

THE ARSENAL FOOTBALL CLUB PLC

NOTICE IS HEREBY GIVEN that the Eighty Sixth Annual General Meeting of the shareholders of The Arsenal Football Club plc will be held at the Arsenal Stadium, Avenell Road, Highbury, London N5 1BU on Thursday 22 August, 1996 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, 1996.
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
11th day of July, 1996

By Order of the Board

K.J. FRIAR,

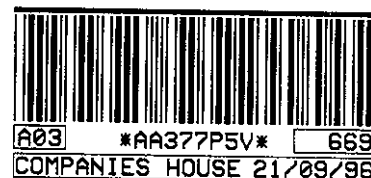
Secretary,

Registered Office:
Arsenal Stadium,
Avenell 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.



THE ARSENAL FOOTBALL CLUB PLC

Directors

P.D. HILL-WOOD, Esq. (Chairman)
D.B. DEIN, Esq. (Vice Chairman)
Sir ROBERT BELLINGER, G.B.E., D.Sc.
Sir ROGER GIBBS
C.E.B.L. CARR, Esq.
R.C.L. CARR, Esq.
D.D. FISZMAN, Esq.
K.J. FRIAR, Esq. (Managing)

Secretary

K.J. FRIAR

Manager

B. RIOCH

Auditors

KIDSONS IMPEY

Chartered Accountants and Registered Auditors
Spectrum House, 20-26 Cursitor Street, London EC4A 1HY

Registrars

CI REGISTRARS LIMITED

Victoria Street, Luton
Bedfordshire LU1 2PZ

Registered Office

ARSENAL STADIUM
Avenell Road, Highbury, London N5 1BU

CHAIRMAN'S STATEMENT

The Directors have pleasure in submitting their 86th Annual Report to the members, together with the Audited Accounts for the year ended 31st May 1996.

Although a little disappointed with our final League position, we were delighted that in finishing fifth we gained a place in Europe next season, when we will compete in the UEFA Cup competition.

The quality of the entrants is probably stronger this year than it has been for some time and, with teams such as Bayern Munich, Valencia, Inter Milan and others, it is likely to provide an exciting challenge, which I am confident we will meet with our usual enthusiasm and determination.

In contrast with our early exit from the F.A. Cup, our involvement in the Coca-Cola Cup was to take us to the semi-final, where we lost on the away goals rule to the eventual winners of the competition, Aston Villa.

Throughout the season, our supporters have again demonstrated their tremendous loyalty, with an average attendance of 37,568, the third highest in the F.A. Premiership. The backing given to us by our fans was magnificent.

I am delighted to report that we have recently concluded negotiations with our sponsors, JVC (UK) Ltd, and extended our agreement with them for a further three years. This will be the longest continuous sponsorship in football, having started in 1981, and we are very proud to continue our association with such a prestigious company. Truly a "perfect match."

Our programme of redevelopment and up-grading of the stadium continues, and in the current close season, improvements to both upper and lower concourses of the East Stand were completed. This will provide better toilet and catering facilities, whilst producing much needed circulation space.

Our groundsman, Steve Braddock, who won the "Wilkinson Sword Groundsman of the Year Award," has again produced a magnificent playing surface which is envied by all. A great tribute to his and his staff's dedication.

Pat Rice has moved up to assist with the coaching of the First Team whilst Tom Walley, who previously played for us in the 1960's has joined us a Youth Team Coach. To them both, we wish great success.

At the end of the season, Mark Flatts, Timothy Griggs, Jamie Howell, Noel Imber, John Jensen and Roy O'Brien were granted free transfers. I would like to take this opportunity of thanking them all for the part they have played and of course wish them well in their new careers.

At international level, Tony Adams, David Platt, David Seaman and Dennis Bergkamp proudly represented their countries in Euro '96, whilst John Hartson gained his first Welsh Cap. To them all, we offer our sincere congratulations.


CHAIRMAN'S STATEMENT (continued)

Sir Robert Bellinger, who joined the Board in 1960, has decided that now is the right time for him to retire, and, therefore, will not be offering himself for re-election. Sir Robert has made a magnificent contribution, providing very wise counsel to us all, and has been an outstanding Board member and ambassador.

The Directors have unanimously agreed that Sir Robert be invited to become Life President of the Club.

Our operating profit this year was £2,544,395 before taking account of net transfer fees of £6,155,564, leaving a loss before tax of £3,611,169. The lack of European football income, together with ever increasing costs of players wages, are the underlying reasons for a decrease in our operating profit.

Finally, may I thank my Board colleagues and place on record our appreciation to our dedicated staff, many of whom have once more worked under particularly difficult circumstances during the refurbishment of the East Stand.


Peter Hill-Wood
CHAIRMAN

THE ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT – 31st May 1996

The directors present their annual report and the audited financial statements of the company for the year ended 31st May 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a professional football club and the related commercial activities.

PROFITS AND DIVIDENDS

The results for the year are set out on page 7 and are reviewed in the Chairman's Statement.

The directors do not recommend the payment of a dividend.

DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors of the company at 31st May 1996, all of whom served throughout the year, together with details of their interests in the company's share capital, are set out below:-

	Ordinary Shares of £1 each	
	At 31st May 1996	At 31st May 1995
P.D. Hill-Wood	448	448
D.B. Dein	16,331	16,736
Sir Robert Bellinger, G.B.E., D.Sc.	664	712
Sir Roger Gibbs	200	200
C.E.B.L. Carr	4,120	4,120
R.C.L. Carr	10,301	10,257
K.J. Friar	200	200
D.D. Fiszman	15,206	15,186

Of the above interests in shares, Mr D.B. Dein and Mr. D.D. Fiszman have an interest in the same 7,126 shares.

Since the balance sheet date Mr D.D. Fiszman has acquired a further 3,000 shares from Mr D.B. Dein but retains the same joint interest as above.

In accordance with the provisions of Article 90 of the Articles of Association P.D. Hill-Wood and C.E.B.L. Carr retire by rotation and, being eligible, offer themselves for re-election. As referred to in the Chairman's statement, Sir Robert Bellinger will be standing down as a director at the forthcoming AGM.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made donations for charitable purposes amounting to £18,871 (1995 - £7,340).

THE ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT – 31st May 1996 (continued)

CREDITOR PAYMENT POLICY

The company's policy is to pay all creditors within their prescribed terms and in accordance with contractual and other legal obligations. Advantage is taken of available discounts for prompt payment whenever possible.

PLAYERS

In accordance with previous practice and the accounting policy adopted for transfer fees as set out in the notes to the financial statements, no value is included in the balance sheet in respect of players. The directors acknowledge that this treatment is conservative, in view of the significant potential transfer value of the playing staff. Nevertheless, the directors consider it inappropriate at the present time to place a value on this particular asset.

DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period.

In preparing these financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

AUDITORS

Kidsons Impey have agreed to offer themselves for re-election as auditors of the company.

By order of the Board

K.J. Friar

Secretary



Registered Office:

Arsenal Stadium,
Avenell Road,
Highbury,
London N5 1BU.

11th July 1996

THE ARSENAL FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MAY 1996

	Note	1996 £	1995 £
TURNOVER	2	20,975,177	23,935,627
Costs and overheads less other income	3	<u>(18,430,782)</u>	<u>(17,090,969)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TRANSFER FEES		2,544,395	6,844,658
Transfer fees.....	4	<u>(6,155,564)</u>	<u>(4,903,676)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,611,169)	1,940,982
Taxation.....	7	<u>1,325,331</u>	<u>(31,418)</u>
(LOSS)/PROFIT AFTER TAXATION RETAINED FOR THE FINANCIAL YEAR.	15	<u><u>(2,285,838)</u></u>	<u><u>1,909,564</u></u>
All trading resulted from continuing operations.			

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1996 £	1995 £
(Loss)/profit for the financial year.....	(2,285,838)	1,909,564
Donation received	<u>12,175</u>	<u>70,000</u>
	<u><u>(2,273,663)</u></u>	<u><u>1,979,564</u></u>

The notes on pages 10 to 16 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

BALANCE SHEET 31st MAY 1996

	Note	1996	1995
		£	£
FIXED ASSETS			
Tangible assets	8	28,299,833	28,379,108
CURRENT ASSETS			
Stocks	9	572,849	450,256
Debtors	10	4,064,447	3,225,882
Cash at bank and in hand		<u>2,700,490</u>	<u>4,879,437</u>
		7,337,786	8,555,575
CREDITORS			
Amounts falling due within one year	11	<u>(9,464,661)</u>	<u>(7,597,728)</u>
NET CURRENT (LIABILITIES)/ASSETS ...		<u>(2,126,875)</u>	<u>957,847</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,172,958	29,336,955
CREDITORS			
Amounts falling due after more than one year	12	<u>(16,137,500)</u>	<u>(17,027,834)</u>
NET ASSETS		<u>10,035,458</u>	<u>12,309,121</u>
EQUITY CAPITAL AND RESERVES			
Called up equity share capital	14	56,000	56,000
Share premium account	15	237,201	237,201
Building reserve	15	928,175	916,000
Profit and loss account	15	<u>8,814,082</u>	<u>11,099,920</u>
EQUITY SHAREHOLDERS' FUNDS		<u>10,035,458</u>	<u>12,309,121</u>

The financial statements on pages 7 to 16 were approved by the board of directors on 11th July 1996.

On behalf of the Board

P.D. HILL-WOOD)

D.B. DEIN)

) Directors

P.D. Hill-Wood
David Dein

The notes on pages 10 to 16 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MAY 1996

	1996	1995
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,965,694	5,197,858
CASH OUTFLOW IN RESPECT OF TRANSFERS		
Payments for purchase of players.....	(9,781,750)	(5,003,917)
Receipts from sale of players	4,501,186	1,445,119
Exceptional item (note 4)	—	482,205
	(5,280,564)	(3,076,593)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest received.....	98,297	279,806
TAXATION		
Corporation tax paid	(454,669)	(1,866,418)
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(1,535,080)	(1,568,217)
Receipts from sale of tangible fixed assets	15,200	16,510
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(1,519,880)	(1,551,707)
NET CASH (OUTFLOW) BEFORE FINANCING	(2,191,122)	(1,017,054)
FINANCING		
Donation received.....	12,175	70,000
(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,178,947)	(947,054)

See note 19 for further details.

The notes on pages 10 to 16 form part of these financial statements.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996

1. PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost accounting rules and in accordance with the applicable accounting standards, except as stated below.

TURNOVER

Turnover represents income from football and related activities.

DEPRECIATION

Depreciation is calculated to write off the cost of plant, equipment, motor vehicles and certain freehold improvements included in freehold property in equal annual instalments over their estimated useful lives at rates ranging from 7 to 25 per cent.

Leasehold properties are depreciated over the period of the leases in equal annual instalments.

Statement of Standard Accounting Practice Number 12 requires that provision be made for depreciation of fixed assets having a finite useful life. However, it is company policy to maintain freehold property in such condition that its value is not diminished by the passage of time and the related maintenance expenditure is charged to the profit and loss account in the year it is incurred. Therefore any element of depreciation is considered to be immaterial and no provision is made.

STOCKS

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

TRANSFER FEES

Transfer fees are charged or credited to the profit and loss account in the year in which they are contracted.

Where the transfer contract specifies that additional fees are due, contingent on a player achieving a specified number of appearances for his new club, these additional fees are charged or credited to the profit and loss account in the year they fall due.

SIGNING ON FEES

The terms of contract of the company's playing staff provide for the payment of signing on fees payable over the duration of the contract term. Signing on fees are charged to the profit and loss account at their due dates and are included within wages and salaries.

DEFERRED INCOME

Deferred income represents licence fees for executive boxes which are credited to the profit and loss account over the period of the licence, income from sponsorship agreements which is credited to the profit and loss account over the period of the agreement and season ticket renewals for the 1996/97 season.

LEASES

Rentals payable under operating leases are charged to the profit and loss account in the period in which they fall due.

GRANTS

Grants received are matched with the related expenditure and the amount of the grant is deducted from the cost of the related asset. The directors believe that this is a fairer presentation of the facts than the accounting treatment required by Statement of Accounting Practice Number 4 (Revised).

PENSIONS

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

DEFERRED TAX

No provision has been made for deferred tax on the basis that the potential liability is not likely to crystallise in the foreseeable future. Details of the amount of deferred tax not provided are shown in note 13 of the financial statements.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

	1996	1995
2. TURNOVER		
Turnover comprises the following:	£	£
Gate receipts	9,976,421	10,990,045
Broadcasting and other commercial activities	7,129,927	9,274,946
Retail income	3,868,829	3,658,136
Prize money	–	12,500
	<u>20,975,177</u>	<u>23,935,627</u>
3. COSTS AND OVERHEADS LESS OTHER INCOME		
Employment costs	10,062,063	8,901,469
Depreciation	1,106,885	1,119,876
Other operating charges	7,360,131	7,349,430
Interest receivable	(98,297)	(279,806)
	<u>18,430,782</u>	<u>17,090,969</u>
Other operating charges include:-		
(Profit) on disposal of fixed assets	(7,730)	(3,617)
Auditors' remuneration – audit	20,000	19,750
– non-audit services	32,970	56,500
Operating lease payments – plant and machinery	18,000	19,821
– other	167,104	183,305
4. TRANSFER FEES		
Transfer fees payable	12,055,564	5,828,880
Transfer fees receivable	(5,900,000)	(442,999)
Exceptional item	–	(482,205)
	<u>6,155,564</u>	<u>4,903,676</u>
The exceptional item in 1995 represented monies paid to the company by the club's former manager.		
5. DIRECTORS EMOLUMENTS		
Management remuneration including pension contributions	<u>253,158</u>	<u>295,763</u>
Remuneration, excluding pension contributions, of the Chairman	<u>–</u>	<u>–</u>
Remuneration, excluding pension contributions, of the highest paid director	<u>134,758</u>	<u>161,614</u>
The number of other directors whose emoluments were within the following ranges was:		
	Number	Number
£ Nil	5	5
£105,001 – £110,000	1	–
£120,001 – £125,000	–	1

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

6. EMPLOYEES

	1996 Number	1995 Number
The average number of persons employed by the company during the year was:		
Playing staff.....	53	53
Training staff.....	12	11
Administrative staff.....	65	59
Ground staff.....	9	9
	<u>139</u>	<u>132</u>
Staff costs:		
Wages and salaries.....	£ 8,758,187	£ 7,708,735
Social security costs.....	774,923	656,654
Other pension costs.....	528,953	536,080
	<u>10,062,063</u>	<u>8,901,469</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

United Kingdom corporation tax based on the (loss)/profit for the year.....	(1,325,000)	460,000
Adjustment in respect of prior years.....	(331)	(428,582)
	<u>(1,325,331)</u>	<u>31,418</u>

8. TANGIBLE FIXED ASSETS

	Freehold Properties £	Short Leasehold Properties £	Plant and Equipment £	Motor Vehicles £	Total £
Cost					
At 1st June 1995.....	25,681,546	729,386	5,398,777	67,808	31,877,517
Additions.....	735,782	3,448	222,113	73,737	1,035,080
Disposals.....	–	–	(4,750)	(27,900)	(32,650)
At 31st May 1996.....	<u>26,417,328</u>	<u>732,834</u>	<u>5,616,140</u>	<u>113,645</u>	<u>32,879,947</u>
Depreciation					
At 1st June 1995.....	1,067,784	355,717	2,018,262	56,646	3,498,409
Charge for year.....	470,731	68,890	559,637	7,627	1,106,885
Disposals.....	–	–	(3,325)	(21,855)	(25,180)
At 31st May 1996.....	<u>1,538,515</u>	<u>424,607</u>	<u>2,574,574</u>	<u>42,418</u>	<u>4,580,114</u>
Net Book Amount					
At 31st May 1996.....	<u>24,878,813</u>	<u>308,227</u>	<u>3,041,566</u>	<u>71,227</u>	<u>28,299,833</u>
At 31st May 1995.....	<u>24,613,762</u>	<u>373,669</u>	<u>3,380,515</u>	<u>11,162</u>	<u>28,379,108</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

8. TANGIBLE FIXED ASSETS (continued)

Grants received from The P.F.A. Accident Fund during the year, totalling £24,000 have been deducted from the cost of fixed assets in line with the company's accounting policy set out in note 1.

At 31st May 1996 the company had the following capital commitments:-

	1996 £	1995 £
Authorised and contracted for	<u>1,150,000</u>	<u>576,000</u>

9. STOCKS

Goods for resale	<u>572,849</u>	<u>450,256</u>
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10. DEBTORS

Trade debtors	200,948	861,488
Other debtors	2,332,043	2,109,058
Prepayments and accrued income	69,456	83,336
Corporation tax recoverable	1,462,000	172,000
	<u>4,064,447</u>	<u>3,225,882</u>

Other debtors include £105,000 (1995 – £195,000) receivable in more than one year in respect of executive box licences being paid on an instalment basis.

11. CREDITORS: Amounts falling due within one year

Trade creditors	437,494	166,176
Corporation tax	–	490,000
Other tax and social security	665,196	1,007,432
Other creditors	4,419,622	1,676,024
Accruals and deferred income	3,942,349	4,258,096
	<u>9,464,661</u>	<u>7,597,728</u>

12. CREDITORS: Amounts falling due after more than one year

Debenture subscriptions	14,437,500	14,437,500
Other creditors	750,000	1,250,000
Deferred income	950,000	1,340,334
	<u>16,137,500</u>	<u>17,027,834</u>

The debenture subscriptions have been applied in the redevelopment of the Highbury Stadium. Under the issue terms the debentures are repayable at par after 150 years. The debentures are interest free.

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

13. DEFERRED TAXATION

	1996 £	1995 £
Unprovided deferred taxation		
Corporation tax deferred by accelerated capital allowances.....	1,095,000	975,000
Other timing differences.....	(3,300)	(48,000)
	<u>1,091,700</u>	<u>927,000</u>

14. CALLED UP EQUITY SHARE CAPITAL AUTHORISED

Ordinary shares of £1 each.....	<u>56,000</u>	<u>56,000</u>
ALLOTTED, ISSUED AND FULLY PAID		
Ordinary shares of £1 each.....	<u>56,000</u>	<u>56,000</u>

15. SHARE PREMIUM AND OTHER RESERVES

	Share Premium Account £	Building Reserve £	Profit and Loss Account £	Total £
Balance at 31st May 1995	237,201	916,000	11,099,920	12,253,121
(Loss) for the year	–	–	(2,285,838)	(2,285,838)
Donation received	–	12,175	–	12,175
Balance at 31st May 1996	<u>237,201</u>	<u>928,175</u>	<u>8,814,082</u>	<u>9,979,458</u>

16. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS

	1996 £	1995 £
Opening equity shareholders' funds.....	12,309,121	10,329,557
Retained (loss)/profit for the financial year	(2,285,838)	1,909,564
Donation received.....	12,175	70,000
Closing equity shareholders' funds	<u>10,035,458</u>	<u>12,309,121</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

17. LEASING COMMITMENTS

Commitments due under operating leases for the period to 31st May 1997 are:-

	1996		1995	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	£	£	£	£
Leases expiring in:-				
One year.....	–	–	24,500	18,000
Two to five years.....	95,000	–	95,000	–
Over five years.....	40,000	–	40,000	–
	<u>135,000</u>	<u>–</u>	<u>159,500</u>	<u>18,000</u>

18. CONTINGENCIES

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances. In accordance with the company's accounting policy for transfer fees any additional fees, which may be payable under these agreements, will be charged to the profit and loss account in the year that the number of appearances is achieved. Accordingly no provision has been made in these financial statements in respect of potential liabilities in this respect. It is not practical to quantify the company's future liabilities in relation to appearance payments as the future performance of the players concerned cannot be forecast with any certainty.

19. CASH FLOW STATEMENT

	1996 £	1995 £
(a) Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	2,446,098	6,564,852
Depreciation	1,106,885	1,119,876
(Profit) on fixed asset disposal	(7,730)	(3,617)
(Increase) in stock	(122,593)	(207,119)
Decrease/(increase) in debtors	2,263,935	(280,501)
(Decrease) in creditors	(720,901)	(1,995,633)
Net cash inflow from operating activities	<u>4,965,694</u>	<u>5,197,858</u>
Profit on ordinary activities before transfer fees	2,544,395	6,844,658
Interest receivable	(98,297)	(279,806)
Operating profit	<u>2,446,098</u>	<u>6,564,852</u>

THE ARSENAL FOOTBALL CLUB PLC

NOTES ON FINANCIAL STATEMENTS – 31st MAY 1996 (continued)

19. CASH FLOW STATEMENT (continued)

	1996 £	1995 £
(b) Analysis of changes in cash and cash equivalents during the year		
At 1st June 1995	4,879,437	5,826,491
Net cash outflow	(2,178,947)	(947,054)
At 31st May 1996	<u>2,700,490</u>	<u>4,879,437</u>

(c) Analysis of balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	<u>2,700,490</u>	<u>4,879,437</u>	<u>(2,178,947)</u>

(d) Analysis of changes in financing during the year

	Building Reserve £	Share capital (including premium) £	Debenture loan £	Total £
Balance at 31st May 1995	916,000	293,201	14,437,500	15,646,701
Cash inflow from financing	12,175	–	–	12,175
Balance at 31st May 1996	<u>928,175</u>	<u>293,201</u>	<u>14,437,500</u>	<u>15,658,876</u>

	Building Reserve £	Share capital (including premium) £	Debenture loan £	Total £
Balance at 31st May 1994	846,000	293,201	14,437,500	15,576,701
Cash inflow from financing	70,000	–	–	70,000
Balance at 31st May 1995	<u>916,000</u>	<u>293,201</u>	<u>14,437,500</u>	<u>15,646,701</u>

THE ARSENAL FOOTBALL CLUB PLC

AUDITORS' REPORT – 31st May 1996

Auditors' report to the members of The Arsenal Football Club plc

We have audited the financial statements on pages 7 to 16 which have been prepared under the accounting policies set out on page 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 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.

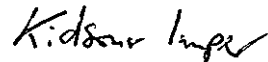
BASIS OF OPINION

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 the company's affairs as at 31st May 1996 and of its loss for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

11th July 1996

THE ARSENAL FOOTBALL CLUB PLC

PLAYING RECORD SUMMARY - SEASON 1995-96

FIRST TEAM

HOME
AWAY

F.A. PREMIER LEAGUE

P	W	D	L	F	A	Pts.
19	10	7	2	30	16	37
19	7	5	7	19	16	26
38	17	12	9	49	32	63

Final Position: 5th

Round 3
Round 3 (Replay)

F.A. CHALLENGE CUP

v SHEFFIELD UNITED	(H)	DREW	1-1
v SHEFFIELD UNITED	(A)	LOST	0-1

Round 2 (1st Leg)
Round 2 (2nd Leg)
Round 3
Round 4
Quarter Final
Semi Final (1st Leg)
Semi Final (2nd Leg)

COCA COLA CUP

v HARTLEPOOL UTD	(A)	WON	3-0
v HARTLEPOOL UTD	(H)	WON	5-0
v BARNSELY	(A)	WON	3-0
v SHEFFIELD WEDNESDAY	(H)	WON	2-1
v NEWCASTLE UTD	(H)	WON	2-0
v ASTON VILLA	(H)	DREW	2-2
v ASTON VILLA	(A)	DREW	0-0 A.E.T.

(lost on away goals rule)

RESERVE TEAM

HOME
AWAY

FOOTBALL COMBINATION

P	W	D	L	F	A	Pts.
19	14	2	3	49	14	44
19	8	8	3	33	23	32
38	22	10	6	82	37	76

Final Position: 3rd

YOUTH TEAM

HOME
AWAY

SOUTH EAST COUNTIES LEAGUE

P	W	D	L	F	A	Pts.
15	10	3	2	35	9	23
15	9	2	4	29	18	20
30	19	5	6	64	27	43

Final Position: 4th

Round 2
Round 3

FA YOUTH CUP

v COVENTRY CITY	(A)	WON	2-1
v WIMBLEDON	(H)	LOST	3-4

Round 1

SOUTHERN JUNIOR FLOODLIT CUP

v CHELSEA	(H)	LOST	0-3
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Round 1

SOUTH EAST COUNTIES LEAGUE CUP

v NORWICH CITY	(H)	LOST	1-2
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