

# WEST HAM UNITED PLC



## REPORT AND FINANCIAL STATEMENTS

31 MAY 2004

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# WEST HAM UNITED PLC

## DIRECTORS AND PROFESSIONAL ADVISERS

<b>Directors</b>	Terence Brown FCIS, ATII, FCCA (Chairman) Charles Warner MA, Notary Nicholas Igoe BA (Hons), ACA Paul Aldridge
<b>Company Secretary</b>	Scott Duxbury LLB
<b>Registered Office</b>	Boleyn Ground Green Street Upton Park London E13 9AZ
<b>Company Registration Number</b>	3407691
<b>Independent Auditors</b>	Deloitte & Touche LLP
<b>Solicitors</b>	Warners 180 High Street Tonbridge Kent TN9 1BD  Herbert Smith Exchange House Primrose Street London EC2A 2HS  The Simkins Partnership 45-51 Whitfield Street London W1T 4HB
<b>Bankers</b>	Barclays Bank PLC 71 Grey Street Newcastle upon Tyne Tyne and Wear NE99 1JP  Bank of Scotland The Mound Edinburgh EH1 1YZ  Lombard North Central plc 3 Princess Way Redhill Surrey RH1 1NP
<b>Registrars</b>	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU



## CHAIRMAN'S STATEMENT

The year saw us finish in 4<sup>th</sup> place in the Nationwide League division one and thereby qualify for the divisional play-offs where we took part in two highly charged matches against Ipswich Town. The tremendous atmosphere for the second leg of the semi-final play off at the Boleyn Ground will be remembered by everyone who watched the game and the winning result qualified us for the divisional play-off final on Saturday 29<sup>th</sup> May at the Millennium Stadium where, unfortunately, a lacklustre performance saw us lose 1-0 to Crystal Palace. As always on such occasions our support was tremendous and I would like to thank all those supporters who travelled to Cardiff for their marvellous backing on the day and say how sorry we were that the day ended in such disappointment. May I also offer my sympathy to the thousands of supporters who were unable to obtain tickets for the match.

We had three managers during the season, transferred 10 players for £24.8m, released 10 players, signed 14 players for £5.1m and took 7 players on loan. In all 40 players appeared in the first team squad during the season and, under the circumstances, perhaps 4<sup>th</sup> place was a creditable performance, although I accept that nothing takes away the disappointment of our defeat in Cardiff.

### **Operating Results**

Following the devastating financial effects of relegation the group's financial results are little short of extraordinary. The group generated a pre-tax profit of £11.8m and our net asset value grew from £13.4m to £39.7m. Overall liabilities fell by £17.6m and our net bank borrowings fell by approximately £10m to £33.8m. A remarkable achievement under the circumstances and I would like to thank all our staff who have made this financial progress possible.

Once again, Nick Igoe, our Finance Director, has prepared a detailed financial review and I do hope that both shareholders and supporters will find the additional financial information helpful.

### **Football**

During the season the team achieved results in 36 of our 46 league games but too many drawn games ruled out automatic promotion.

Two players – Stephen Bywater and Nigel Reo-Coker – were selected for the England under-21 squad, Anton Ferdinand was selected for the England under-18 squad and Chris Cohen and Mark Noble were selected for the England under-17 squad.

Christian Dailly and Don Hutchison won Scottish caps. Andy Melville represented Wales and Richard Garcia was selected for the Australian under-23 squad.

On Thursday, 2<sup>nd</sup> September we celebrate 100 years of football at the Boleyn Ground. During those 100 years, 48 seasons have been spent in the top division of English football.

Alan Pardew, who took over the management of our team on 18<sup>th</sup> October 2003, is determined to return the club to the Premier League and I would like to thank him for all his efforts on our behalf. My thanks also go to Peter Grant, our Assistant Manager, who was appointed on 22 January 2004 and Roger Cross.

Our Academy goes from strength to strength with some of our finest ever young players now emerging. Worth mentioning, perhaps, is our under-9 squad's record for the season, namely P27, W24, D3, L0, F182, A50.



# WEST HAM UNITED PLC

## CHAIRMAN'S STATEMENT

(continued)

I would like to thank, once again and most importantly, our Academy Director, Tony Carr, Director of Youth Development, Jimmy Hampson, Youth Team Coach, Kevin Keen and all their colleagues for ensuring that our Academy remains at the forefront of English youth football.

### **Social Responsibility**

Our commitment to the community remains of paramount importance as we believe it is only by making sure that our communities are inclusive and welcoming, where everyone is respected and has the same life chances, that London (and its surrounding counties) will continue as a confident and successful part of the country.

It remains a fact that the power and allure of football can be used to the benefit of huge numbers of young people and their families to stimulate learning and to encourage inclusion.

We include elsewhere in this report a detailed summary of our current community projects and I would like to take this opportunity to thank Alison Lovett, Community Relations Executive, Roger Morgan, Community Manager, Mick King, Asians in Football Manager, Jo Robson, Study Centre Manager and all their colleagues who continue to work so hard on our behalf.

I would also like to thank our players who, once again, have taken part in numerous community events during the year. Their commitment and interest has given encouragement to hundreds of youngsters.

### **Retail and Commercial Operations**

The closure of our Bluewater shop was added to the list of closures we announced last year and, despite the reduced number of outlets, West Ham United Sportswear Limited was able to maintain its turnover and, with substantially reduced costs, return to profitability. Much of this success is due to the stadium superstore which has been very well received by our supporters.

West Ham United Hospitality Limited, which operates the hotel, conference and banqueting facilities at the stadium, continued to make a substantial contribution to the profit of the group for the financial year. The company has achieved seven days a week use of the stadium with up to nine events taking place on some days. My thanks, once again, to David Thorpe-Tracey and his team who continue the profitable development of this company despite no longer benefiting from the revenues associated with a Premier League team.

### **Prospects**

We continue to contend with the consequences of relegation or, should I say, with the financial consequence of relegation. If it were not a fact of football life no one would believe that twenty businesses would sign up to a round of Russian roulette that consigns three of their number each year to penury at best or administration at worst. It really is short sighted to impose such drastic commercial penalties on those who are relegated and I have no doubt that chickens will come home to roost for many clubs in the future. Having said that, we did sign up to the process and we are now faced with the challenge of achieving success on the pitch whilst ensuring sustainability of the business off the pitch. This is no easy task but one your board has tackled with vigour and dedication and I do believe we have acted correctly in ensuring the future survival of the club.



## CHAIRMAN'S STATEMENT (continued)

I believe we should be proud of all we have achieved during the last decade whilst, of course, recognising the mistakes that were made striving for those achievements. We all share the disappointment and frustration of relegation and our subsequent failure in Cardiff but we need to channel that frustration towards ensuring we maintain our unique football club for future generations and return to the Premier League.

I understand, of course, that in footballing terms the club has fallen a long way in a short time and I realise how disappointing this is for supporters but our situation can change quickly. When that happens and we return to the Premier League we will be in better financial shape than when we left, with greatly reduced debts.

### **Acknowledgements**

I would like to thank Robbie Cowling and his colleagues from Jobserve for their sponsorship of the club and Reebok, our kit and technical sponsor, for all their support and assistance during the season.

We continue to work closely with the London Borough of Newham and I would like to thank the councillors and officers of Newham for their continued advice and assistance.

On behalf of all our staff, management and supporters may I offer our most sincere congratulations to Sir Trevor and Lady Hilka Brooking following Sir Trevor's knighthood in Her Majesty the Queen's birthday honours list. May I also congratulate Jack Petchey OBE, who served as a director of the club from 1978 until 1990, following his decoration for services to young people in East London and Essex through the Jack Petchey Foundation.

Finally, may I thank my fellow group directors, our management team and all our staff, who have worked so hard throughout the year, all those who have supported our commercial activities and, once again, our magnificent supporters. All are very much appreciated.

**Terence Brown**  
Chairman

**31 August 2004**



# WEST HAM UNITED PLC

## FINANCIAL REVIEW

This financial review presents the group's results for the current year within the context of a five year history. The group recorded an £11.8m profit notwithstanding a 32% drop in turnover following relegation from The FA Premier League in May 2003. Net bank borrowings have been reduced by £10.3m to £33.8m.

### Profit & Loss Account

The table below summarises the group's trading results over a five year period.

	Total £m	2003/04 £m	2002/03 £m	2001/02 £m	2000/01 £m	1999/00 £m
Turnover	<b>208.9</b>	35.1	51.7	48.4	38.0	35.7
Wages & salaries	<b>(146.3)</b>	(23.2)	(33.3)	(33.1)	(31.6)	(25.1)
Other administrative expenses	<b>(69.0)</b>	(14.5)	(15.5)	(14.4)	(13.3)	(11.3)
<b>Operating profit/(loss) before player trading</b>	<b>(6.4)</b>	<b>(2.6)</b>	<b>2.9</b>	<b>0.9</b>	<b>(6.9)</b>	<b>(0.7)</b>
Interest payable	<b>(8.7)</b>	(2.2)	(2.3)	(1.8)	(1.3)	(1.1)
<b>Profit/(loss) before player trading &amp; after interest</b>	<b>(15.1)</b>	<b>(4.8)</b>	<b>0.6</b>	<b>(0.9)</b>	<b>(8.2)</b>	<b>(1.8)</b>
Player amortisation	<b>(40.0)</b>	(5.2)	(6.4)	(13.6)	(8.8)	(6.0)
Profit on disposal of players	<b>57.0</b>	21.8	0.5	11.0	18.0	5.7
Exceptional write off on demolition of west stand	<b>(5.7)</b>	-	-	-	(5.7)	-
<b>Profit/(loss) before taxation</b>	<b>(3.8)</b>	<b>11.8</b>	<b>(5.3)</b>	<b>(3.5)</b>	<b>(4.7)</b>	<b>(2.1)</b>

The profit is principally a result of the £21.8m profit on player sales necessitated to address the decline in revenue following relegation. The scale of the profit, however, needs to be viewed in the context of losses over the preceding four years of £15.6m (£9.9m excluding the exceptional write off in 2000/01) and emphasises the effect of the application of UK accounting standards on the results of football clubs.

The profit on sale of players comprised £24.8m of proceeds (after deduction of costs of realisation) less £3m of unamortised cost of players sold. Roughly 50% of the proceeds related to players who had graduated from the West Ham United Academy to whom, in accordance with accounting standards, no value had been attributed in the group's accounts. Indeed the annual cost of operating the Academy (currently approximately £1.5m in direct costs), which it might be argued represents the true development cost of these players, is written off as it is incurred, thereby contributing significantly to historical operating losses.

The remaining 50% of the sale proceeds related to players originally costing the club £17.1m but with a residual value in the group's accounts at the date of sale of £3m. The £14.1m amortisation charged in respect of these players will have contributed significantly to the cumulative five year charge of £40m and resultant losses.

Financial Reporting Standard 10 sets out the accounting treatment for all intangible assets and specifically, so far as football clubs are concerned, the cost of player registrations. The standard has a broader application for other intangible assets such as goodwill, patents, trade marks, etc. but, by contrast with the cost of players, these assets are not developed over such a short period of time nor are they traded so frequently. Consequently, the application of FRS10 to the cost of player registrations, although prudent in terms of cost apportionment, can give rise to exceptional movements in profit such as experienced by West Ham United in the five year period and provides no scope for the valuation of home grown players.

At an operating level, turnover of £35m would compare favourably with a number of clubs in The FA Premier League. Significant savings were achieved in wages and salaries, principally player wages which nevertheless comprised approximately £15m of the total figure. Material overheads savings were also achieved.



## FINANCIAL REVIEW (continued)

### Turnover

The table below shows a five year summary of group turnover.

	Total £m	2003/04 £m	2002/03 £m	2001/02 £m	2000/01 £m	1999/00 £m
Match receipts & other football income	67.7	14.0	14.6	13.3	13.2	12.6
Broadcast & central sponsorship distributions	79.7	9.2	21.1	21.6	14.8	13.0
Commercial activities	31.4	5.0	9.1	7.4	5.1	4.8
Retail & merchandising	20.1	3.5	3.5	4.4	4.2	4.5
Catering & hospitality	10.1	3.4	3.4	1.7	0.8	0.8
	<b>209.0</b>	<b>35.1</b>	<b>51.7</b>	<b>48.4</b>	<b>38.1</b>	<b>35.7</b>

Match income was bolstered by the proceeds of the play off semi-finals and final, which generated a net £1m, together with the income from seven FA and Carling Cup ties. The club enjoyed excellent levels of support throughout the season with league attendances averaging 31,300 (almost 7,000 higher than the next highest average gate in the Nationwide League), a drop of only 8.5% on average Premier League attendances in 2002/03.

Central broadcast and sponsorship income largely comprised parachute payments from the Premier League and was slightly in excess of original expectations due to higher distributions and income from cup appearances.

The drop in commercial income reflected the non-recurrence of the exceptional £1.5m received last year together with a reduction in sponsorship income and lower occupancy of commercial facilities on match days.

Retail and merchandising income showed a marginal 2% increase on the preceding year notwithstanding the club's relegation and the programme of store closures over the 2 year period. The first year of the new Reebok home kit is considered to be a material factor in this performance. Cost savings in excess of £0.5m following the store closures have returned this division to profitability and further savings are likely to accrue in 2004/05.

Catering and hospitality income was consistent with the previous year, a satisfactory performance bearing in mind the impact on this division's operations of the reduced occupancy of commercial facilities on match days.

### Cash Flow & Borrowings

The table below reconciles profit/(loss) before player trading and after interest to movements in borrowings over the five years under review.

	Total £m	2003/04 £m	2002/03 £m	2001/02 £m	2000/01 £m	1999/00 £m
Profit/(loss) before player trading and after	(15.1)	(4.8)	0.6	(0.9)	(8.2)	(1.8)
Depreciation & disposal of fixed assets	9.1	2.7	2.6	1.9	1.1	0.8
Working capital movements	0.3	(2.2)	(3.3)	0.7	3.6	1.5
<b>Net cash flow from operations (after interest)</b>	<b>(5.7)</b>	<b>(4.3)</b>	<b>(0.1)</b>	<b>1.7</b>	<b>(3.5)</b>	<b>0.5</b>
Transfer fees received/(paid)	14.3	14.8	(8.6)	6.3	7.9	(6.1)
Capital expenditure (net)	(33.2)	(0.2)	(2.7)	(15.6)	(11.2)	(3.5)
Share repurchase	(1.3)	-	-	-	(1.3)	-
<b>Net movements</b>	<b>(25.9)</b>	<b>10.3</b>	<b>(11.4)</b>	<b>(7.6)</b>	<b>(8.1)</b>	<b>(9.1)</b>
Opening bank borrowings	(7.9)	(44.1)	(32.7)	(25.1)	(17.0)	(7.9)
<b>Closing bank borrowings</b>	<b>(33.8)</b>	<b>(33.8)</b>	<b>(44.1)</b>	<b>(32.7)</b>	<b>(25.1)</b>	<b>(17.0)</b>



# WEST HAM UNITED PLC

## FINANCIAL REVIEW (continued)

The group has significantly reduced its borrowings in the period just ended as a consequence of the net £14.8m received from player trading. The group derives considerable satisfaction from the fact that, throughout this period of adjustment, it has continued to pay its liabilities as they fell due and has never needed to consider seeking a deferral of payments due to its playing staff, Crown creditors or any other parties.

Although the total bank debt of £33.8m remains substantial, it is important to recognise that the bulk of this figure comprises the term loan of £29.9m which funded the stadium development and more recent Academy development at Chadwell Heath and which is scheduled for repayment over a fifteen year period from 2001.

### Player Trading

The table below shows player trading activity for the five year period, highlighting the often significant timing differences between the date of a player being purchased or sold and the associated cash flows.

	<b>Total</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>	<b>1999/00</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Player purchases	<b>(49.6)</b>	(5.1)	(1.6)	(16.2)	(14.1)	(12.6)
Adjustment for prior year purchases	<b>4.4</b>	-	4.4	-	-	-
Player sale proceeds	<b>70.6</b>	24.8	1.9	11.6	21.9	10.4
	<b>25.4</b>	<b>19.7</b>	<b>4.7</b>	<b>(4.6)</b>	<b>7.8</b>	<b>(2.2)</b>
Cash paid/(received)	<b>(14.3)</b>	(14.8)	8.6	(6.3)	(7.9)	6.1
Opening net creditor	<b>(7.6)</b>	(1.4)	(14.7)	(3.8)	(3.7)	(7.6)
<b>Closing net debtor/(creditor)</b>	<b>3.5</b>	<b>3.5</b>	<b>(1.4)</b>	<b>(14.7)</b>	<b>(3.8)</b>	<b>(3.7)</b>

Although player sales were regrettably necessary last season in order to address the loss of revenue following relegation, net player sale proceeds of £24.8m were slightly in excess of the minimum required to achieve this adjustment. This sales activity was of course influenced in part by the ambitions of the players who were the subject of these transactions. However, a consequence of the level of income generated was that it enabled the club to reinvest £5.1m in strengthening the playing squad, a not inconsiderable sum in the Nationwide League.

Readers will note the net cash inflow of £14.8m against net sale proceeds of £19.7m. Following the relaxation of FA Premier League rules, it is not uncommon for transfer fees to be payable over a period of up to two years. The closing net debtor of £3.5m comprises amounts falling due for payment over the 18 months following the balance sheet date. Further sums which may become payable dependent on future events are alluded to in note 30 on contingent assets but are excluded from the above net debtor balance.

### Capital Expenditure

The table below summarises capital expenditure for the last five years and reconciles this figure to net cash flow.

	<b>Total</b>	<b>2003/04</b>	<b>2002/03</b>	<b>2001/02</b>	<b>2000/01</b>	<b>1999/00</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Land & stadium redevelopment	<b>26.6</b>	(0.1)	1.3	12.0	11.0	2.4
Academy	<b>1.5</b>	-	1.1	0.4	-	-
	<b>28.1</b>	<b>(0.1)</b>	<b>2.4</b>	<b>12.4</b>	<b>11.0</b>	<b>2.4</b>
Plant, equipment & vehicles	<b>7.0</b>	0.1	0.8	2.6	2.3	1.2
<b>Total</b>	<b>35.1</b>	-	<b>3.2</b>	<b>15.0</b>	<b>13.3</b>	<b>3.6</b>
Accrued stadium costs	<b>(0.7)</b>	0.2	0.2	0.6	(1.7)	-
Sale proceeds & grants	<b>(1.2)</b>	-	(0.7)	-	(0.4)	(0.1)
<b>Cash flow on capital expenditure</b>	<b>33.2</b>	<b>0.2</b>	<b>2.7</b>	<b>15.6</b>	<b>11.2</b>	<b>3.5</b>



## FINANCIAL REVIEW (continued)

Capital expenditure in the year just ended has been minimal. The above figures also include a small reduction in the cost of the stadium development following agreement of the final contract sum with the contractor.

Notes 1 and 11 disclose that the group's freehold properties have been revalued, in accordance with Financial Reporting Standard 15, at an aggregate figure of £68.8m. This figure is made up as follows.

	£m
Historical cost, net of depreciation charged	33.8
Surplus on	
- current year	16.1
- prior years	17.4
	67.3
Total valuation of land & buildings	67.3
Total valuation of relevant plant & equipment	1.5
	<b>68.8</b>

FRS 15 on "Tangible Fixed Assets" was introduced in 1999/2000 with the intention, inter alia, of standardising the bases and frequency of property valuations included by companies in their annual accounts. The Royal Institute of Chartered Surveyors ("RICS") had a strong influence on much of the content of the accounting standard and the group uses a firm of chartered surveyors to undertake the valuations. Most of the group's properties are valued on a "depreciated replacement cost" basis since this is deemed to be most appropriate for properties of a specialised nature. The RICS defines such properties as those which "*due to their specialised nature are rarely, if ever, sold on the open market .... for a continuation of their existing use*". Clearly the Boleyn Ground meets these criteria. Depreciated replacement cost is defined as "*The aggregate amount of the value of the land for the existing use ....., and the gross replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence, environmental and other relevant factors.*"

### Financial Prospects

Although everyone at the club is focused on regaining Premier League status, it has been essential to address the financial realities of life in the Coca Cola Championship. All clubs face the constant challenge of maximising the opportunity for success on the pitch while controlling financial risk off it. This challenge is arguably most testing for those clubs in the upper reaches of the Championship where on-pitch success, in the form of promotion, can bring with it unparalleled financial rewards.

The steps taken since May 2003 have ensured the financial stability of the group. Our cost base has been reduced considerably and our wage bill in particular will continue to fall as player contracts negotiated while in the Premier League expire over the course of the next two seasons. These cost savings together with transfer fees receivable over the next 18 months ensure that, from a financial point of view, the group can, if necessary, operate effectively in the Coca Cola Championship for many seasons.

Just as importantly, because the club did not gamble on achieving promotion by committing to a higher level of expenditure or debt, had we achieved promotion at the end of last season we would have been in a position to make significant funds available to the manager to strengthen the squad rather than using the additional revenue generated in the Premier League to meet that increased expenditure or repay the increased debt. We would expect to be in a similar position should we be successful in achieving promotion at the end of the current season.

**Nick Igoe**  
**Finance Director**

**31 August 2004**



## STATEMENT ON SOCIAL RESPONSIBILITY

*“Football in the Community really means something to West Ham United. They’re one of the most socially aware clubs in the country and I’m very proud of them”.*

*Tony Banks (Minister for Sport: 1997-99)*

### **Charities Policy**

The club supported three charities during the year, all of which received money from our Charity Shield fund:

- The Bobby Moore Fund Cancer Research UK
- Richard House Trust Children’s Hospice
- Winged Fellowship – a local charity for disabled people

This year’s Football Aid match on 2<sup>nd</sup> May 2004 raised £10,700 for Field of Dreams.

The second MC Square Mile Cup football tournament took place on 23<sup>rd</sup> May 2004 and raised almost £60,000 for Marie Curie Cancer Care.

We have also provided match tickets and signed memorabilia for numerous charitable organisations, local schools and youth teams.

### **Community Involvement**

Alan Pardew and the players are aware that, for young people especially, professional football provides hopes of greatness, financial riches and admiration. Football also provides life experiences in terms of health, friendship, excitement, fair play, tolerance of individual differences, social acceptance and fun. Throughout the season they have been actively participating in numerous fund raising and community projects and events attended included Show Racism The Red Card; Little Haven Children’s Hospice; South Essex Partnership NHS Trust Fathers Matter helpline launch; LB Newham Volunteer Network Centre; St Francis Hospice Kids Care fun walk and Barts and The London NHS London Chest Hospital fun run.

### **Football In The Community**

Our new community centre in Beckton, which offers dressing rooms and a full-size Sportsturf football pitch with floodlights, opened its doors in March 2004 and is being fully utilised by Football in the Community to deliver many of its programmes and coaching courses. It is also available to local sports organisations for hire.

We are very pleased to welcome Higgins Group plc, one of the leading names in community regeneration and affordable housing for London and the South East, as main sponsors of the Football in the Community programme. Higgins Group plc has been built on traditions, community values and a desire for success and Mr D J Higgins OBE has been a life long supporter of the club.

Our Football in the Community scheme is part of the Footballers’ Further Education and Vocational Training Society and nine full-time staff were employed by the scheme this season.

During the past year we have provided 7,968 sessions for 159,010 participants as detailed below through each of the respective initiatives.

#### *Thames Gateway Youth Football Project*

This project is a unique partnership involving the Government, police, the probation service, social services, railway safety officers, the private sector and the football club. It aims to reduce youth crime, truancy and negative behaviour and develop self-esteem and hope for the future.

As a whole the project participants have improved:



## STATEMENT ON SOCIAL RESPONSIBILITY (continued)

- Lifestyles
- Physical fitness
- Social integration
- Discipline and self-esteem
- Return to mainstream education

In the last year 25,000 young people participated in 1,250 sessions.

### *From Offending to Employment (F.O.T.E)*

The North East London Probations Service project is now in its sixth year and is a well-established part of the West Ham United community programme. Working in association with Barking College and Youth Offending Teams, the programme provides crime diversion strategies for socially excluded 14 to 25 year old males and females within the youth justice system. Each pupil usually attends for six months and this year 294 sessions have been provided for 6,500 referrals with 5,800 actually attending.

### *Holiday Football Courses*

59 week long courses (5 hours per day) were attended by 5,900 participants.

### *Girls' and Women's Football*

The Girls' and Women's Project aims to increase the opportunities available for girls to play and coach and to raise the profile of the women's game. It aims to encourage participation by girls, especially teenage girls, in football, encouraging a healthy lifestyle and a continued participation in sport and physical activity when they leave school. It also aims to support girls to have equal opportunities to play and coach at whatever level they aspire to and to challenge racism and sexism in football, thus contributing towards an inclusive and united sport that brings together individuals and communities.

This year the club took part in the scheme designed by Nationwide Building Society to promote female interest in football. The grant was utilised to provide free 'girl only' coaching sessions at several schools within the borough and to assist West Ham United Ladies in their efforts to increase participation.

West Ham United Ladies had a successful season in 2003/04 with the under-12's finishing runners up in the Essex County Girls Under-12's League and losing finalists in the Essex Under-12's Cup. The under-14's won the Essex County Girls Under-14's League. The first team narrowly missed out on promotion to the National League after being runners up to Crystal Palace in the South East Combination League. The reserves did well in the Greater London Regional League Reserve Division 1 and will play alongside the first team in the reserve division of the South East Combination League in the 2004/05 season. First team player Stacey Crump was called up into the England under-18 squad.

### *Learning Through Football*

This initiative targets local schools and educates children in anti-racist attitudes, integration, fitness, diet and nutrition. The main objective is to encourage integration via participation learning, where football serves as a common ground for young people from various backgrounds.

The format of the day consists of a practical session on the pitch, followed by a visit to the club museum. Lunch is provided followed by a fitness, diet and nutrition talk and, finally, a video and discussion session on 'Show Racism the Red Card'.

### **Study Support Centre**

Schools that attend PFS (Playing for Success) sessions at West Ham United Learning Zone are selected by the Inspectorate and Advisory Service for Newham. The Learning Zone has now been established for over six years. Opened in 1998 as one of the originators of this national scheme that now has 103 sporting clubs on board, the Learning Zone receives national and international visitors and acclaim for its achievements.



## STATEMENT ON SOCIAL RESPONSIBILITY (continued)

Playing for Success continues to be the main project offered and runs each evening from 3.30pm to 7.30pm providing out of school hours learning opportunities for 420 Newham children, from 36 schools, aged 9-12 years. These pupils are selected by their schools as being 'at risk of underachieving' and whilst at the Learning Zone they undertake activities that use the motivating environment of the stadium to improve their standards of literacy, numeracy and ICT.

During the day the Learning Zone offers a variety of literacy, numeracy, key skills, ICT GNVQ and GCSE sessions. Some are only one day sessions and some run for up to 12 weeks. These sessions are offered to any groups or schools and have included training days for local businesses such as Cable and Wireless, family learning and six-week courses for Pupil Referral Units. There was a total of 65 days booked during this period catering for 1,800 learners.

The Learning Zone works closely with the Youth Academy, offering the youth teams an environment for their study days and providing specialist training days in communication skills, media training, video and digital imagery and also sessions working with the pupils attending Playing for Success sessions.

In October 2003 the Learning Zone was responsible for organizing the 'Kick It Out' activities for the club. This included a display of the History of Black Footballers in the reception area, pupils interviewing Bobby Barnes and sessions with a local Bhangra dancer. All this culminated in a display of dance on the pitch at half time and photographs of the players from both teams in their 'Kick It Out' t-shirts.

### **The Prince's Trust Volunteers Programme**

The club has a partnership with Newham College, the Learning and Skills Council and The Prince's Trust to deliver the Volunteers Programme, a 12-week personal development course for young people aged 16-25 living in Stratford, Plaistow, Redbridge and Barking & Dagenham.

The Prince's Trust Volunteers Programme has been running at the club for six years and West Ham United was one of the first football clubs to embrace this national programme since its formation in 1997 when 5-year funding (£3m) was secured from The Football Foundation, The FA Premier League and the PFA.

The aim is to provide new skills and qualifications and to develop the young people's confidence to help them through life and into work or further education. The programme has a focus on community involvement, giving the participants an opportunity to make a real contribution and help others, often for the first time. Individuals also have the chance to earn nationally recognised qualifications including QCA Key Skills Units and a City and Guilds Profile of Achievement.

The club offers work placements and stadium tours and provides match tickets, branded merchandise for fundraising initiatives, use of the club logo and a venue in which to celebrate the achievements of the sponsored teams.

### **Community Learning & Employment Support Network Project**

In July 2002, The Learning Goal was opened in the Dr Martens Stand. Run in association with Newham College, The Learning Goal is an official Learn Direct Centre which aims to develop IT and business skills for adults from the local community. 'New Dimensions' (Newham College employment department) also provides specific sessions such as CV-writing and interview techniques.

The Centre is free to attend for all students. Current attendance is, on average, 10 adults per week and this number is expected to grow substantially. It is also open to West Ham United staff who can enrol in courses to further develop their skills.

The Learning Goal facilities include a social area, a working area and an IT area containing 14 computers, printers, scanners, telephones, a white board and projector. Two part-time employees staff the Centre between 9.00am and 9.00pm on week days and 9.00am to 4.00pm on Saturdays (except match days).



## STATEMENT ON SOCIAL RESPONSIBILITY (continued)

### **Asians In Football**

The project continues to operate in partnership with Sport England, The Football Association, The Football Foundation, and London Boroughs of Newham and Tower Hamlets in order to encourage Asian participation in football. The scheme enables young Asian players to progress from grass roots to excellence. Throughout the year 1,800 sessions were taken up by 40,000 participants. The project has also attracted two Football Foundation funding partnerships to resource a Football Development Initiative at Mile End Stadium which offers educational opportunities and links to club development exit strategies for young players and coaches to engage in competitive football for the next five years. The project continues to operate as a nationally recognised model of positive practice for social inclusion and integration.

### *Football at Mile End*

The Project is now based at the Mile End Stadium in the heart of the Bengali community of Tower Hamlets in order to work towards a major funding strategy involving Tower Hamlets Leisure Services, Millennium Trust, Sport England, and The Football Foundation. The partnership is bidding to redevelop the site to become a borough-wide centre for football development with nine synthetic pitches and modernised changing facilities. It is envisaged that the project will act as service delivery agents for the development programme which underpins the partnership. The programme links football as an educative process to performance coaching via the development of junior club football. The project also addresses local needs in terms of training and employment opportunities by providing two graduate posts and coaching trainee positions.

### *Schools PE Programme*

Structured programmes of coaching have been provided in accordance with the requirements of National Curriculum key stage 2 levels of attainment. Team teaching techniques were applied in order to provide an effective and supportive environment which is conducive to the learning needs of children. The Upton Park Learning through Football programme continues to be an effective means of engaging children from Newham schools in terms of football fitness, diet and nutrition and anti-racism workshops.

### *Tower Hamlets and Newham School Team Leagues*

In conjunction with the PE programme participating schools compete in the School Team League at Mile End Stadium. Each team receives coaching prior to and during matches and games are organised and supervised by the projects coaches in partnership with PE coordinators.

The scheme has been extended to operate in the East Ham, Little Ilford and Green Street areas of Newham as part of a partnership programme with Newham Sports Development Team. Players are referred to participate in the club development programme as an effective exit strategy and progression from school team football.

### *FA Teaching Certificate*

Provided for local teachers and community workers, these courses are designed and delivered to increase the technical awareness and enthusiasm to promote football in local schools. Gaining the FA qualification effectively engages teachers in the overall process of progressing young Asian players.

### *Week Long Holiday Football Courses*

Ten week long courses were held in Newham (East Ham, Little Ilford and Green Street areas of Newham) and Tower Hamlets (Mile End Stadium) which were attended by in excess of 1,000 participants. The courses were provided free of charge.

### *Training and Employment Opportunities*

The scheme has expanded from one full time worker to four in the past year. This expansion in capacity building is funded by The Football Foundation Club Development Initiative / Football at Mile End Project (two posts) and the Tower Hamlets Graduate Employment Programme (one post). Two part-time posts operate in Tower Hamlets and Newham respectively (one full-time equivalent).



# WEST HAM UNITED PLC

## STATEMENT ON SOCIAL RESPONSIBILITY (continued)

### *Club Development*

The Football Foundation Club Development Initiative works towards integrating young Asian players into club football. This provides the opportunity for promising players from the school team projects to progress and participate in competitive matches on a weekly basis. This also entails working with local club coaches in terms of professionalising their standards of practice.

### **Dealing With Racist Behaviour**

To deal directly with racism at the Boleyn Ground we promote the “Kick It Out” hotline in our match day programme and work to a common strategy with the local police force to tackle racist behaviour. Our ground regulations prohibit racist behaviour and if we receive a report of such behaviour we ask plain-clothes stewards or police officers to examine the situation and provide evidence if necessary. If such behaviour is confirmed the offender is arrested and subsequently banned.

### **Facilities For Disabled Supporters**

Tickets for our disabled supporters are available from the ticket office. Gina Allen deals with all enquiries and also works in the disabled area on match days. Gina can be contacted on 020 8548 2725 or via email and full details of our facilities can be found on our website.

Tickets for fans in wheelchairs, the ambulant disabled and visually impaired are available at a cost of £15. Tickets for carers are free of charge. There are 119 wheelchair spaces and 102 seats provided for the ambulant disabled. As recommended by the Task Force, visiting supporters in wheelchairs are situated with their own fans. Supporters who wish to travel to away matches by coach can do so on our official coaches knowing that our stewards will help with access and that the vehicle will be fitted with a lowered platform. Stewards working in the areas of the ground reserved for people with disabilities are trained in disability awareness. If carers are not able to purchase refreshments, either our staff or stewards bring refreshments to the fans on request. In 2002 we canvassed opinion from our disabled supporters on the new development, sending out 200 questionnaires. As a result a mini-com has been installed in our new ticket office and microport headsets provided for our visually impaired supporters and commentary is provided specifically for them by an experienced commentator. The microport facility can be used anywhere in the ground.

### **Consultation And Information**

Our bondholders meet at the club on the third Thursday of every month. Either a director or senior manager attends on a quarterly basis to discuss issues raised by the group.

The club takes part in The Football Association fan survey each season.

### **Staff Conduct**

We expect and require all our staff to conduct themselves in accordance with the highest ethical standards both on and off club premises. Our staff, supporters and all applicants for employment are regarded equally and are given equal opportunities irrespective of their race, colour, nationality, religion, sex, sexual orientation, marital status, age, disability or ethnic origin.

West Ham United remains committed to meet the demands of spectator comfort and safety and the demands of team building under the umbrella of a secure financial base.



## DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the year ended 31 May 2004.

### Principal Activity

The principal activity of the company is to act as a holding company. The principal activity of the group is that of a professional football club as a member of The Football Association together with related and ancillary activities.

### Results and Dividends

The results of the group are as set out in the profit and loss account on page 19.

The directors do not propose the payment of a dividend (2003 - nil).

### Review of the Group's Activities & Future Prospects

A review of the group's activities and future prospects is set out in the Chairman's Statement on pages 3 to 5 and the Financial Review on pages 6 to 9.

### Directors and their Interests

The directors who held office throughout the year, and their interests in the shares and debentures of group companies, are as follows.

	<u>25p ordinary shares</u>		<u>'C' class debentures in West Ham United Football Club plc</u>	
	31 May 2004	31 May 2003	31 May 2004	31 May 2003
TW Brown	7,392,000	7,392,000	2	2
CJ Warner	4,252,000	4,252,000	6	6
N Igoe	500	500	-	-
PM Aldridge	900	900	-	-

Included within CJ Warner's interests at 31 May 2003 and 31 May 2004 are 1,750,000 shares held as one of the trustees of the PHL Hills 1995 settlement and 702,000 shares held by the trustees of the CJ Warner 1997 settlement.

Set out below are the interests in the shares and debentures of group companies held by directors of subsidiary companies.

	<u>25p ordinary shares</u>		<u>'C' class debentures in West Ham United Football Club plc</u>	
	31 May 2004	31 May 2003	31 May 2004	31 May 2003
MW Cearns	1,844,000	1,844,000	2	2
CBC Manhire	300	300	-	-



# WEST HAM UNITED PLC

## DIRECTORS' REPORT (continued)

### **Directors and their Interests (continued)**

The directors had no interests in the shares of the company's subsidiaries. There have been no changes in directors' share or debenture interests between the year end and 31 August 2004.

In accordance with the Articles of Association of the company, Mr Igoe will retire at the forthcoming Annual General Meeting of the company and, being eligible, offers himself for re-election.

### **Combined Code on Corporate Governance**

The board has considered the provisions of the Combined Code on Corporate Governance ("the Code") and is satisfied that, as an unlisted company, its provisions do not apply to the company. Accordingly no further disclosure is made in this report and financial statements regarding compliance with the Code.

### **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 group 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 group 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 2004 the aggregate amount owed to trade creditors, as a proportion of the aggregate amounts invoiced by suppliers to the group during the year then ended, represented an average of 44 days' credit (2003 – 32 days'). Average figures calculated on the basis laid down by the regulations may be distorted by the irregular pattern of invoiced supplies during the year.

### **Auditors**

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

By order of the board

**SI Duxbury**  
**Secretary**

**31 August 2004**



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 and the group as at the end of the financial year and of the profit or loss of the group 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 subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the system of internal control, for safeguarding the assets of the group and for the prevention and detection of fraud and other irregularities.

By order of the board

**SI Duxbury**  
**Secretary**

**31 August 2004**



# WEST HAM UNITED PLC

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WEST HAM UNITED PLC

We have audited the financial statements of West Ham United Plc for the year ended 31 May 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 and the group as at 31 May 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London

**31 August 2004**



## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2004		2003	
		Operations excluding player trading £000	Player trading* (notes 8 & 12) £000	Total £000	Total £000
<b>Turnover</b>	3,4	35,112	-	35,112	51,712
Other operating income		212	-	212	23
Administrative expenses	4	(37,892)	(5,246)	(43,138)	(55,295)
<b>Operating loss</b>	5	(2,568)	(5,246)	(7,814)	(3,560)
Profit on disposal of players	8	-	21,792	21,792	551
<b>Profit/(loss) before interest</b>		<u>(2,568)</u>	<u>16,546</u>	<u>13,978</u>	<u>(3,009)</u>
Net interest payable	9			(2,168)	(2,257)
<b>Profit/(loss) on ordinary activities before taxation</b>				<u>11,810</u>	<u>(5,266)</u>
Tax charge on profit/(loss) on ordinary activities	10			(1,567)	-
<b>Profit/(loss) for the financial year</b>	26			<u><u>10,243</u></u>	<u><u>(5,266)</u></u>

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

All activities derive from continuing operations.

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 May 2004

	2004 £000	2003 £000
Profit/(loss) for the financial year	10,243	(5,266)
Unrealised surplus on revaluation of properties	16,050	-
<b>Total recognised gains and losses for the year</b>	<u><u>26,293</u></u>	<u><u>(5,266)</u></u>



# WEST HAM UNITED PLC

## CONSOLIDATED BALANCE SHEET

as at 31 May 2004

	Note	2004		2003	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	12		8,772		11,922
Tangible assets	11		73,227		59,953
			<u>81,999</u>		<u>71,875</u>
<b>Current assets</b>					
Stocks	14	512		345	
Debtors	15	9,372		4,774	
Cash at bank and in hand		112		319	
		<u>9,996</u>		<u>5,438</u>	
<b>Creditors - amounts falling due within one year</b>	16	(18,952)		(27,428)	
<b>Net current liabilities</b>			<u>(8,956)</u>		<u>(21,990)</u>
<b>Total assets less current liabilities</b>			<u>73,043</u>		<u>49,885</u>
<b>Creditors – amounts falling due after more than one year</b>	16		(28,701)		(33,287)
<b>Deferred grants</b>	21		(3,113)		(3,203)
<b>Provisions for liabilities and charges</b>	22,23		(1,567)		(26)
<b>Total net assets</b>			<u>39,662</u>		<u>13,369</u>
<b>Capital and reserves</b>					
Called up share capital	24		5,051		5,051
Capital redemption reserve			449		449
Share premium account			4,847		4,847
Revaluation reserve	25		28,455		13,046
Profit and loss account	26		860		(10,024)
<b>Total equity shareholders' funds</b>	27		<u>39,662</u>		<u>13,369</u>

These financial statements were approved by the board of directors on 31 August 2004.

Signed on behalf of the board of directors

**TW Brown**                      **Director**

**N Igoe**                              **Director**

# WEST HAM UNITED PLC



## COMPANY BALANCE SHEET as at 31 May 2004

	Note	2004		2003	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Investments	13		5,550		5,550
<b>Current assets</b>					
Debtors	15	1,571		1,571	
<b>Creditors - amounts falling due within one year</b>					
	16	(450)		(450)	
<b>Net current assets</b>			<u>1,121</u>	<u>1,121</u>	
<b>Total net assets</b>			<u><u>6,671</u></u>	<u><u>6,671</u></u>	
<b>Capital and reserves</b>					
Called up share capital	24		5,051		5,051
Capital redemption reserve			449		449
Profit and loss account	26		1,171		1,171
<b>Total equity shareholders' funds</b>			<u><u>6,671</u></u>	<u><u>6,671</u></u>	

These financial statements were approved by the board of directors on 31 August 2004.

Signed on behalf of the board of directors

**TW Brown**      **Director**

**N Igoe**        **Director**



# WEST HAM UNITED PLC

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2004

	Note	2004		2003	
		£000	£000	£000	£000
<b>Net cash (outflow)/inflow from operating activities</b>	A		(2,115)		2,201
<b>Returns on investments and servicing of finance</b>					
Interest paid		(2,252)		(2,301)	
Interest received		84		44	
Net cash outflow from returns on investments and servicing of finance			(2,168)		(2,257)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(202)		(3,499)	
Proceeds on disposal of tangible fixed assets		(32)		784	
Purchase of player registrations		(4,652)		(10,423)	
Proceeds on disposal of player registrations		19,403		1,877	
Net cash outflow from capital expenditure and financial investment			14,517		(11,261)
<b>Net cash inflow/(outflow) before financing</b>			10,234		(11,317)
<b>Financing</b>					
Bank and other loans advanced		-		9,673	
Bank and other loans repaid		(5,667)		(1,066)	
Hire and lease purchase loans repaid		(761)		(932)	
Net cash (outflow)/inflow from financing			(6,428)		7,675
<b>Increase/(decrease) in cash</b>	C		3,806		(3,642)



## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2004

### A Reconciliation of Operating Loss to Net Cash Inflow from Operating Activities

	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
Operating loss from continuing activities	(7,814)	(3,560)
Depreciation charge	2,662	2,673
Loss on disposal of tangible fixed assets	136	-
Release of deferred grant income	(90)	(89)
Amortisation of cost of player registrations	5,246	6,431
(Increase)/decrease in stocks	(167)	503
Decrease in debtors	833	1,067
(Decrease)/increase in creditors	(2,921)	(4,824)
Net cash (outflow)/inflow from operating activities	<u>(2,115)</u>	<u>2,201</u>

### B Analysis of Changes in Net Debt

	<b>1 June</b> <b>2003</b> <b>£000</b>	<b>Cash</b> <b>flows</b> <b>£000</b>	<b>Other</b> <b>non-cash</b> <b>changes</b> <b>£000</b>	<b>31 May</b> <b>2004</b> <b>£000</b>
Cash at bank and in hand	319	(207)	-	112
Overdrafts	(7,521)	4,013	-	(3,508)
	<u>(7,202)</u>	<u>3,806</u>	<u>-</u>	<u>(3,396)</u>
Debt due within one year	(5,667)	5,667	(4,000)	(4,000)
Debt due after one year	(30,485)	-	4,000	(26,485)
Hire and lease purchase loans	(1,339)	761	-	(578)
	<u>(37,491)</u>	<u>6,428</u>	<u>-</u>	<u>(31,063)</u>
	<u>(44,693)</u>	<u>10,234</u>	<u>-</u>	<u>(34,459)</u>

During the prior year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £25,000.

### C Reconciliation of Net Cash Flow to Movement in Net Debt

	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
Increase/(decrease) in cash in the year	3,806	(3,642)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	6,428	(7,675)
Change in net debt resulting from cash flows	<u>10,234</u>	<u>(11,317)</u>
New hire and lease purchase loans	-	(25)
Movement in net debt in the year	<u>10,234</u>	<u>(11,342)</u>
Net debt at 1 June 2003	(44,693)	(33,351)
Net debt at 31 May 2004	<u>(34,459)</u>	<u>(44,693)</u>



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS for the year ended 31 May 2004

### 1 Accounting Policies

The accounts have been prepared in accordance with applicable United Kingdom 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. No separate disclosure is made of historical cost losses as the difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis is not material.

#### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

#### *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*

In accordance with Financial Reporting Standard 15 "Tangible Fixed Assets", the Boleyn Ground stadium and adjoining land, the Chadwell Heath training ground and the Beckton Community Centre are valued on a depreciated replacement cost basis. The Little Heath training ground is valued on a current existing use value basis. Full valuations are undertaken at least every five years as required by FRS 15 and any surplus or deficit is transferred to the revaluation reserve.

Where depreciation charges are increased following a revaluation, where material, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Depreciation 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. Assets under construction are not depreciated.

Freehold buildings	2%
Plant, fittings & equipment	15-25%
Motor vehicles	25%

#### *Intangible assets – player registrations*

Payments made to third parties in order to acquire a player's registration are capitalised at cost. The cost is then amortised 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.

Future payments for the acquisition of a player's registration, which may become due dependent on the performance of the team and/or the individual player, are recognised within the original cost of acquisition if, in the opinion of the directors, it is probable that these payments will eventually be made.

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.

#### *Grants and deferred income*

Grants receivable from the Football Stadia Improvement Fund (formerly 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.



## NOTES TO THE ACCOUNTS (continued)

### 1 Accounting Policies (continued)

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is the invoiced value of goods purchased for resale. Provision is made to reduce cost to net realisable value having regard to age, condition and saleability of stocks.

#### *Deferred taxation*

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Pension costs*

The group makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase 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.

In addition the group is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). Contributions are charged to the profit and loss account as soon as they are claimed by the Scheme. Under FRS 17 - Retirement Benefits - The Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable basis and accordingly no disclosures are made under the provisions of FRS 17.

The assets of all schemes are held in funds independent from the group.

#### *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 the profit and loss account in equal annual amounts over the periods of the leases.

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

### 2 Company Profit and Loss Account

In accordance with the provisions of section 230 of the Companies Act 1985, the profit and loss account for the parent company is not included in these accounts. The retained profit for the parent company amounted to £nil for the year (2003 - £72,000).

### 3 Turnover

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

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Match receipts and related football activities	13,992	14,653
Broadcast and central sponsorship distributions	9,159	21,119
Retail and merchandising	3,542	3,467
Commercial activities	5,061	9,070
Catering and hospitality	3,358	3,403
	35,112	51,712



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 4 Exceptional Items

	<b>2004</b>	<b>Group</b>	<b>2003</b>
	<b>£000</b>		<b>£000</b>
<u>Turnover</u>			
Commercial activities	-		1,500
<u>Administrative Expenses</u>			
Compensation for loss of office	780		-
Contribution towards deficit of the Football League Limited Pension and Life Assurance Scheme (note 31)	-		668

### 5 Operating Loss

Operating loss is stated after charging the following.

	<b>2004</b>	<b>Group</b>	<b>2003</b>
	<b>£000</b>		<b>£000</b>
Employment costs (note 6)	23,243		33,342
Depreciation on tangible fixed assets (note 11):			
- owned assets	2,555		2,377
- assets held under hire and lease purchase contracts	107		296
Release of grant income	(90)		(89)
Auditors' remuneration:			
- audit	31		25
- other services	9		9
Operating leases	470		500
Loss on disposal of fixed assets	136		-

The audit fee for the company of £5,000 (2003 - £5,000) is borne by West Ham United Football Club plc.

### 6 Staff Costs and Employees

	<b>2004</b>	<b>Group</b>	<b>2003</b>
	<b>£000</b>		<b>£000</b>
Wages and salaries	19,772		28,898
Directors' fees (including fees paid to directors of subsidiary companies)	140		198
Compensation for loss of office	780		-
Social security costs	2,352		3,307
Other pension contributions	199		939
	<u>23,243</u>		<u>33,342</u>

Staff costs include exceptional expenditure of £780,000 (2003 - £668,000) (see note 4).



## NOTES TO THE ACCOUNTS (continued)

### 6 Staff Costs and Employees (continued)

	Group	
	2004 Number	2003 Number
<u>Average number of persons employed (including directors)</u>		
Players, team management & training	83	91
Commercial & administrative	143	169
	<hr/>	<hr/>
	226	260
Part-time employees	393	447
	<hr/>	<hr/>
	619	707
	<hr/> <hr/>	<hr/> <hr/>

### 7 Directors' Emoluments

	2004				2003
	Salary/ fee £	Benefits in kind £	Pension contributions £	Total £	Total £
TW Brown	226,800	14,956	34,650	276,406	540,822
CJ Warner	25,000	-	-	25,000	50,000
N Igoe	86,256	215	8,450	94,921	179,651
PM Aldridge	120,000	775	11,952	132,727	249,662
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	458,056	15,946	55,052	529,054	1,020,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The three directors for whom pension contributions were paid in the year were members of defined contribution pension schemes. Pension contributions for the highest paid director in 2002/03 were £34,000.

The service contracts for Messrs Brown, Igoe and Aldridge are subject to 24 months' notice to be given by either party. Mr Warner's appointment is subject to annual renewal.

### 8 Profit on Disposal of Players

	Group	
	2004 £000	2003 £000
Disposal proceeds (net of costs of realisation)	24,834	1,919
Net book value of players sold (note 12)	(3,042)	(1,368)
	<hr/>	<hr/>
	21,792	551
	<hr/> <hr/>	<hr/> <hr/>

### 9 Net Interest Payable

	Group	
	2004 £000	2003 £000
Interest payable on bank overdrafts and loans	2,096	2,094
Hire purchase loan interest	85	168
Bill of exchange discounting costs	71	14
Interest on other loans	-	4
	<hr/>	<hr/>
	2,252	2,280
Bank and other interest receivable	(84)	(23)
	<hr/>	<hr/>
	2,168	2,257
	<hr/> <hr/>	<hr/> <hr/>



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 10 Taxation on Profit/(Loss) on Ordinary Activities

	2004 £000	2003 £000
Deferred tax	1,567	-

There is no liability to corporation tax due to the availability of brought forward tax losses. As at 31 May 2004, cumulative tax losses available to carry forward against future trading profits were approximately £940,000 (2003 – £12,770,000) subject to agreement with the Inland Revenue.

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

	Group	
	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	11,810	(5,266)
Tax credit @ 30% thereon	3,543	(1,580)
Expenses not deductible for tax purposes	271	221
Capital gain in excess of profit on disposal of fixed assets	-	53
Capital allowances for period in excess of depreciation	(172)	(197)
Intangible assets – timing differences on allowances for tax	-	154
Other timing differences	(94)	97
(Decrease)/increase in tax losses	(3,548)	1,252
Current corporation tax charge for year	-	-

### 11 Group Tangible Fixed Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2003	56,424	9,738	245	66,407
Additions	63	139	-	202
Overprovision for cost of additions in prior period	(212)	-	-	(212)
Adjustment arising on revaluation	15,465	585	-	16,050
Disposals	-	(235)	(13)	(248)
31 May 2004	71,740	10,227	232	82,199
<u>Depreciation</u>				
1 June 2003	2,747	3,488	219	6,454
Charge for the year	1,646	1,003	13	2,662
Disposals	-	(131)	(13)	(144)
31 May 2004	4,393	4,360	219	8,972
<u>Net book value</u>				
31 May 2004	67,347	5,867	13	73,227
31 May 2003	53,677	6,250	26	59,953



## NOTES TO THE ACCOUNTS (continued)

### 11 Group Tangible Fixed Assets (continued)

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the group as at 15 July 2004. A summary of valuations of the properties and the bases of valuation is set out below.

Property	Basis of valuation	£000
Boleyn Ground and adjoining land	Depreciated replacement cost	62,000
Chadwell Heath training ground	Depreciated replacement cost	4,485
Little Heath training ground	Existing use value	850
Beckton Community Centre	Depreciated replacement cost	1,475

The value of land included in the above was £17,970,000. The valuation of the Boleyn Ground includes plant, fittings & equipment valued at £943,000. The valuation of the Chadwell Heath training ground includes plant, fittings & equipment valued at £520,000.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £38,260,000 (2003 – £38,409,000) and accumulated depreciation of £5,106,000 (2003 – £3,552,000).

The Boleyn Ground and Chadwell Heath and Little Heath training grounds are charged to Barclays Bank PLC as trustee for themselves, Bank of Scotland and Lombard North Central plc.

The net book value of assets held under hire and lease purchase contracts is as follows.

	Group	
	2004 £000	2003 £000
Plant, fittings & equipment	2,083	2,530
Motor vehicles	11	20
	<u>2,094</u>	<u>2,550</u>

The company does not hold any tangible fixed assets.

### 12 Intangible Fixed Assets

	Group £000
<u>Cost of player registrations</u>	
1 June 2003	35,682
Additions	5,138
Disposals	(17,142)
31 May 2004	<u>23,678</u>
<u>Amortisation of player registrations</u>	
1 June 2003	23,760
Charge for the year	5,246
Disposals	(14,100)
31 May 2004	<u>14,906</u>
<u>Net book value</u>	
31 May 2004	<u>8,772</u>
31 May 2003	<u>11,922</u>



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 13 Investments held as Fixed Assets

	Company	
	2004 £000	2003 £000
Ordinary shares in subsidiary undertakings at cost	5,550	5,550

Subsidiary undertakings comprise the following.

Company	Percentage of ordinary shares held	Country of incorporation and operation	Principal activities
West Ham United Football Club plc	100%	Great Britain	Professional football club
West Ham United Sportswear Limited	100%	Great Britain	Retail & merchandising
West Ham United Hospitality Limited	100%	Great Britain	Catering & hospitality
Thames Iron Works & Shipbuilding Company Limited	100%	Great Britain	Non trading

The proportion of voting rights held in respect of each of the investments above is the same as the proportion of ordinary shares held.

### 14 Stocks

	Group	
	2004 £000	2003 £000
Goods for resale	512	345

The company does not hold any stock.

### 15 Debtors

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Trade debtors	525	1,208	-	-
Amounts owing by group undertaking	-	-	1,571	1,571
Other debtors	6,571	847	-	-
Prepayments and accrued income				
– due within one year	2,078	2,498	-	-
– due after more than one year	198	221	-	-
	9,372	4,774	1,571	1,571

In June 2000 the group entered into a loan agreement to finance, inter alia, the redevelopment of the Boleyn Ground. The associated arrangement fee will be amortised over the initial period of the loan from 2001 to 2011. The element of these costs relating to periods beyond 31 May 2004 is shown above as prepayments due after more than one year.



## NOTES TO THE ACCOUNTS (continued)

### 16 Creditors

	Group		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
<u>Due within one year</u>				
Bank overdrafts (note 19)	3,508	7,521	-	-
Bank loan (notes 17 & 19)	4,000	5,667	-	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	470	843	-	-
Trade creditors	1,480	1,427	-	-
Taxation and social security	1,038	2,112	-	-
Other creditors	4,659	4,056	-	-
Season ticket and other receipts in advance	310	2,821	-	-
Accruals	3,487	2,981	450	450
	<u>18,952</u>	<u>27,428</u>	<u>450</u>	<u>450</u>
<u>Due after more than one year</u>				
Debenture loans & subscriptions (notes 17 & 18)	611	611	-	-
Bank loan (notes 17 & 19)	25,874	29,874	-	-
Obligations under hire and lease purchase contracts (notes 17 & 20)	108	496	-	-
Season ticket and other receipts in advance	1,118	1,028	-	-
Other creditors	990	1,278	-	-
	<u>28,701</u>	<u>33,287</u>	<u>-</u>	<u>-</u>

### 17 Total Loan & Hire Purchase Obligations

	Group	
	2004 £000	2003 £000
Debenture loans & subscriptions repayable after 5 years or more	611	611
Bank loan repayable:		
Within 1 year or on demand	4,000	5,667
Between 1 and 2 years	4,000	4,000
Between 2 and 5 years	8,738	11,000
After 5 years or more	13,136	14,874
	29,874	35,541
Obligations under hire and lease purchase contracts repayable:		
Within 1 year	470	843
Between 1 and 2 years	108	385
Between 2 and 5 years	-	111
	578	1,339
	<u>31,063</u>	<u>37,491</u>



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 18 Debenture Loans and Subscriptions

The balance of £611,000 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 2004 and 2003 the following applications had been received.

	Group	
	2004 £000	2003 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	<u>611</u>	<u>611</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.

### 19 Bank Loans

The loan is provided by a syndicate of three banks and is repayable between July 2002 and July 2011 and interest is charged at 1.5% over LIBOR.

The above bank loan and the bank overdraft are secured by legal charges on certain of the group's freehold land and buildings and debentures over all the assets and undertaking of the group in favour of the syndicate of three banks.

### 20 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts are in respect of certain assets of the group and are secured on the assets themselves.

### 21 Deferred Grants

Grant income has been received from the Football Stadia Improvement Fund (formerly 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.

The movements for the year are as follows.

	Group	
	2004 £000	2003 £000
1 June	3,203	3,292
Released to profit & loss account	(90)	(89)
31 May	<u>3,113</u>	<u>3,203</u>



## NOTES TO THE ACCOUNTS (continued)

### 22 Provisions for Liabilities and Charges – Cost of Player Registrations

	Group	
	2004 £000	2003 £000
1 June	26	4,295
Movement for year – utilised	(26)	(305)
– reversed, not utilised	-	(3,964)
31 May	-	26

The above provision represents estimated contingent amounts payable under the terms of transfer agreements.

### 23 Provisions for Liabilities and Charges – Deferred Taxation

The movements in the provision are as follows.

	Group	
	2004 £000	2003 £000
1 June	-	-
Charged to profit and loss account	1,567	-
31 May	1,567	-

The amount of deferred taxation provided in the accounts is as follows.

	Group	
	2004 £000	2003 £000
Capital allowances in excess of depreciation	1,925	-
Other timing differences	(356)	-
Unutilised tax losses	(2)	-
Total deferred tax liability	1,567	-

The amount of potential deferred taxation not provided in the accounts is as follows.

	Group	
	2004 £000	2003 £000
Capital allowances in excess of depreciation	15	1,770
Other timing differences	(5)	(454)
Unutilised tax losses	(281)	(3,831)
Surplus on revaluation of properties	6,266	(2,515)
Unprovided deferred tax liability	5,995	234

At 31 May 2003 the deferred tax asset in relation to unutilised tax losses was not recognised as, in the opinion of the board, there was insufficient evidence of appropriate profits in the future that would lead to the asset crystallising.

The group's freehold properties have been revalued in accordance with FRS15 "Tangible Fixed Assets". It is the group's intention to retain these properties for the foreseeable future. No deferred tax has therefore been provided on the gains arising from the revaluation as such tax would only become payable if any of the properties were sold without rollover relief being obtained.



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 24 Called up Share Capital

	Group & Company	
	2004	2003
	£000	£000
<u>Authorised</u>		
27,500,000 ordinary shares of 25 pence each	6,875	6,875
<u>Called up, allotted and fully paid</u>		
20,202,352 ordinary shares of 25 pence each	5,051	5,051

### 25 Revaluation Reserve

	Group	
	2004	2003
	£000	£000
1 June	13,046	13,294
Adjustment arising on revaluation	16,050	-
Transfer to profit and loss account	(641)	-
Revaluation surplus on asset disposed of in the year	-	(248)
31 May	28,455	13,046

### 26 Profit and Loss Account

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
1 June	(10,024)	(5,006)	1,171	1,099
Retained profit/(loss) for the year	10,243	(5,266)	-	72
Transfer from revaluation reserve	641	-	-	-
Revaluation surplus on asset disposed of in the year	-	248	-	-
31 May	860	(10,024)	1,171	1,171

### 27 Reconciliation of Movements in Shareholders' Funds

	Group	
	2004	2003
	£000	£000
Retained profit/(loss) for the year	10,243	(5,266)
Adjustment arising on revaluation	16,050	-
Opening shareholders' funds	13,369	18,635
Closing shareholders' funds	39,662	13,369



## NOTES TO THE ACCOUNTS (continued)

### 28 Capital Commitments

	Group	
	2004 £000	2003 £000
Contracted for but not provided in the financial statements	<u>105</u>	<u>-</u>

### 29 Contingent Liabilities

Under a group banking facility, the company has guaranteed certain bank overdrafts and loans of other group companies. At 31 May 2004 the balances outstanding on these overdrafts and loans totalled £33,382,000 (2003 – £42,896,000).

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.

Under the terms of transfer agreements for certain players additional transfer fees might be payable in the event of the football club gaining promotion to The FA Premier League or those players making a certain number of club or international appearances. At the balance sheet date the maximum contingent liability was £345,000 (2003 – £2,050,000).

Contingent liabilities are not expected to give rise to any material losses.

### 30 Contingent Assets

Under the terms of certain contracts for the sale of players' registrations, future payments may be received over a number of years, dependent on the future performance of the players sold and the future success of the buying clubs. At this stage it is impractical to quantify the likely financial effect of these provisions or to state with any degree of certainty that any payments will be received. Accordingly no further disclosure is made.

### 31 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.

Until 31 August 1999 the Football League Limited Pension and Life Assurance Scheme had been a defined benefit scheme. Following a review of the minimum funding requirement (MFR) of the scheme the scheme actuary identified a substantial deficit and accrual of benefits was suspended with effect from 31 August 1999. Thereafter, the defined contributions section was established for future contributions on behalf of members.

Under the Pensions Act 1995, participating employers to the scheme, including the group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. An MFR valuation of the deficit as at 31 August 1999 was carried out and a schedule of contributions was put in place in July 2001. Since it is necessary to carry out a revaluation of the deficit every three years an MFR valuation of the deficit at 31 August 2002 was certified by the scheme actuary in January 2003 and a new schedule of contributions put in place in April 2003 which took account of market movements since the date of certification.

Following these two valuations, the group's total contribution towards the deficit was calculated as £2,040,000. Legislation permits participating employers to make good any deficit over a ten year period and so the revised schedule provides for the balance of contributions to be paid between April 2003 and May 2013.

Total pension costs charged during the year amounted to £199,000 (2003 - £939,000).



# WEST HAM UNITED PLC

## NOTES TO THE ACCOUNTS (continued)

### 32 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2004 amounted to a net £2,484,000 receivable by the company (2003 – £12,200,000 receivable) with a further £483,000 receivable (2003 – £2,800,000 receivable) contingent on certain future events.

### 33 Operating Lease Commitments

At 31 May 2004 the group was committed to making the following payments in respect of operating leases.

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
<u>Land and buildings</u>		
Expiring within two to five years	-	29
Expiring after five years	215	423
	<hr/>	<hr/>
	215	452
<u>Other operating leases</u>		
Expiring within one year	16	19
Expiring within two to five years	82	30
	<hr/>	<hr/>
	98	49
	<hr/>	<hr/>
	313	501
	<hr/>	<hr/>

### 34 Related Party Transactions

Mr CJ Warner, a director of the company, is also a partner of Warners, a firm of solicitors, which undertook legal work on behalf of group companies in the course of the year. Fees paid by those companies to Warners in respect of these services totalled £6,300 (2003 - £23,400) and are disclosed separately in the financial statements of the respective group companies.

Mr CBC Manhire, a director of certain subsidiary companies, is also a director of Nash & Partners Limited, a firm of surveyors, which undertook work on behalf of the group in the course of the year. Fees paid by group companies to Nash & Partners Limited in respect of these services totalled £11,100 (2003 - £63,700) and are disclosed separately in the financial statements of the respective companies.

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.