Company Registration Number 5993863

WH HOLDING LIMITED

Report and Financial Statements

31 May 2010

WH HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MAY 2010

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WH HOLDING LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

Directors	David Sullivan David Gold Karren Brady Nicholas Igoe BA (Hons), ACA Robert Ellis B.Ed, FCMA Daniel Harris
Company Secretary	Nicholas Igoe BA (Hons), ACA
Registered Office	Boleyn Ground Green Street Upton Park London E13 9AZ
Company Registration Number	5993863
Independent Auditors	PricewaterhouseCoopers LLP London
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ Lombard North Central plc 3 Princess Way Redhill Surrey RH1 1NP Standard Bank plc 20 Gresham Street London EC2V 7JE ALMC hf. (formerly Straumur-Burdaras Investment Bank hf.) Borgartún 25 105 Reykjavík Iceland Glitnir Banki hf. Kikjusandur 155 Reykjavik Iceland

WH HOLDING LIMITED

CHAIRMAN'S STATEMENT

Although results on the field have not been what anyone would have wanted we believe that the financial statements presented in this report demonstrate that the club has achieved greater financial stability over the course of the last 12 months since we took over the club.

In addition to buying the club, my Co-Chairman, David Gold, and I have invested £24m into the club before the end of the year and this resulted in a reduction of £12m in bank borrowings and a reduction in total net liabilities of £22m. It will take time to pay off many of the club's inherited historical liabilities but we believe that progress is being made.

Whilst the club continues to operate under these financial constraints, competing in the Premier League will continue to be challenging but everyone at the club is working tirelessly to ensure we retain our Premier League status this season and, if successful, we will face the future with renewed optimism.

That said, in the event that we are relegated at the end of this season, contingency plans are already in place and we will act decisively to give the club the best possible chance of returning to the Premier League at the first attempt. However, I wish to emphasise that the club is financially secure regardless of its league status.

I would like to take the opportunity to thank our bank group for the support they have provided to the company since David and I became involved in January 2010. I also offer my thanks to all of our key sponsors and partners, to the staff and employees of the club and, in particular, to our loyal supporters.

As you know the Club was awarded preferred bidder status for the Olympic Stadium, which will become our new home from 2014-2015 season. The stadium represents a fantastic bright future for the club and many new opportunities that will strengthen the club financially and enhance its global brand for the many years to come. When the status is ratified I will be able to give you a full financial update.

David Sullivan
Joint Chairman

28 February 2011

WH HOLDING LIMITED

FINANCIAL REVIEW

For the period under review the group recorded a loss before taxation of £20.6m on turnover of £71.7m. As advised in last year's financial review, the board had implemented cost saving initiatives, principally in respect of player wages, and the results for this year duly disclose total wage savings of £9.7m and a reduced operating loss before player trading of £3m. Indeed, but for the impact of exceptional expenditure of £4.4m, the group would have recorded an operating profit of £1.4m This is the first occasion since 2005/06 when the group has achieved an operating profit before exceptional expenses.

The downturn in income, discussed in more detail below, is largely attributable to the reduction in central distributions from the Premier League as a consequence of the club's 17th place finish in the league after consecutive top 10 finishes in the two preceding seasons.

On 18 January 2010 David Sullivan and David Gold acquired 25% each of the shares of the company and following further transactions in May and August 2010 increased their respective holdings to 30.6%. As disclosed elsewhere in these financial statements, this series of transactions in the holding company's shares yielded £24m of investment into the company during the year and a further £2m after the year end. As a consequence, bank debt fell by £12m in the period and total net liabilities (current and long term liabilities less current assets) fell by £22m.

Profit and Loss Account

The table below summarises the group's trading results over a five year period. The table discloses the results for WH Holding Limited and subsidiary companies for 2009/10 and 2008/09 and for West Ham United Limited and subsidiary companies for the prior periods. There are no differences between the consolidated results for either group of companies for either of the last two years.

	Total	**2009/10**	**2008/09**	**2007/08**	**2006/07**	**2005/06**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Turnover	**346.7**	71.7	76.1	81.5	57.3	60.1
Wages & salaries	**(246.9)**	(50.3)	(60.0)	(63.3)	(42.4)	(30.9)
Other administrative expenses	**(97.5)**	(20.4)	(21.0)	(22.8)	(17.8)	(15.5)
Exceptional expenses	**(51.4)**	(4.4)	(10.5)	(27.3)	(8.9)	(0.3)
Other operating income	**2.4**	0.4	0.8	0.2	1.0	-
Operating (loss)/profit before player trading	**(46.7)**	**(3.0)**	**(14.6)**	**(31.7)**	**(10.8)**	**13.4**
Interest payable	**(14.5)**	(3.7)	(4.0)	(3.0)	(2.2)	(1.6)
(Loss)/profit before player trading & after interest	**(61.2)**	**(6.7)**	**(18.6)**	**(34.7)**	**(13.0)**	**11.8**
Player amortisation	**(68.8)**	(14.5)	(20.0)	(18.8)	(10.4)	(5.1)
Profit/(loss) on disposal of players	**39.8**	0.6	22.4	16.1	1.4	(0.7)
(Loss)/profit before taxation	**(90.2)**	**(20.6)**	**(16.2)**	**(37.4)**	**(22.0)**	**6.0**

The £4.4m reduction in turnover is discussed in more detail in the following section but, as reported above, the principal factor is the reduced level of Premier League distributions linked to the club's league performance.

Significant savings were achieved in wages and salaries, principally player wages, which fell by an aggregate £9.7m but, just as importantly, the ratio of wage costs to turnover fell from 79% to 70%. This ratio is much closer to the Premier League average in 2008/09 of 67%.

For the second season running, savings in overheads were achieved and it is expected that this downward trend will continue in 2010/11.

The group continues to experience a very high level of exceptional costs. The composition of the figure of £4.4m for the current year is disclosed in note 4 but principally comprises compensation for loss of office for senior employees of the group released in the course of the season, totalling £3.35m.

Turnover

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

	Total £m	2009/10 £m	2008/09 £m	2007/08 £m	2006/07 £m	2005/06 £m
Match receipts & other football income	**86.3**	16.9	17.6	18.3	17.0	16.5
Broadcast & central sponsorship distributions	**175.1**	38.0	44.2	40.8	23.9	28.2
Commercial activities	**51.3**	12.7	10.3	12.5	8.5	7.3
Retail & merchandising	**20.2**	4.1	3.7	5.4	3.2	3.8
Catering & hospitality	**13.8**	-	0.3	4.5	4.7	4.3
	346.7	**71.7**	**76.1**	**81.5**	**57.3**	**60.1**

The decline in match income relates entirely to Premier League income where a £1.1m reduction in season ticket income was partly offset by, a £0.4m increase in match ticket income. Season ticket sales fell from 23,100 to 22,475 while average attendances declined from 33,250 to 32,411 – 91.7% of capacity.

There was an underlying increase of £2m in the basic contract value of Premier League distributions. However this was offset by a reduction of £6.4m in merit fees, because of the club finishing 17th in the Premier League as opposed to 9th in the preceding season, and a further reduction of £1.5m in facility fees, as a consequence of the club only featuring in 11 live games in 2009/10 as opposed to 14 in the previous season. There was also a £0.3m reduction in income from televised cup ties.

Commercial income returned to more realistic levels following the appointment of SBOBET as long term club sponsor. Readers will recall that, in 2008/09, club sponsor XL.com had entered administration and defaulted on its sponsorship fee although SBOBET was secured as a short term replacement on a reduced fee.

Retail income also showed an increase although, again, readers will recall that income in 2008/09 was severely affected by the demise of XL.com as a consequence of which replica shirts had been taken off sale for three months in that season and then had to be overprinted with the new sponsor's logo.

Cash Flow and Borrowings

The table below reconciles the (loss)/profit before player trading to movements in borrowings over the year.

	Total £m	2009/10 £m	2008/09 £m	2007/08 £m	2006/07 £m	2005/06 £m
(Loss)/profit before player trading and after interest	**(61.2)**	(6.7)	(18.6)	(34.7)	(13.0)	11.8
Depreciation & disposal of fixed assets	**16.5**	3.2	3.5	3.7	3.2	2.9
Exceptional player amortisation & realisation costs	**3.8**	-	3.8	-	-	-
Working capital movements	**33.9**	1.1	2.3	24.2	4.7	1.6
Net cash flow from operations (after interest)	**(7.0)**	**(2.4)**	**(9.0)**	**(6.8)**	**(5.1)**	**16.3**
Transfer fees (paid)/received	**(40.9)**	(7.2)	7.4	(14.0)	(19.7)	(7.4)
Capital expenditure (net)	**(10.1)**	(2.4)	(0.9)	(1.1)	(3.7)	(2.0)
Taxation	**-**	-	0.4	-	(0.4)	-
Investment of new equity	**54.5**	24.0	-	30.5	-	-
Net movements	**(3.5)**	**12.0**	**(2.1)**	**8.6**	**(28.9)**	**6.9**
Opening bank borrowings	**(29.4)**	(44.9)	(42.8)	(51.4)	(22.5)	(29.4)
Closing borrowings	**(32.9)**	**(32.9)**	**(44.9)**	**(42.8)**	**(51.4)**	**(22.5)**

WH HOLDING LIMITED

FINANCIAL REVIEW
(continued)

The composition of borrowings at each year end is as set out below.

	2009/10 £m	2008/09 £m	2007/08 £m	2006/07 £m	2005/06 £m
Term loan	(26.5)	(31.5)	(35.0)	(21.9)	(24.1)
Short term bank loans	(4.6)	-	-	(13.9)	-
Shareholder loans	-	-	-	(26.6)	-
HP loans	(1.0)	(1.6)	(2.2)	(2.7)	-
Revolving credit/overdraft	(12.0)	(14.7)	(8.0)	-	-
	(44.1)	(47.8)	(45.2)	(65.1)	(24.1)
Cash balances	11.2	2.9	2.4	13.7	1.6
	(32.9)	**(44.9)**	**(42.8)**	**(51.4)**	**(22.5)**

After adding back the effect of non-cash flow expenditure (principally depreciation) and net working capital movements, the net cash outflow from operations was a mere £2.4m. Net transfer fees paid totalled £7.2m and these are discussed in more detail in the next section.

Capital expenditure totalled £2.4m and this principally comprised the acquisition of the Rush Green Training Ground site. This site has yet to be brought into use but is considered to be a good investment for the long term future of the club.

Lastly, the £24m injection of equity from the new owners led to a net reduction in borrowings of £12m.

As disclosed in note 19, since the year end the group has successfully renegotiated its bank borrowing facilities on favourable terms. The revised expiry date is 31 December 2013.

Player Trading

The table below shows player trading activity over the preceding five year period, highlighting the often significant timing differences between the year in which a player is purchased and sold and the associated cash flows.

	Total £m	2009/10 £m	2008/09 £m	2007/08 £m	2006/07 £m	2005/06 £m
Player purchases	**(114.6)**	(11.7)	(18.7)	(34.6)	(33.0)	(16.6)
Net player sale proceeds	**59.6**	7.2	29.5	18.9	3.1	0.9
	(55.0)	**(4.5)**	**10.8**	**(15.7)**	**(29.9)**	**(15.7)**
Cash paid/(received)	**40.9**	7.2	(7.4)	14.0	19.7	7.4
Opening net debtor/(creditor)	**2.4**	(14.4)	(17.8)	(16.1)	(5.9)	2.4
Closing net (creditor)/debtor	**(11.7)**	**(11.7)**	**(14.4)**	**(17.8)**	**(16.1)**	**(5.9)**

Having been a net seller of players in 2008/09, the club was a net purchaser in 2009/10 in the sum of £4.5m. This included an investment in players in the January 2010 transfer window which was sanctioned by the new owners to maximise the club's prospects of retaining Premier League status. Had the change of ownership not occurred at that time, it is likely that the club would have had to sell at least one player in that window in order to ensure that it could continue to operate within its borrowing facilities.

Note 34 discloses a significant further investment in the playing squad subsequent to the year end. Net fees of £9.9m are payable in respect of the player trading activity conducted in the period with up to a further £11.3m payable contingent on future events including retention of Premier League status and player appearances.

Key Performance Indicators

The group monitors its performance against a range of key performance indicators on an annual basis. Although not exhaustive, the table below summarises major KPI's over the last five years. Although the group does not set targets to be achieved each season it nevertheless seeks to maximise performance, both financial and non-financial on an annual basis.

	2009/10	**2008/09**	**2007/08**	**2006/07**	**2005/06**
League position	17th	9th	10th	15th	9th
FA Cup	3rd round	5th round	3rd round	4th round	Final
Carling Cup	3rd round	3rd round	Quarter final	3rd round	3rd round
Average league gate	32,400	33,250	34,500	34,600	33,300
Wage:turnover ratio	70.2%	78.8%	77.7%	74.0%	51.4%
Operating profit/(loss) before exceptional items	£1.4m	(£4.1m)	(£4.4m)	(£1.9m)	£13.7m

The non-financial indicators centre around league and cup performance and there should generally be some element of correlation between team performance and financial results. Paradoxically, the table highlights a lack of correlation in 2007/08 and 2008/09. In relative terms these were successful seasons in the FA Premier League but the group recorded its highest losses, before exceptional items, in those two seasons. It will also be noted that, in those seasons, the wage to turnover ratio was unacceptably high and this emphasises that the unrealistic scale of investment in the playing squad at that time was not justified by the team's performances on the field and did not generate a financial return for the group.

Future Prospects

Retention of Premier League status is of paramount importance to the group, hence the continued investment in the first team squad. The group is fortunate to be able to rely on the support of its owners to assist in funding this investment and to eliminate the reliance on player sales in order to control borrowings. If the club can build on the relative financial stability it now enjoys and continue to benefit from the strong income streams generated from its supporter base and corporate partners, the club is capable of competing once more in the top half of the Premier League.

Nick Igoe
Finance Director

28 February 2011

WH HOLDING LIMITED

DIRECTORS' REPORT

for the year ended 31 May 2010

The directors present their annual report together with the audited financial statements of the group for the year ended 31 May 2010.

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 FA Premier League and 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 15. The directors do not propose the payment of a dividend (2009 – £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 page 4 and the Financial Review on pages 5 to 8.

Principal Risks and Uncertainties

The group's principal business risk is that of the football club being relegated from the FA Premier League with the serious financial consequences which follow. Having endured this experience in 2002/03 the group believes it has a good understanding of the strategy required. However, of paramount importance is the need to make contingency plans for such an event. The group prepares budgets up to three seasons in advance which include an evaluation of the impact of relegation and associated contingency plans.

The group's policy of preparing long term forecasts also allows it to plan with some certainty for future periods in the FA Premier League. It is a feature of football clubs' income streams that a significant element is known in advance because of its long term contractual nature. Centrally negotiated broadcast and sponsorship deals are presently in place to summer 2013. The group's own major sponsorship and partnership agreements are also in place until summer 2013. Season ticket sales (including corporate sales) are made at the start of each season or accounting period and represent the bulk of the group's match day revenue. It follows that up to 70% of the group's annual turnover will be guaranteed, or in many cases received, by 31 July each year.

To the extent that there are ever any material variances from forecast, football clubs are in the unique position of being able to trade footballers to address any potential liquidity risks, although this ability can on occasion be constrained if less transfer activity is conducted by clubs (either domestically or internationally) in any one transfer window. Clubs can also normally accelerate receipt of deferred elements of transfer fees receivable by discounting those proceeds with a financial institution, although there can be no certainty of the availability of such funding.

Health and safety considerations at the Boleyn Ground on match days are of paramount importance. At the start of each season the group is awarded an annual safety certificate by the Safety Advisory Group, which comprises the local authority, police, fire service and other stakeholders. Thereafter the Safety Advisory Group meets monthly and also arranges for ad hoc inspections to ensure continuing compliance with all safety criteria. The group holds £300 million of public liability insurance in respect of any one occurrence.

Financial Risks and Uncertainties

Financial assets that expose the group to financial risk consist principally of cash, trade receivables and other receivables. Financial liabilities that expose the group to financial risk consist principally of trade payables and other payables. The financial risks associated with these financial instruments are considered minimal.

The group is exposed to very occasional foreign exchange risks in respect of the purchase or sale of player registrations negotiated in foreign currency although, in the course of the period just ended, the group incurred a gain on foreign currency translation of £0.3 million which forms part of the other operating income received in the year.

The group places its cash with creditworthy institutions. The group performs ongoing credit evaluation of its debtors' financial condition. The carrying amounts of cash, trade receivable and other receivables represent the maximum credit risk to which the group is exposed.

Going Concern

The difficult economic conditions have continued to have a significant impact upon world credit markets and accordingly raising finance in this environment remains challenging. Despite these prevailing conditions the directors have received from the banking syndicate (as detailed on page 3) in February 2011 a binding commitment to renew and extend the loan and revolving credit facility, which totalled £38.5m as at 31 May 2010, from August 2011 to December 2013. Based on this commitment and the discussions held with the lenders the directors are confident that this commitment will be enshrined in a formal facilities agreement in the near future.

The board has to assess the risk in relation to the company's forecast trading performance as a club participating in the Premier League. The company has prepared and approved forecasts for the current and forthcoming two seasons including the period of twelve months from the date of signing these financial statements. The forecasts take into account appropriate player trading in summer 2011 as well as the advance season ticket income for future periods – a facility which the company has secured previously and which the board believe would be available in the future. The board also performs sensitivity analyses on these forecasts, including identification of mitigating actions, to take account of any projected shortfalls. Mitigating actions include the option of player disposals to generate transfer fee income and wage savings as well as support from its investing owners.

The board has concluded that its forecast for the period in question and the assumptions on which it is based are sufficiently robust to justify confidence in the company's going concern status. A major element of the company's annual turnover comes from contractual broadcasting and central sponsorship distributions and is therefore effectively guaranteed for the seasons covered by the company's forecasts. The company also generates turnover from season ticket, match ticket, corporate and retail sales and, while the board recognises uncertainties about these sources of income in the current economic climate, the evidence of the current season is that demand remains strong due to the high level of supporter loyalty enjoyed by the club.

At the date of these financial statements, the board recognises that, although it believes the club has sufficient players of quality to ensure it retains Premier League status, there remains a risk that the club might be relegated. In the event that this should happen, the board estimates that it would have to generate significant cash flows from the sale of a number of members of the first team squad together with the associated wage savings in order to compensate for the inevitable reduction in income following relegation. The board believes that the necessary savings could be achieved by means of this strategy.

In the event that the foregoing initiatives did not generate the necessary cash flows to allow the group to operate within its borrowing limits certain of the company's investing owners have undertaken to provide what the board has concluded would be a sufficient level of financial support to allow the group to continue to operate within its agreed borrowing limits and meet its debts as they fall due.

Consequently, after making enquiries and taking account of the uncertainties described above, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who held office throughout the year and since the year end, except as noted, are as follows:

D Sullivan (appointed 18 January 2010)
D Gold (appointed 18 January 2010)
K Brady (appointed 18 January 2010)
N Igoe
R Ellis (appointed 24 July 2009)
D Harris (appointed 9 August 2010)
A Bernhardt (appointed 5 June 2009, resigned 18 January 2010)
SI Duxbury (resigned 25 January 2010)
B Gudmundsson (resigned 5 June 2009)
A Fridgeirsson (resigned 5 June 2009)

Employee Consultation and Involvement

The group's policy is to communicate honestly with employees and encourage consultation between employees and management. It places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings usually with the chief executive or other senior management and has been underpinned this year by the introduction of a group intranet and a performance appraisal system for all staff.

Disabled Employees

The group gives full consideration to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Charitable and Political Donations
There were no charitable or political donations made in the year (2009 – £nil).

Exceptional Items

Note 4 discloses exceptional items of £4,389,000 in the year (2009 - £10,531,000).

Post Balance Sheet Events

Note 34 provides details of material events which have occurred since the balance sheet date.

Statement on Information Given to Independent Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP replaced Deloitte LLP as auditors for the company, effective 20 October 2010.

By order of the board

N Igoe
Finance Director

28 February 2011

WH HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

N Igoe
Finance Director

28 February 2011

WH HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WH HOLDING LIMITED

We have audited the group and parent company financial statements (the ''financial statements'') of WH Holding Limited for the year ended 31 May 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2010 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julian Jenkins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

28 February 2011

WH HOLDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2010

		2010			2009		
	Note	Operations excluding player trading £000	Player trading * (notes 8 & 11) £000	Total £000	Operations excluding player trading £000	Player trading * (notes 8 & 11) £000	Total £000
Turnover	3	71,741	-	71,741	76,091	-	76,091
Other operating income		399	-	399	772	-	772
Exceptional expenses	4	(4,389)	-	(4,389)	(6,626)	(3,905)	(10,531)
Administrative expenses		(70,706)	(14,555)	(85,261)	(80,984)	(20,000)	(100,984)
Total operating expenses		(75,095)	(14,555)	(89,650)	(87,610)	(23,905)	(111,515)
Operating loss	5	(2,955)	(14,555)	(17,510)	(10,747)	(23,905)	(34,652)
Profit on disposal of players	8	-	606	606	-	22,466	22,466
Loss before interest		(2,955)	(13,949)	(16,904)	(10,747)	(1,439)	(12,186)
Interest payable	9			(3,774)			(4,058)
Interest receivable				31			78
Loss on ordinary activities				(20,647)			(16,166)
Tax on loss on ordinary activities				-			-
Loss for the financial year	28			(20,647)			(16,166)

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

The historical cost loss for the group for the period was £19,898,000 (2009 - £15,492,000). The difference from the retained loss for the year arises from the historical cost depreciation charge being lower than the actual depreciation charge for the year.

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 May 2010

	2010 £000	2009 £000
Loss for the financial year	(20,647)	(16,166)
Unrealised loss on revaluation of properties	-	(7,796)
Total recognised losses for the year	(20,647)	(23,962)

WH HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

as at 31 May 2010

	Note	2010		2009	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		26,628		36,080
Tangible assets	12		75,545		76,331
			102,173		112,411
Current assets					
Stocks	14	241		185	
Debtors	15	6,552		18,189	
Cash at bank and in hand		11,273		2,915	
		18,066		21,289	
Creditors - amounts falling due within one year	16	(51,980)		(95,842)	
Net current liabilities			(33,914)		(74,553)
Total assets less current liabilities			68,259		37,858
Creditors – amounts falling due after more than one year	16		(52,047)		(33,659)
Deferred grants	21		(2,695)		(2,762)
Provisions for liabilities	22,23		(454)		(1,727)
Net assets/(liabilities)			13,063		(290)
Capital and reserves					
Called up share capital	24		2		110,500
Share premium account	25		32,999		-
Capital redemption reserve	26		111,499		-
Revaluation deficit	27		(6,681)		(5,932)
Profit and loss account	28		(124,756)		(104,858)
Total shareholders' funds/(deficit)	29		13,063		(290)

These financial statements, on pages 15 to 35 for company registration number 5993863, were approved by the board of directors on 28 February 2011.

Signed on behalf of the board of directors

N Igoe
Director

WH HOLDING LIMITED

COMPANY BALANCE SHEET

as at 31 May 2010

	Note	2010		2009	
		£000	**£000**	**£000**	**£000**
Fixed assets					
Investments	13		65,000		65,000
Current assets					
Debtors	15	24,421		3,815	
Creditors - amounts falling due within one year	16	-		(2,700)	
Net current assets			24,421		1,115
Total assets less current liabilities			89,421		66,115
Creditors - amounts falling due after one year	16		(3,121)		(10,000)
Net assets			86,300		55,115
Capital and reserves					
Called up share capital	24		2		110,500
Share premium account	25		32,999		-
Capital redemption reserve	26		111,499		-
Profit and loss account	28		(58,200)		(54,385)
Total shareholders' funds			86,300		55,115

These financial statements, on pages 15 to 35 for company registration number 5993863, were approved by the board of directors on 28 February 2011.

Signed on behalf of the board of directors

N Igoe
Director

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2010

	Note	2010		2009	
		£000	£000	£000	£000
Net cash inflow/(outflow) from operating activities	A		1,370		(4,976)
Returns on investments & servicing of finance					
Interest paid		(3,774)		(4,058)	
Interest received		31		78	
Net cash outflow from returns on investments & servicing of finance			(3,743)		(3,980)
Corporation tax recovered			-		384
Capital expenditure & financial investment					
Purchase of tangible fixed assets		(2,463)		(935)	
Proceeds on disposal of tangible fixed assets		2		13	
Purchase of player registrations		(24,833)		(19,887)	
Proceeds on disposal of player registrations		17,635		27,317	
Net cash (outflow)/inflow from capital expenditure & financial investment			(9,659)		6,508
Net cash outflow before financing			(12,032)		(2,064)
Financing					
Issue of ordinary shares		34,000		-	
Repurchase of ordinary shares		(5)		(5)	
Bank loans advanced		6,939		-	
Revolving credit facility drawn down		-		6,700	
Loans repaid from company controlled by major investor		(10,000)		-	
Bank and other loans repaid		(9,973)		(3,500)	
Hire and lease purchase loans repaid		(571)		(605)	
Net cash inflow from financing			20,390		2,590
Increase in cash & bank balances			8,358		526

WH HOLDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2010

A Reconciliation of Operating Loss to Net Cash Inflow/(Outflow) from Operating Activities

	2010 £000	2009 £000
Operating loss from continuing activities	(17,510)	(34,652)
Depreciation charge	3,240	3,541
Loss/(profit) on disposal of tangible fixed assets	7	(6)
Release of deferred grant income	(67)	(67)
Amortisation of cost of player registrations	14,555	20,000
Exceptional amortisation costs	-	1,652
Exceptional realisation costs	-	2,253
(Increase)/decrease in stocks	(56)	284
Decrease/(increase) in debtors	1,182	(742)
Increase in creditors	19	2,761
Net cash inflow/(outflow) from operating activities	1,370	(4,976)

B Analysis of Changes in Net Debt

	31 May 2009 £000	Cash flows £000	Other non-cash changes £000	31 May 2010 £000
Cash at bank and in hand	2,915	8,358	-	11,273
Revolving credit facility	(14,700)	-	2,700	(12,000)
Amount owed to company controlled by major shareholder	(10,000)	10,000	-	-
	(21,785)	18,358	2,700	(727)
Debt due within one year	(31,500)	3,500	24,500	(3,500)
Debt due after one year	(611)	(466)	(27,200)	(28,277)
Hire and lease purchase loans	(1,576)	571	-	(1,005)
	(33,687)	3,605	(2,700)	(32,782)
	(55,472)	21,963	-	(33,509)

C Reconciliation of Net Cash Flow to Movement in Net Debt

	2010 £000	2009 £000
Decrease in cash & short term loans in the year	18,358	(6,174)
Cash outflow from decrease in debt and lease financing	3,605	4,105
Change in net debt resulting from cash flows	21,963	(2,069)
Net debt at start of period	(55,472)	(53,403)
Net debt at end of period	(33,509)	(55,472)

1 Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The following are the accounting policies used by the company. These policies have been consistently applied throughout the current and preceding period.

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

Going concern
The financial statements have been prepared on the going concern basis as discussed further in the Directors' Report on pages 9 to 12.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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. Gate receipts and other match day revenue is recognised as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the football season.

Non trading income is disclosed as other operating income and is recognised once there is certainty that the income will be received.

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. The Rush Green training ground which was acquired during the year is included at cost. 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.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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 following 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.

Freehold buildings	2%
Plant, fittings & equipment	10-33%
Motor vehicles	25%

Assets are stated net of any provision for impairment.

Until the decision for the club to be the preferred bidder in respect of the Olympic Stadium has been ratified no decision on the change of use of the Boleyn Ground will have been reached.

1 Accounting Policies (continued)

Intangible assets – player registrations
Payments made to third parties in order to acquire a player's registration, including agents' fees and transfer fee levy, are capitalised at cost. The cost is then amortised during the football season on a straight line basis over the period of the player's contract. In accordance with FRS 10, where a player's contract is renegotiated before its expiry, on broadly similar financial terms, the unamortised balance of the original capitalised cost is then amortised over the term of the new contract together with any costs associated with the renegotiation.

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.

Intangible assets – goodwill
Following the purchase of the share capital of West Ham United Limited and its subsidiary companies, the surplus of the total consideration (including cost of acquisition) over the fair value of the net assets acquired at the date of takeover, has been capitalised as "Goodwill on Acquisition" in these group financial statements. Goodwill is amortised over ten years, that being the estimated useful economic life. Following an impairment review in the prior period, the unamortised balance of goodwill was written down to nil. This impairment review incorporated a discount rate of 11% in its value in use calculations.

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.

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.

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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.

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1 Accounting Policies (continued)

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.

Investments
Investments are carried at cost less provision for any impairment.

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 408 of the Companies Act 2006, the profit and loss account for the parent company is not included in these financial statements. The retained loss for the parent company amounted to £3,815,000 (2009: loss - £54,384,000) for the period, as a result of the investment impairment provision (see note 13).

3 Turnover

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

	Group	
	2010	**2009**
	£000	**£000**
Match receipts and related football activities	16,916	17,633
Broadcast and central sponsorship distributions	38,008	44,166
Commercial activities	12,682	10,285
Retail and merchandising	4,135	3,729
Catering and hospitality	-	278
	71,741	76,091

4 Exceptional Items

	Group	
	2010	**2009**
	£000	**£000**
Contract termination of a senior player due to injury:		
Amortisation of intangible asset	-	1,652
Post year end wage costs	-	1,913
Realisation costs	-	2,253
	-	5,818
Compensation for loss of office and associated professional fees	3,350	3,299
Loss on foreign exchange transactions	-	1,132
Exceptional bank charges and associated professional fees	603	782
Settlement of litigation	436	-
Release of provision for grant payable	-	(500)
	4,389	10,531

Tax attributable to exceptional items was £1,229,000 (2009 – £2,949,000). As the group is loss making this merely serves to increase tax losses (see note 10).

5 Operating Loss

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

	Group	
	2010	**2009**
	£000	**£000**
Employment costs (note 6)	53,647	66,749
Amortisation of intangible assets (note 11)	14,555	20,000
Depreciation on tangible fixed assets (note 12):		
- owned assets	2,726	3,023
- assets held under hire and lease purchase contracts	514	518
Release of grant income	(67)	(67)
Fees payable to the company's auditors for the audit of the company's annual financial statements:		
- PricewaterhouseCoopers LLP	3	-
- Deloitte LLP (auditors in prior year)	-	6
Fees payable to the company's auditors for the audit of the company's subsidiaries:		
- PricewaterhouseCoopers LLP	42	-
- Deloitte LLP (auditors in prior year)	-	48
Fees payable to the company's auditors for other services pursuant to legislation:		
- PricewaterhouseCoopers LLP	3	-
- Deloitte LLP (auditors in prior year)	12	13
Fees payable to Deloitte LLP (auditors in prior year) for tax services	37	28
Operating leases – land and buildings	260	280
Operating leases – plant and machinery	121	145
Proceeds of litigation	-	(360)
Loss/(profit) on disposal of tangible assets	7	(6)

The audit fee for the company of £3,000 (2009 - £6,000) is borne by West Ham United Football Club Limited.

6 Staff Costs and Employees

	Group 2010 £000	Group 2009 £000
Wages and salaries	44,676	55,078
Directors' fees	66	71
Compensation for loss of office	3,350	4,582
Social security costs	5,345	6,766
Other pension contributions	210	252
	53,647	66,749

	Number	Number
Average number of persons employed (including directors)		
Players, team management & training	104	107
Commercial & administrative	92	110
	196	217
Part-time employees	590	728
	786	945

Staff costs include exceptional expenditure of £3,350,000 (2009 – £6,751,000) (see note 4).

7 Directors' Emoluments

	Group 2010 £000	Group 2009 £000
Emoluments	518	610
Fees	66	71
Aggregate payments made to a defined contribution pension scheme	53	65
	637	746
Emoluments of highest paid director		
Emoluments	301	315
Aggregate payments made to a defined contribution pension scheme	31	34
	332	349

	Number	Number
Directors who are members of a defined contributions pension scheme	2	2

There were no payments to directors for compensation for loss of office (2009 – nil).

8 Profit on Disposal of Players

	2010 £000	2009 £000
Disposal proceeds (net of costs of realisation)	7,180	31,742
Net book value of players sold (note 11)	(6,574)	(9,276)
	606	22,466

In 2009, in addition to the above there was a further £2,253,000 of exceptional realisation costs (see note 4).

Tax attributable to the profit on disposal of players was a charge of £170,000 (2009 - £6,290,000). As the company is loss making this merely serves to reduce tax losses (see note 10).

9 Interest Payable

	Group	
	2010 £000	2009 £000
Interest payable on bank overdrafts and loans	1,676	3,202
Hire purchase loan interest	99	143
Discounting costs	1,488	643
Other interest payable	511	70
	3,774	4,058

10 Taxation on Loss on Ordinary Activities

As at 31 May 2010 cumulative tax losses available to carry forward against future trading profits were approximately £80,300,000 (2009 – £61,000,000) subject to agreement with HM Revenue & Customs.

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

	Group	
	2010 £000	2009 £000
Loss on ordinary activities before tax	(20,647)	(16,166)
Tax credit @ 28% thereon	(5,781)	(4,526)
Expenses not deductible for tax purposes	436	408
Capital allowances for period less than depreciation	191	204
Other timing differences	(30)	(173)
Increase in tax losses	5,184	4,087
Current corporation tax charge for year	-	-

11 Intangible Assets

	Player Registrations £000	Goodwill on acquisition £000	Total £000
Cost			
31 May 2009	80,721	37,965	118,686
Additions	11,677	-	11,677
Disposals	(26,735)	-	(26,735)
31 May 2010	65,663	37,965	103,628
Accumulated amortisation			
31 May 2009	44,641	37,965	82,606
Charge for the year	14,555	-	14,555
Disposals	(20,161)	-	(20,161)
31 May 2010	39,035	37,965	77,000
Net book value			
31 May 2010	26,628	-	26,628
31 May 2009	36,080	-	36,080

12 Tangible Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
31 May 2009	83,886	15,348	232	99,466
Additions	2,057	338	68	2,463
Disposals	-	(3)	(32)	(35)
31 May 2010	85,943	15,683	268	101,894
Depreciation				
31 May 2009	14,055	8,886	194	23,135
Charge for the year	1,877	1,341	22	3,240
Disposals	-	(1)	(25)	(26)
31 May 2010	15,932	10,226	191	26,349
Net book value				
31 May 2010	70,011	5,457	77	75,545
31 May 2009	69,831	6,462	38	76,331

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 16 July 2009. 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	66,300
Chadwell Heath training ground	Depreciated replacement cost	4,550
Little Heath training ground	Existing use value	1,500
Beckton Community Centre	Depreciated replacement cost	700

12 Tangible Assets (continued)

The value of land included in the above is £13,510,000. The valuation of the Boleyn Ground included plant, fittings & equipment valued at £1,940,000. The valuation of the Chadwell Heath training ground included plant, fittings & equipment valued at £1,279,000.

Rush Green Training Ground, acquired on 30 September 2009 in the sum of £1.4 million, was not valued by Edward Symmons and is included at cost.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £41,268,000 (2009 – £39,212,000) and accumulated depreciation of £12,058,000 (2009 – £10,985,000).

All of the freehold properties are charged to Standard Bank plc as agent for a syndicate of banks.

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

	2010 £000	2009 £000
Plant, fittings & equipment	1,421	1,924
Motor vehicles	39	25
	1,460	1,949

The company does not hold any tangible assets.

13 Investments held as Fixed Assets

	Company	
	2010 £000	2009 £000
Ordinary shares in subsidiary undertakings at cost	123,199	119,384
Impairment provision	(58,199)	(54,384)
Book value	65,000	65,000

Subsidiary undertakings comprise the following.

Company	Percentage of ordinary shares held	Country of incorporation and operation	Principal activities
West Ham United Limited (formerly West Ham United plc)	100%	Great Britain	Holding company
West Ham United Football Club Limited (formerly West Ham United Football Club plc)	100%	Great Britain	Professional football club
West Ham United Sportswear Limited	100%	Great Britain	Non trading
West Ham United Hospitality Limited	100%	Great Britain	Non trading
West Ham United FC Limited	100%	Great Britain	Non trading
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	
	2010	**2009**
	£000	**£000**
Goods for resale	241	185

The company does not hold any stock.

15 Debtors

	Group		Company	
	2010	**2009**	**2010**	**2009**
	£000	**£000**	**£000**	**£000**
Trade debtors	2,007	1,376	-	-
Amounts owed by group undertaking	-	-	24,421	3,815
Debtors arising from player transfers	112	10,567	-	-
Other debtors	584	537	-	-
Prepayments and accrued income				
– due within one year	3,820	5,570	-	-
– due after more than one year	29	139	-	-
	6,552	18,189	24,421	3,815

16 Creditors

	Group		Company	
	2010	**2009**	**2010**	**2009**
	£000	**£000**	**£000**	**£000**
Due within one year				
Revolving credit facilities (note 19)	12,000	14,700	-	2,700
Bank loan (notes 17 & 19)	3,500	31,500	-	-
Obligations under hire and				
lease purchase contracts (notes 17 & 20)	667	614	-	-
Trade creditors	2,219	3,779	-	-
Taxation and social security	2,166	7,288	-	-
Creditors arising from player transfers	11,117	19,372	-	-
Other creditors	6,207	8,827	-	-
Season ticket and other receipts in advance	9,581	2,793	-	-
Accruals	4,523	6,969	-	-
	51,980	95,842	-	2,700
Due after more than one year				
Debenture loans & subscriptions (notes 17 & 18)	611	611	-	-
Bank loan (notes 17 & 19)	27,666	-	3,121	-
Obligations under hire and				
lease purchase contracts (notes 17 & 20)	338	962	-	-
Amount owed to company controlled by major shareholder	-	10,000	-	10,000
Season ticket and other receipts in advance	7,340	210	-	-
Creditors arising from player transfers	255	3,883	-	-
Other creditors	15,837	17,993	-	-
	52,047	33,659	3,121	10,000

16 Creditors (continued)

As disclosed in note 17, the bank loan at 31 May 2009 was technically repayable on demand and, accordingly, the entire loan at that date is classified as a current liability in these financial statements.

In November 2009, the loan from a company controlled by the former major shareholder was converted into equity by the issue of 1,000,000 ordinary shares at £10 each.

17 Total Borrowings and Hire Purchase Obligations

	Group	
	2010 **£000**	**2009** **£000**
Debenture loans and subscriptions repayable after 5 years or more	611	611
Revolving credit facility	12,000	14,700
Secured bank loan repayable:		
Within 1 year or on demand	3,500	31,500
After 1 year or more	23,027	-
	26,527	31,500
Unsecured bank loans repayable:		
After 1 year or more	4,639	-
Obligations under hire and lease purchase contracts repayable:		
Within 1 year	667	614
Between 2 and 5 years	338	962
	1,005	1,576
	44,782	48,387

The secured bank loan of £26,527,000 (2009 – £31,500,000) is made available to West Ham United Limited, and its subsidiary companies. At 31 May 2009 the group had been in default of certain financial covenants, specifically in relation to interest cover and the ratio of player wages to group turnover. In such circumstances, the bank loan was technically repayable on demand and, accordingly, the entire loan at that date is classified as a current liability in these financial statements and those of the holding company. On 5 June 2009 the group reached agreement with the group's syndicate of banks to waive these historical breaches of covenant and, accordingly, the loan at 31 May 2010 is shown as repayable over the original term.

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 2010 and 31 May 2009 the following applications had been received.

	Group	
	2010	**2009**
	£000	**£000**
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	611	611

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 Loan and Revolving Credit Facility

The secured bank loan, in the sum of £26,527,000 is provided by a syndicate of five banks. This loan had been repayable between August 2008 and August 2011 but, following renegotiation of the group banking facilities in February 2011, the expiry date will be extended to 31 December 2013. Interest is charged at 2.5% over LIBOR.

The revolving credit facility is in the sum of £12,000,000 and is provided by four members of the syndicate of banks. The facility had been available until August 2011 but, following renegotiation of the group banking facilities, the balance of £12,000,000 will be added to the loan, referred to above, expiring on 31 December 2013. Interest has been charged at 2.5% over LIBOR.

This loan and the revolving credit facility are secured by legal charges on the company's freehold land and buildings and debentures over all the assets and undertaking of the company in favour of the syndicate of five banks.

There are two unsecured bank loans, both provided by CB Holding ehf. and repayable on 1 September 2011. Interest is charged at 2.5% over LIBOR on a loan in the sum of £1,518,000 and at 5% over LIBOR (8.5% over LIBOR prior to 1 February 2010) on a further loan in the sum of £3,121,000. The second loan was originally advanced by (ALMC hf. (formerly Straumur Burdaras Investment Bank hf.) but was novated in favour of CB Holding ehf. on 9 March 2010. Both loans are subordinated to the secured loan and so interest is capitalised and not paid.

20 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts of £1,005,000 (2009 - £1,576,000) are in respect of certain assets of the company 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	
	2010	**2009**
	£000	**£000**
At start of year	2,762	2,829
Released to profit & loss account	(67)	(67)
At end of year	2,695	2,762

22 Provisions for Liabilities – Cost of Player Registrations

	Group	
	2010	**2009**
	£000	**£000**
At start of year	1,727	4,198
Utilised in the year	(1,273)	(2,471)
At end of year	454	1,727

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

23 Provisions for Liabilities – Deferred Taxation

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

	Group	
	2010	**2009**
	£000	**£000**
Capital allowances in excess of depreciation	1,135	1,346
Other timing differences	(409)	(439)
Unutilised tax losses	(726)	(907)
Total deferred tax liability	-	-

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

	Group	
	2010	**2009**
	£000	**£000**
Unutilised tax losses	(21,755)	(16,372)
Surplus on revaluation of properties	3,328	4,316
Unprovided deferred tax asset	(18,427)	(12,056)

23 Provisions for Liabilities – Deferred Taxation (continued)

The deferred tax asset of £21,755,000 (2009 – £16,372,000) has not been recognised as, in the opinion of the board, there is 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.

24 Called up Share Capital

	Number of shares	**Group & Company 2010 £000**	**Group & Company 2009 £000**
Allotted and fully paid (ordinary shares of £1)			
At start of year	*110,500,000*	110,500	110,500
Conversion of loan to equity (note 16)	*1,000,000*	1,000	
Conversion to deferred shares	*(111,499,200)*	(111,499)	-
Issue of ordinary shares	*1,200*	1	-
At end of year	*2,000*	2	110,500
Allotted and fully paid (deferred shares of £1)			
At start of year	-	-	-
Conversion from ordinary shares	*111,499,200*	111,499	-
Repurchase of deferred shares by the company	*(111,499,200)*	(111,499)	-
At end of year	-	-	-

Ordinary shares have full voting and dividend rights. During the year 111,499,200 ordinary shares were converted to deferred shares and later repurchased by the company for a total consideration of £7. Deferred shares confer on their holders no voting or dividend rights.

25 Share Premium Account

	Group & Company 2010 £000	**Group & Company 2009 £000**
At start of year	-	-
Conversion of loan to equity (note 16)	9,000	-
Issue of ordinary shares	23,999	-
At end of year	32,999	-

26 Capital Redemption Reserve

	Group & Company 2010 £000	**Group & Company 2009 £000**
At start of year	-	-
Repurchase of deferred shares by the company	111,499	-
At end of year	111,999	-

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2010

(continued)

27 Revaluation Reserve

	Group	
	2010	**2009**
	£000	**£000**
At start of year	(5,932)	2,538
Adjustment on revaluation of properties	-	(7,796)
Transfer to profit and loss account	(749)	(674)
At end of year	(6,681)	(5,932)

28 Profit and Loss Account

	Group		Company	
	2010	**2009**	**2010**	**2009**
	£000	**£000**	**£000**	**£000**
At start of year	(104,858)	(89,366)	(54,385)	(1)
Loss for the financial year	(20,647)	(16,166)	(3,815)	(54,384)
Transfer from revaluation reserve	749	674	-	-
At end of year	(124,756)	(104,858)	(58,200)	(54,385)

29 Reconciliation of Movements in Shareholders' Funds/(Deficit)

	Group	
	2010	**2009**
	£000	**£000**
Loss for the financial year	(20,647)	(16,166)
Conversion of loan to equity (note 16)	10,000	-
Issue of ordinary shares	24,000	-
Adjustment on revaluation of properties	-	(7,796)
Opening shareholders' (deficit)/funds	(290)	23,672
Closing shareholders' funds/(deficit)	13,063	(290)

30 Operating Lease Commitments

At 31 May 2010 the group was committed to making the following annual payments in respect of operating leases.

	Group	
	2010	**2009**
	£000	**£000**
Land and buildings		
Expiring within one year	-	30
Expiring within two to five years	253	-
Expiring after five years	-	253
	253	283
Other operating leases		
Expiring within one year	2	17
Expiring within two to five years	60	113
	62	130
	315	413

31 Capital Commitments

There were no capital commitments contracted for but not provided in the financial statements (2009 – £nil).

32 Contingent Liabilities & Guarantees

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.

Following renegotiation of the group banking facilities in February 2011, the company has become a guarantor of sums borrowed by West Ham United Football Club Limited under these facilities.

Under the terms of transfer agreements for certain players, additional transfer fees might be payable dependent on the success of the football club or those players making a certain number of club or international appearances. At the balance sheet date the maximum contingent liability was £2,923,000 (2009 – £1,510,000).

Other than with regard to the potential contingent liability in respect of additional transfer fees, contingent liabilities are not expected to give rise to any material losses.

33 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.

Note 4 (Exceptional items) disclosed a provision for impairment of value of player registration in the sum of £5,818,000 for 2009, necessitated by a career ending injury to a member of the playing squad. The injury was incurred while the player was on international duty with England and the company is pursuing a claim against the Football Association and its insurers as a consequence of this injury.

34 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2010 amount to a net £9,860,000 payable by the company (2009 – £5,211,000 payable) with a further net £11,269,000 payable (2009 – £3,837,000 payable) contingent on certain future events. Player sales subsequent to the year end have realised net losses of £4.5m against the carrying value of the players concerned.

On 9 August 2010, the company raised £2,000,000 by means of an issue of ordinary shares. A proportion of these shares were acquired by Messrs David Sullivan and David Gold following which they each held 30.6% of the issued share capital of the company.

In February 2011, the group secured the extension on favourable terms of its banking facilities, totalling £38.5 million as at 31 May 2010, until 31 December 2013.

35 Pension Scheme

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

Until 31 August 1999 the Football League Limited Pension and Life Assurance Scheme had been a defined benefit scheme. Following an actuarial funding review 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.

35 Pension Scheme (continued)

Under UK pensions legislation, participating employers to the scheme, including the group, are required to contribute to the deficit in accordance with an agreed schedule of contributions. Following the actuarial valuation as at 31 August 1999 a schedule of contributions was put in place in July 2001 to pay off the deficit disclosed. It is required to carry out actuarial valuations every three years and updated deficits as at 31 August 2002, 31 August 2005 and 31 August 2009 were certified by the scheme actuary in January 2003, March 2006 and July 2009 with new schedules of contributions put in place in April 2003, April 2006 and September 2009 which took account of market movements since the valuation date.

Following these four valuations, the group's total contribution towards the deficit was calculated as £3,222,000. 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 September 2009 and August 2019.

Total pension costs charged during the year amounted to £210,000 (2009 - £252,000).

36 Ultimate Controlling Party

On 18 January 2010, by means of a subscription for newly issued shares in the company, Messrs David Sullivan and David Gold acquired 25% each of the issued share capital of WH Holding Limited. As a consequence of further transactions on 24 May and 9 August 2010, Messrs Sullivan and Gold increased their respective holdings to 30.6%.

Following these transactions there is no ultimate controlling party of the company.

37 Related Party Transactions

ALMC hf. (formerly Straumur-Burdaras Investment Bank hf.) ("ALMC") has an indirect shareholding in the company by virtue of its 69.4% shareholding in CB Holding ehf. ("CBH"). CBH acquired the share capital of the company, on 8 June 2009 and, although it has since disposed of a proportion of its interest, it continued to hold 35% of the share capital of the company at the date of these financial statements.

In January 2008 the group concluded negotiations for a new combined term loan and revolving credit facility with a syndicate of five banks of which ALMC is a member. Amounts owing to ALMC at 31 May 2010 totalled £8,483,000 in respect of the term loan and £3,000,000 in respect of the revolving credit facility. ALMC's share of interest paid to the syndicate or accrued as at the year end totalled £290,000.

In October 2008, ALMC made available to the company a revolving credit facility of which £2,700,000 was drawn down. On 18 January 2010 this was converted to an uncommitted revolving loan facility repayable on 30 September 2011. On 9 March 2010 this loan was novated in favour of CBH. Interest and charges in the sum of £421,000 were capitalised in the year of which £247,000 related to earlier periods. Interest charged or accrued for the year totalled £283,000 of which £239,000 was payable to ALMC and £44,000 payable to CBH.

In addition, CBH advanced an unsecured loan to the group in the course of the year on which the balance owing at 31 May 2010 was £1,518,000. Interest is capitalised on the loan and amounts charged or accrued as at the year end totalled £16,000.

In October 2009, ALMC advanced a further unsecured loan to the company in the sum of £5,000,000. This loan was repaid on 18 January 2010 and interest of £35,000 was added to and now forms part of the unsecured loan in the sum of £1,518,000.

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.