. to 25 per cent. No Depreciation has been provided in the year under review on Freehold Properties.

Stocks

Stocks are valued at the lower of cost and net realisable value.

2. RENTS AND INTEREST RECEIVABLE

| | | 1981 | 1980 |
|-----------------------|-----|----------------|----------------|
| Rents (Less Expenses) | ... | (2,863) | (4,975) |
| Interest | | | |
| Bank | ... | 45,491 | 73,417 |
| Other | ... | 4,740 | (114) |
| | | <u>50,231</u> | <u>73,303</u> |
| | | <u>£47,368</u> | <u>£68,328</u> |

3. TAXATION

| | | | |
|---------------------------------------|-----|-------------------|-----------------|
| Corporation Tax (Recoverable) Payable | ... | (117,000) | 117,000 |
| Deferred Taxation | ... | (15,000) | 15,000 |
| | | <u>£(132,000)</u> | <u>£132,000</u> |

The loss for the year, as adjusted for taxation purposes, is available to be offset against the profit for the previous year. The provisions for taxation made in 1980 have therefore been written back.

4. DIVIDEND

The Directors do not recommend the payment of a dividend.

5. REMUNERATION OF EMPLOYEES

The number of employees whose emoluments receivable were in excess of £20,000 for the year was:

| | 1981 | 1980 |
|-----------------|------|------|
| £20,001-£25,000 | 5 | — |
| £25,001-£30,000 | 3 | 8 |
| £30,001-£35,000 | 4 | 4 |
| £35,001-£40,000 | 3 | 4 |
| £40,001-£45,000 | 1 | 3 |
| £45,001-£50,000 | 1 | — |

6. DIRECTORS' EMOLUMENTS

In accordance with Article 86 of the Company's Articles of Association the Directors received no remuneration during the year (1980—Nil).

ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS — continued
31st MAY, 1981

7. DIRECTORS

The following Directors have served during the year and their beneficial and family interests in the Shares of the Company were as stated against their respective names:

| | 31.5.81 | 31.5.80 |
|--|---------|---------|
| D. J. C. H. Hill-Wood, M.C. | 508 | 508 |
| Sir Robert Bellinger, G.B.E., D.Sc. | 89 | 89 |
| S. C. McIntyre, M.B.E., F.C.I.S. | 80 | 80 |
| P. D. Hill-Wood | 607 | 569 |
| Rev. N. F. Bone, T.D. | 25 | 25 |
| A. Wood | 81 | 81 |
| W. R. Wall (Died 23.3.81) | — | 25 |
| R. G. Gibbs | 42 | 42 |
| * C. E. B. L. Carr (Appointed 28th May, 1981) | — | — |
| * R. C. L. Carr (Appointed 28th May, 1981) | — | — |
| * 25 Shares acquired since 31st May 1981 | | |

8. FIXED ASSETS

| | Freehold Properties £ | Plant, Fixtures, Fittings and Equipment £ | Emergency and Flood Lighting £ | Motor Vehicles £ | Total £ |
|--------------------------------|-----------------------------|--|--|------------------------|-----------------|
| Value at 1965 | 12,150 | — | — | — | 12,150 |
| Cost at 1st June, 1980 | 556,729 | 105,750 | 41,405 | 12,517 | 716,401 |
| Additions | — | 37,804 | — | 1,090 | 38,894 |
| | <u>568,879</u> | <u>143,554</u> | <u>41,405</u> | <u>13,607</u> | <u>767,445</u> |
| Depreciation to 1st June, 1980 | 127,393 | 97,430 | 41,355 | 5,472 | 271,650 |
| Charge for the year | — | 8,818 | — | 2,588 | 11,406 |
| | <u>127,393</u> | <u>106,248</u> | <u>41,355</u> | <u>8,060</u> | <u>283,056</u> |
| Net Book Value 31st May, 1981 | <u>£441,486</u> | <u>£37,306</u> | <u>£50</u> | <u>£5,547</u> | <u>£484,389</u> |
| Net Book Value 31st May, 1980 | <u>£441,486</u> | <u>£8,320</u> | <u>£50</u> | <u>£7,045</u> | <u>£456,901</u> |

The Directors are of the opinion that the market value of the Company's Land and Building is considerably greater than book value, but in view of the specialised nature of most of this asset, it is not practicable to fix a realistic present day value.

9. Barclays Bank Limited holds a debenture giving a charge on all of the Company's properties.

ARSENAL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS (*Continued*)
31st MAY, 1981

10. SHARE CAPITAL

| | 1981 | 1980 |
|---|---------------|---------------|
| Authorised | | |
| 7,000 Ordinary Shares of £1 each | <u>7,000</u> | <u>7,000</u> |
| Issued and Fully Paid | | |
| 5,839 Ordinary Shares of £1 each | <u>£5,839</u> | <u>£5,839</u> |
| Amounts paid on Shares forfeited | <u>£10</u> | <u>£10</u> |

11. CAPITAL COMMITMENTS

| | | |
|--|-----------------|------------|
| Contracted for but not yet provided | <u>£250,000</u> | <u>£ —</u> |
|--|-----------------|------------|

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31st MAY, 1981

| | 1981 | | 1980 | |
|--|-------------------|-------------------|-----------------|-----------------|
| | £ | £ | £ | £ |
| SOURCE (OUTFLOW) OF FUNDS | | | | |
| (Loss)/Profit before Taxation | | (488,341) | | 393,067 |
| Adjustment for item not involving the Movement of funds: | | | | |
| Depreciation | | 11,406 | | 3,100 |
| | | <u>(476,935)</u> | | <u>396,167</u> |
| FUNDS FROM OTHER SOURCES | | | | |
| Disposal of Fixed Assets | | — | | 2,810 |
| | | <u>(476,935)</u> | | <u>398,977</u> |
| APPLICATION OF FUNDS | | | | |
| Purchase of Fixed Assets | | 38,894 | | 6,450 |
| (DECREASE)/INCREASE IN WORKING CAPITAL | | <u>£(515,829)</u> | | <u>£392,527</u> |
| MOVEMENT IN WORKING CAPITAL | | | | |
| (DECREASE)/INCREASE ARISING FROM: | | | | |
| Stocks | 19,059 | | (1,598) | |
| Debtors | (231,571) | | 298,450 | |
| Cash and Short Term Investments less Overdraft ... | (205,699) | | 605,528 | |
| Creditors | (43,977) | | (218,436) | |
| Advance payment for Season Tickets | (53,641) | | (291,417) | |
| | <u>£(515,829)</u> | | <u>£392,527</u> | |

ARSENAL FOOTBALL CLUB LIMITED

REPORT OF THE AUDITORS To the Members of Arsenal Football Club Limited

We have audited the accounts on pages 6-10 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st May, 1981 and of its loss and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1980.

HOPE, AGAR & CO.

Chartered Accountants.

EPWORTH HOUSE,
25/35 CITY ROAD,
LONDON EC1Y 1AR.

22nd September, 1981.

ARSENAL FOOTBALL CLUB LIMITED

PLAYING RECORD 1980-81

FIRST TEAM

Football League

42 Matches 53 Points Position 3rd

F.A. Cup

Round 3 v Everton (A) 0-2

Football League Cup

| | | | |
|---------|-----------|-------------|---------|
| Round 2 | (1st leg) | v Swansea | (A) 1-1 |
| Round 2 | (2nd leg) | v Swansea | (H) 3-1 |
| Round 3 | | v Stockport | (A) 3-1 |
| Round 4 | | v Spurs | (A) 0-1 |

SECOND TEAM

Football Combination

42 Matches 53 Points Position 6th

THIRD TEAM

South East Counties League

30 Matches 37 Points Position 3rd

F.A. Youth Cup

| | | |
|----------------------|-------------|----------------|
| Round 2 | v Wimbledon | (H) 6-0 |
| Round 3 | v QPR | (H) 1-1 |
| Round 3 (replay) | v QPR | (A) 2-2 a.e.t. |
| Round 3 (2nd replay) | v QPR | (H) 0-1 |

Southern Junior Floodlit Cup

| | | |
|------------------------|------------------|---------|
| Round 1 | v Bristol Rovers | (H) 2-0 |
| Round 2 | v Brighton | (H) 4-0 |
| Quarter-Final | v Swansea | (A) 1-1 |
| Quarter-Final (replay) | v Swansea | (H) 2-0 |
| Semi-Final | v Aston Villa | (H) 1-2 |

South East Counties League Cup

Round 1 v Watford (H) 1-3

Presidents Cup

| | | |
|------------------------------|-------------------------------|---------|
| (Winners of 1979-80 SECL Cup | First Leg: v Aston Villa | (H) 3-0 |
| v | 2nd Leg: / Aston Villa | (A) 2-1 |
| Winners of 1979-80 SJFC Cup) | WON THE CUP 5-1 on aggregate. | |