Company Registration Number 5993863

WH HOLDING LIMITED

Report and Financial Statements

For the year ended 31 May 2011

WH HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2011

CONTENTS

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 Chartered accountants and statutory auditors 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. Borgartún 25 105 Reykjavík Iceland
	Glitnir Banki hf. Soltun 26105 Reykjavik Iceland

WH HOLDING LIMITED

CHAIRMAN'S STATEMENT

Given the very challenging position of being relegated from the Premier League in May 2011, I am pleased to report an operating profit of £6.8m after many years of the club posting operating losses. We remain strongly focused on our turnaround plan for the club and despite the financial environment, as these accounts disclose, my co-chairman, David Gold, and I invested £3m by way of shareholder loans in the year ended 31 May 2011 on top of our investment in buying shares in the club. David and I have undertaken to continue to provide all the financial support necessary to give the club the best possible chance of achieving promotion. We have invested £29m by way of a combination of equity and loans in the last 18 months and we are likely to have to invest in the region of a further £30m in the current season, demonstrating our real and tangible commitment to the club.

Immediately following relegation, the board took decisive action to maximize the club's prospects of an immediate return to the Premier League. Avram Grant was replaced by Sam Allardyce whom we believed to be ideally equipped to meet the challenge of achieving immediate promotion and thereafter retention of our Premier League status. Financial conditions remain challenging, but despite this we have invested a net £2.5m (£10.7m gross) in transfer fees. This expenditure was increased by the recruitment of a number of senior players on free transfers whose experience we believed would make a valuable contribution to the promotion challenge. We have made this investment notwithstanding the likelihood that income in the Championship will drop by £35-40m, emphasizing our commitment to achieve promotion at the first opportunity. At the date of these accounts, the club is well placed to achieve this objective, occupying 2nd position in the Championship after 21 games.

We have reduced our match day ticket and season ticket prices this season, in order for the business to absorb the cost of relegation, rather than passing this onto our supporters. Costs across the business have continued to be controlled tightly. We remain excited about the future of the club and in particular the opportunities presented to the club if we are successful in moving to the Olympic Stadium in 2014.

I believe if you look at the figures that the business has performed as well as could be expected in the circumstances of relegation. Despite the operating profit, much of the loss before taxation of £18.6m is attributable to decisions taken prior to our ownership

Finally, I would like to take the opportunity to thank all the members of staff who work on a full and part time basis who have shown an enormous amount of commitment, energy and enthusiasm who could not be working harder across all areas of the business at this time.

On behalf of the board, I would like to thank our customers and supporters for the loyalty that they have shown to us and promise them that we are doing all we can to return that loyalty by bringing you success on the pitch.

David Sullivan
Joint Chairman

19 December 2011

WH HOLDING LIMITED

VICE-CHAIRMAN'S REPORT

As we enter our second year of running West Ham United football club I thought it would be important to remind our stakeholders of our priorities and our vision for the club, both on and off the pitch. We all recognize that we inherited a club drowning in debt, further impaired by a lack of quality leadership to understand the problems and deliver the solutions the club required.

Focusing on off the pitch matters, our 4 levers to delivering business success for the club are as follows;

1. Reduce the long term debt
2. Control the costs
3. Expand the brand globally
4. Increase the business opportunity

In 24 months we have achieved the following

Reduce the long term debt

Since 31 May 2009 bank debt has reduced from £44.9m to £38m while total net creditors have reduced from £112.7m to £91.2m. In addition during this period we have refinanced the bank debt and we are now on schedule to reduce bank debt to under £21m by 2013.

Alongside this strategy we are constantly seeking ways to renegotiate the club's inherited long term debt. During the past 24 months the club has benefited from an excellent working relationship with our banking consortium who have been consistent and helpful in their approach and allowed us to form a strong and productive relationship with them. They have worked with the club to form a real partnership of attitudes and this has greatly assisted us in helping us to achieving our business goals.

Control the costs

Since January 2010 we have controlled costs, made significant overhead savings of £3.2m p.a. since May 2009 and we expect that trend to continue. We have cut overheads by 15% in that two year period and as a result have become a lean and efficient organization and reduced wages to 68% of turnover. By controlling the costs by giving clear direction and communication to our staff we have changed the culture of the organization. We are focused and determined in our goals and clear in our delivery mechanism. Regular Heads of Department meetings are held and committees have been established charged with reviewing contracts, controlling costs and maximising the group's income from staging events. Employees across the entire range of the group's operations participate in these committees.

Expand the brand globally

The West Ham United brand is known nationally and across the globe but there had been no prior focus on channeling this recognition to strategically grow the global fan base, encourage new customers with a life-time value to the club and ultimately grow the brand to become a truly equitable asset on the balance sheet. This corporate strategy has seen a rise in income from all areas of the club. Partnership and sponsorship income is up by 62% and since the year end we have continued to generate commercial income from other sources. The revenue generated from corporate sales income in lounges is up 23% and income from the club's website up 9%.

We decided to bring the online retail business in house and this is projected to generate £2 million this financial year. We have opened two new stores in the last few months, which will generate an additional revenue of £0.5 million per annum. This entire strategy is underpinned by a focus on effective communication of the West Ham United brand through a marketing and communications strategy which achieves reach far beyond the level of a Championship football club which as a club we are leveraging to grow profitability.

We have really focused on the database which now sits at 754,945 opted in supporters with ½ million opted in email subscribers with whom the club now regularly communicates its commercial messaging. This has seen a growth to 571,563 transactors. Through a clear successful strategic approach we have expanded our local, national and most significantly global support base which we are now demonstrably monetising.

Perhaps one of the most encouraging areas of growth we are able to report is the number of non-West Ham supporting corporate transactors who now buy our corporate product which demonstrates that we have expanded into a market beyond our core supporter base.

With e-commerce leaders predicting that over the next few years more sales will be happening on Facebook than Amazon and the F Commerce phenomenon likely to reach £30bn by 2015 we have led the club's emergence into social media as both an opportunity to grow our global fan base and a new commercial platform.

With 209,000 Facebook known West Ham United fans and a forecast exceeding 300,000 by the end of the season the club has developed a platform to build a complimentary e commerce channel to sell its products via this medium. This channel goes live on 30 November and will enable the club to merchandise its now in-house online retail offering to the 200,000 engaged potential customers. In addition other products including tickets and new media products such as West Ham TV and iPhone app will also be available to purchase via this channel by the end of 2011. By far the greatest opportunity via social media is the ability to engage and harness our International fanbase. Of our facebook active users 123,165 are international supporters. This figure complements the 133,746 international supporters registered on our database.

In January 2010 the club had a retail presence only through its Stadium and Lakeside stores. We have since opened stores in both our Romford heartland to capture spend from our core supporter base and in Westfield shopping centre capitalising fully on the global PR opportunity associated with the launch of Europe's largest shopping centre.

In addition we took the decision to move away from an outsourced online retail offer to grow profitability by bringing our online merchandising in house enabling a unified brand presence and product offer for West Ham supporters across the world. This tool has given the club the ability to cross market with other core commercial and ticketing products. The online business is forecast to generate £2 million in revenue this year and this is set to grow year on year. Since the launch of the site in June 2011 the site has seen 1.5 million page impressions from an international market which encompasses Australasia and the Far East.

As a result of the opportunity presented by this large engaged global fanbase which our research has demonstrated is seeking an opportunity to actively link with the club we have developed an Official Supporters Club package both to attract new supporters and to provide a product offering for those groups seeking recognition across the globe. This approach first and foremost provides an online community to interact with our global fanbase. To become an Official Supporters Club a national or international group must be able to demonstrate a fixed level of transacting supporters of the club.

There are three tiers of international membership to the package which launches in December 2011 and the club can expect to realise a significant return through a premium priced membership but which more significantly provides the opportunity for the club to up sell across its entire product offering. This complements our existing profitable membership scheme for the domestic market which currently generates over £350,000 p.a. in revenue for the club.

Increase the business opportunity

Immediately on taking over we indentified that a move to the Olympic Stadium was the most important commercial deal we needed to secure. With a capacity of 60,000 of which 5,000 would be prime commercial seats, the prospect of a move to this state of the art stadium, converted so to be world class in football, athletics and events was a deal that would affect the future of the club more than any other we could engineer. After a high profile campaign we were delighted to be unanimously awarded preferred bidder status. In November 2011, following an anonymous complaint to the European Commission over claims that our agreement could breach state aid rules, the OPLC and government decided that they would keep the stadium in public ownership, and instead offer the facility on a tenancy basis. The Olympic Park Legacy Company is due to issue new tender documents for the stadium in the course of December 2011. We are still committed to making a success of a move to the stadium, but we have to wait and see what the arrangements of the new tenancy agreement are before we decide if we are to bid again.

Finally, we are building a business we can all be proud of that clearly understands what we are good at and maximizes all the opportunities that are presented to us. Throughout the business we have implemented a commercial, customer and brand focused culture. Benefits have been realised on the bottom line due to the fact that every employee from top down at West Ham United is now fully aware of the role they have to play in ensuring we are a profitable commercial business to achieve the ultimate goal of clearing the club’s financial deficit.

I hope you agree that we have a strong board, committed to steering the club through this difficult period. A board who have seen it all before and who have a track record of being able to deliver success to both shareholders and supporters and being able to manage the difficulties along the journey.

The board takes great pride in all its 795 employees who currently work for us on a full and part time basis, and we take seriously the responsibility we have for them which is a constant driver in our determination to run the club in an effective and successful way to safeguard them as well as our shareholders in the future. I thank them all for their passion and determination in helping me drive the business forward.

Karren Brady
Vice-Chairman

19 December 2011

WH HOLDING LIMITED

DIRECTORS' REPORT
for the year ended 31 May 2011

The directors present their annual report together with the audited financial statements of the group for the year ended 31 May 2011.

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 15. The directors do not propose the payment of a dividend (2010 – £nil).

Review of the Group's Activities & Future Prospects

For the period under review the group recorded an operating profit before player trading of £6.8m, after four years of operating losses, on turnover of £80.5m. The loss before taxation was £18.6m.

The principal factor contributing to the increase in turnover was increased Premier League distributions. Total wages and salaries increased by £4.5m, comprising an increase in player wages of £8m offset by savings in staff wages of £3.5m. A major factor behind the increase in player wages was the decision in the January 2011 transfer window to recruit a number of senior players in the hope that this investment would help to secure the club's Premier League status.

During the course of the year the group benefitted from an investment of £2m of equity and the advance of a further £3m of shareholder loans. Notwithstanding this, net bank borrowings increased from £32.9m to £38m, principally as a result of net expenditure on player trading.

Participation in the Championship will result in the loss of £35-40m in income next season with a further reduction inevitable if the club were to fail to achieve promotion. In recognition of this, the group's major shareholders have demonstrated a willingness to provide significant financial support to give the club every opportunity of regaining its Premier League status at the first attempt.

In the event that promotion is not achieved, the board would have to reconsider its financial strategy next season. The Football League is considering introducing new Financial Fair Play regulations which will restrict clubs' ability to invest in their squads, even when funded by support from shareholders.

Principal Risk 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. The new board of the company believes it has a good understanding of the strategy required in such circumstances and of paramount importance is the need to make appropriate 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.

As a consequence of this planning the group was able to take decisive action in summer 2011 to address the consequences of relegation from an informed position.

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 Risk Management

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. In the course of the period just ended, the group incurred a loss on foreign currency translation of £0.2m which forms part of the exceptional expenses for 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 receivables 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 board was pleased to be able to finalise, on 10 June 2011, the renewal and extension of the loan and revolving credit facility, which totalled £35m as at 31 May 2011, from August 2011 to December 2013.

The board has to assess the risk in relation to the company's forecast trading performance. The group 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 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.

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.

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.

	2010/11	**2009/10**	**2008/09**	**2007/08**	**2006/07**
League position	20th	17th	9th	10th	15th
FA Cup	Quarter final	3rd round	5th round	3rd round	4th round
Carling Cup	Semi final	3rd round	3rd round	Quarter final	3rd round
Average league gate	32,800	33,100	33,000	34,500	34,600
Wage:turnover ratio	68.0%	70.2%	78.8%	77.7%	74.0%
Operating profit/(loss) before exceptional items	£8.4m	£1.4m	(£4.1m)	(£4.4m)	(£1.9m)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

D Sullivan
D Gold
K Brady
N Igoe
R Ellis
D Harris (appointed 9 August 2010)

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 vice-chairman 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. Regular Heads of Department meetings are held and committees have been established charged with reviewing contracts, controlling costs and maximising the group's income from staging events. Employees across the entire range of the group's operations participate in these committees.

Employees

West Ham United FC has a duty to nurture equality and diversity for all. To meet this goal we are concentrating on promoting disability and equality awareness across the organisation and we have comprehensive employment policies in place designed to motivate our employees in ways in which their knowledge and skills can best contribute towards its success.

We are committed to ensuring that our workplaces are free from unlawful or unfair discrimination on the grounds of disability, colour, race, nationality, ethnic or national origin, gender, sexual orientation, age, marital status or religion.

We aim to ensure that our employees achieve their full potential by encouraging them to attend courses and embrace development opportunities. All employee recruitment, development and promotion decisions are taken without reference to irrelevant or discriminatory criteria.

Community

West Ham United continue to lead the way in terms of community engagement.

As we head into Olympic year in east London, all levels of the club embrace the work done by the West Ham United Community Sports Trust. Utilising our sites at Chadwell Heath, Beckton and Upton Park, we have staged a number of events for local people of all ages and backgrounds.

These are not just PR-friendly exercises. They are designed to have a lasting impact on all who take part – whether from the club or from the community – long after the cameras and press have left.

This wide-ranging programme includes multi-sport sessions with first-team players on the Boleyn Ground pitch, Olympic borough school visits, holiday coaching courses across the city and into south Essex, education-based activity in our Learning Zone and health awareness programmes.

We have set the standard for promoting diversity, recognised by the Professional Footballers' Association scoring the club the highest of the country's 92 professional clubs for its efforts in raising awareness of anti-racism and disabilities.

And we also continue to make the experience of watching live football more accessible and affordable, particularly during these difficult times. Our football-for-all family initiative offers regular discounts on match prices for young people, including the highly popular Kids for a Quid tickets.

Our job is to make a difference in our community, we understand and aspire to delivering that to everyone who the club is and wants to be associated with.

Academy

The Academy of Football is rightly renowned the world over. We have a long tradition for constantly producing homegrown players and developing them into world class performers.

The 'West Ham way' has, and continues to be, a blend of big name arrivals with talented teenagers nurtured on the Club's training pitches over many years.

Often these youngsters have been at the Club since childhood and, thanks to the hard work of our dedicated coaches, they are given every chance to rise through the ranks. No barrier is put in their way and every effort is made to prepare them for life on and off the pitch.

Many Academy graduates have gone on to represent the national team, for example, Rio Ferdinand, Frank Lampard, Joe Cole, Glen Johnson, Michael Carrick and Jermaine Defoe. In the last five years we have also had Academy players representing England at every level of the national team often simultaneously.

WH HOLDING LIMITED

DIRECTORS' REPORT
for the year ended 31 May 2011
(continued)

We are investing heavily in our coaches, support staff and facilities to make sure we develop this commitment to education and excellence. This is reflected particularly at senior level too. When they make it to the first team, we are doing all we can to ensure the Academy products flourish in an environment that is among the best English football has to offer. The Club is embracing new approaches to coaching and sports science – utilising the best of British and foreign innovation and expertise – and constantly monitoring new developments and best practice.

Finally, the current West Ham United first team contains the following Academy graduates, Mark Noble, Jack Collison, James Tomkins, Freddie Sears, Daniel Potts, Robert Hall, George Moncur, Jordan Brown, Jordan Spence and Callum McNaughton.

Exceptional Items

Note 4 discloses exceptional items of £1,566,000 in the year (2010 - £4,389,000).

Post Balance Sheet Events

Note 33 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

On behalf of the board

N Igoe
Director

19 December 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 prepared 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 UK 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 company and the group 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.

On behalf of the board

N Igoe
Director

19 December 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 2011 which comprise the Consolidated Profit and Loss Account, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implication of our report.

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 2011 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

19 December 2011

WH HOLDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2011

		2011			2010		
	Note	**Operations excluding player trading £000**	**Player trading * (notes 8 & 12) £000**	**Total £000**	**Operations excluding player trading £000**	**Player trading * (notes 8 & 12) £000**	**Total £000**
Group turnover	3	80,544	-	80,544	71,741	-	71,741
Other operating income		395	-	395	399	-	399
Exceptional items	4	(1,566)	-	(1,566)	(4,389)	-	(4,389)
Administrative expenses		(72,599)	(14,545)	(87,144)	(70,706)	(14,555)	(85,261)
Total operating expenses		(74,165)	(14,545)	(88,710)	(75,095)	(14,555)	(89,650)
Group operating loss	5	6,774	(14,545)	(7,771)	(2,955)	(14,555)	(17,510)
(Loss)/profit on disposal of players	8	-	(8,121)	(8,121)	-	606	606
Loss on operating activities before interest and taxation		6,774	(22,666)	(15,892)	(2,955)	(13,949)	(16,904)
Interest payable and similar charges	9			(2,697)			(3,774)
Interest receivable and similar income	10			24			31
Loss on ordinary activities				(18,565)			(20,647)
Tax on loss on ordinary activities	11			-			-
Loss for the financial year	28			(18,565)			(20,647)

* 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 £17,694,000 (2010 - £19,898,000). 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.

The group has no recognised gains or losses other than those included in the results above and therefore no separate statement of recognised gains and losses has been presented.

WH HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

as at 31 May 2011

	Note	2011		2010	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	12		14,705		26,628
Tangible assets	13		72,979		75,545
			87,684		102,173
Current assets					
Stocks	15	431		241	
Debtors	16	7,660		6,552	
Cash at bank and in hand		3,258		11,273	
		11,349		18,066	
Creditors - amounts falling due within one year	17	(50,532)		(51,980)	
Net current liabilities			(39,183)		(33,914)
Total assets less current liabilities			48,501		68,259
Creditors – amounts falling due after more than one year	17		(51,639)		(54,742)
Provisions for liabilities	22,23		(364)		(454)
Net (liabilities)/assets			(3,502)		13,063
Capital and reserves					
Called up share capital	24		2		2
Share premium account	25		34,999		32,999
Capital redemption reserve	26		111,499		111,499
Revaluation reserve	27		(7,552)		(6,681)
Profit and loss account	28		(142,450)		(124,756)
Total shareholders' (deficit)/funds	29		(3,502)		13,063

These financial statements, on pages 15 to 34 for company registration number 5993863, were approved by the board of directors on 19 December 2011 and signed on its behalf

N Igoe
Director

WH HOLDING LIMITED

COMPANY BALANCE SHEET

as at 31 May 2011

	Note	2011		2010	
		£000	£000	£000	£000
Fixed assets					
Investments	14		65,000		65,000
Current assets					
Debtors	16	26,628		24,421	
Creditors - amounts falling due within one year	17	-		-	
Net current assets			26,628		24,421
Total assets less current liabilities			91,628		89,421
Creditors - amounts falling due after one year	17		(3,328)		(3,121)
Net assets			88,300		86,300
Capital and reserves					
Called up share capital	24		2		2
Share premium account	25		34,999		32,999
Capital redemption reserve	26		111,499		111,499
Profit and loss account	28		(58,200)		(58,200)
Total shareholders' funds			88,300		86,300

These financial statements, on pages 15 to 34 for company registration number 5993863, were approved by the board of directors on 19 December 2011 and signed on its behalf

N Igoe
Director

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2011

	Note	2011		2010	
		£000	£000	£000	£000
Net cash inflow from operating activities	A		5,375		1,370
Returns on investments & servicing of finance					
Interest paid		(2,485)		(3,774)	
Interest received		24		31	
Net cash outflow from returns on investments & servicing of finance			(2,461)		(3,743)
Capital expenditure & financial investment					
Purchase of tangible fixed assets		(615)		(2,463)	
Proceeds on disposal of tangible fixed assets		17		2	
Purchase of player registrations		(16,899)		(24,833)	
Proceeds on disposal of player registrations		4,478		17,635	
Net cash outflow from capital expenditure & financial investment			(13,019)		(9,659)
Net cash outflow before financing			(10,105)		(12,032)
Financing					
Issue of ordinary shares		2,000		34,000	
Repurchase of ordinary shares		-		(5)	
Bank loans advanced		1,257		6,939	
Loans advanced from shareholders		3,000		-	
Loans repaid from company controlled by major investor		-		(10,000)	
Bank and other loans repaid		(3,500)		(9,973)	
Hire and lease purchase loans repaid		(667)		(571)	
Net cash inflow from financing			2,090		20,390
(Decrease)/increase in cash & bank balances			(8,015)		8,358

WH HOLDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2011

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

	2011 £000	2010 £000
Operating loss from continuing activities	(7,771)	(17,510)
Depreciation charge	3,136	3,240
Loss on disposal of tangible fixed assets	28	7
Release of deferred grant income	(67)	(67)
Amortisation of cost of player registrations	14,545	14,555
(Increase) in stocks	(190)	(56)
Decrease in debtors	115	1,182
(Decrease)/increase in creditors	(4,421)	19
Net cash inflow from operating activities	5,375	1,370

B Analysis of Changes in Net Debt

	31 May 2010 £000	Cash flows £000	Other non-cash changes £000	31 May 2011 £000
Cash at bank and in hand	11,273	(8,015)	-	3,258
Revolving credit facility	(12,000)	-	-	(12,000)
	(727)	(8,015)	-	(8,742)
Debt due within one year	(3,500)	3,500	(4,500)	(4,500)
Debt due after one year	(28,277)	(4,257)	4,500	(28,034)
Hire and lease purchase loans	(1,005)	667	-	(338)
	(32,782)	(90)	-	(32,872)
	(33,509)	(8,105)	-	(41,614)

C Reconciliation of Net Cash Flow to Movement in Net Debt

	2011 £000	2010 £000
(Increase)/decrease in short term loans, net of cash, in the year	(8,015)	18,358
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(90)	3,605
Change in net debt resulting from cash flows	(8,105)	21,963
Net debt at start of period	(33,509)	(55,472)
Net debt at end of period	(41,614)	(33,509)

1 Accounting Policies

These financial statements are prepared on the going concern basis, under the historical cost convention as modified by the revaluation of freehold land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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.

Exceptional items
Items of income and expenditure, which fall within the ordinary activities of the company, may be considered to be exceptional by virtue of their size or the frequency with which they occur and these are disclosed in the financial statements as exceptional items.

Tangible fixed assets and depreciation
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 in September 2009 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.

The football club is considering bidding to lease the Olympic Stadium but no formal decision has been reached. Accordingly no decision has been reached on any change of use of the Boleyn Ground.

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 using the first in, first out method. 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 loss for the parent company amounted to £nil (2010: loss - £3,815,000) for the period, as a result of the investment impairment provision (see note 14).

3 Group Turnover

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

	Group	
	2011	**2010**
	£000	**£000**
Match receipts and related football activities	18,808	16,916
Broadcast and central sponsorship distributions	46,265	38,008
Commercial activities	11,879	12,682
Retail and merchandising	3,592	4,135
	80,544	71,741

4 Exceptional Items

	Group	
	2011	**2010**
	£000	**£000**
Compensation for loss of office	885	3,350
Loss on foreign exchange transactions	212	-
Exceptional bank charges and associated professional fees	-	603
Settlement of litigation	229	436
Olympic Stadium project costs	240	-
	1,566	4,389

Tax attributable to exceptional items was £438,000 (2010 – £1,229,000). As the group is loss making this merely serves to increase tax losses (see note 11).

5 Group Operating Loss

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

	Group	
	2011	**2010**
	£000	**£000**
Employment costs (note 6)	55,704	53,647
Amortisation of intangible assets (note 12)	14,545	14,555
Depreciation on tangible fixed assets (note 13):		
- owned assets	2,620	2,726
- assets held under hire and lease purchase contracts	516	514
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	3
Fees payable to the company's auditors for the audit of the company's subsidiaries:		
- PricewaterhouseCoopers LLP	42	42
Fees payable to the company's auditors for other services pursuant to legislation:		
- PricewaterhouseCoopers LLP	10	3
- Deloitte LLP	-	12
Fees payable to Deloitte LLP for tax services	-	37
Operating leases – land and buildings	259	260
Operating leases – plant and machinery	94	121
Loss on disposal of tangible assets	28	7

The audit fee for the company of £3,000 (2010 - £3,000) is borne by West Ham United Football Club Limited.

6 Staff Costs and Employees

	Group	
	2011 £000	2010 £000
Wages and salaries	48,538	44,676
Directors' fees	75	66
Compensation for loss of office	885	3,350
Social security costs	6,059	5,345
Other pension costs	147	210
	55,704	53,647

	Number	Number
Average monthly number of persons employed (including directors)		
Players, team management & training	101	104
Commercial & administrative	84	92
	185	196
Part-time employees	517	590
	702	786

Staff costs include exceptional expenditure of £885,000 (2010 – £3,350,000) (see note 4).

7 Directors' Emoluments

	Group	
	2011 £000	2010 £000
Emoluments	456	518
Fees	75	66
Aggregate payments made to a defined contribution pension scheme	26	53
	557	637
Emoluments of highest paid director		
Emoluments	256	301
Aggregate payments made to a defined contribution pension scheme	26	31
	282	332

	Number	Number
Directors who are members of a defined contributions pension scheme	1	2

There were no payments to directors for compensation for loss of office (2010 – nil).

8 (Loss)/Profit on Disposal of Players

	2011 £000	2010 £000
Disposal proceeds (net of costs of realisation)	1,992	7,180
Net book value of players sold (note 12)	(10,113)	(6,574)
	(8,121)	606

Tax attributable to the (loss)/profit on disposal of players was a credit of £2,274,000 (2010 - £170,000 charge). As the group is loss making this merely serves to increase tax losses (see note 11).

9 Interest Payable and Similar Charges

	Group	
	2011 £000	2010 £000
Interest payable on bank overdrafts and loans	1,428	1,676
Hire purchase loan interest	52	99
Discounting costs	280	1,488
Other interest payable	937	511
	2,697	3,774

10 Interest Receivable and Similar Income

	2011 £000	2010 £000
Bank and other interest receivable	24	31

11 Tax on Loss on Ordinary Activities

As at 31 May 2011 cumulative tax losses available to carry forward against future trading profits were approximately £96,800,000 (2010 – £80,300,000) subject to agreement with HM Revenue & Customs.

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

	Group	
	2011 £000	2010 £000
Loss on ordinary activities before tax	(18,565)	(20,647)
Tax credit @ 28% thereon	(5,198)	(5,781)
Expenses not deductible for tax purposes	378	436
Capital allowances for period less than depreciation	244	191
Other timing differences	(52)	(30)
Increase in tax losses	4,628	5,184
Current corporation tax charge for year	-	-

12 Intangible Assets

	Player Registrations £000	Goodwill on acquisition £000	Total £000
Cost			
1 June 2010	65,663	37,965	103,628
Additions	12,735	-	12,735
Disposals	(23,138)	-	(23,138)
31 May 2011	55,260	37,965	93,225
Accumulated amortisation			
1 June 2010	39,035	37,965	77,000
Charge for the year	14,545	-	14,545
Disposals	(13,025)	-	(13,025)
31 May 2011	40,555	37,965	78,520
Net book value			
31 May 2011	14,705	-	14,705
31 May 2010	26,628	-	26,628

13 Tangible Assets

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
Cost or valuation				
1 June 2010	85,943	15,683	268	101,894
Additions	392	223	-	615
Disposals	-	(124)	(111)	(235)
31 May 2011	86,335	15,782	157	102,274
Depreciation				
1 June 2010	15,932	10,226	191	26,349
Charge for the year	1,822	1,293	21	3,136
Disposals	-	(96)	(94)	(190)
31 May 2011	17,754	11,423	118	29,295
Net book value				
31 May 2011	68,581	4,359	39	72,979
31 May 2010	70,011	5,457	77	75,545

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

13 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 £41,660,000 (2010 – £41,268,000) and accumulated depreciation of £13,130,000 (2010 – £12,058,000).

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.

	2011 £000	2010 £000
Plant, fittings & equipment	917	1,421
Motor vehicles	26	39
	943	1,460

The company does not hold any tangible assets.

14 Fixed Asset Investments

	Company 2011 £000	Company 2010 £000
Ordinary shares in subsidiary undertakings at cost	123,199	123,199
Impairment provision	(58,199)	(58,199)
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	100%	Great Britain	Holding company
West Ham United Football Club Limited	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.

15 Stocks

	Group	
	2011	2010
	£000	£000
Goods for resale	431	241

The company does not hold any stock.

16 Debtors

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Trade debtors	824	2,007	-	-
Amounts owed by group undertaking	-	-	26,628	24,421
Debtors arising from player transfers	1,553	112	-	-
Other debtors	333	584	-	-
Prepayments and accrued income				
– due within one year	4,950	3,820	-	-
– due after more than one year	-	29	-	-
	7,660	6,552	26,628	24,421

17 Creditors

	Group		Company	
	2011	2010	2011	2010
	£000	£000	£000	£000
Amounts falling due within one year				
Revolving credit facilities (note 20)	12,000	12,000	-	-
Bank loan (notes 18 & 20)	4,500	3,500	-	-
Obligations under hire and				
lease purchase contracts (notes 18 & 21)	338	667	-	-
Trade creditors	3,032	2,219	-	-
Taxation and social security	5,069	2,166	-	-
Creditors arising from player transfers	8,060	11,117	-	-
Other creditors	6,727	6,207	-	-
Season ticket and other receipts in advance	8,669	9,581	-	-
Accruals	2,137	4,523	-	-
	50,532	51,980	-	-
Amounts falling due after more than one year				
Debenture loans & subscriptions (notes 18 & 19)	611	611	-	-
Bank loans (notes 18 & 20)	24,423	27,666	3,328	3,121
Loans from shareholders (note 18)	3,000	-	-	-
Obligations under hire and				
lease purchase contracts (notes 18 & 21)	-	338	-	-
Season ticket and other receipts in advance	7,248	7,340	-	-
Creditors arising from player transfers	3,165	255	-	-
Other creditors	10,564	15,837	-	-
Deferred grant income	2,628	2,695		
	51,639	54,742	3,328	3,121

17 Creditors (continued)

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.

18 Total Borrowings and Hire Purchase Obligations

	Group	
	2011	**2010**
	£000	**£000**
Debenture loans and subscriptions repayable after 5 years or more (note 19)	611	611
Revolving credit facility	12,000	12,000
Secured bank loan repayable:		
Within 1 year or on demand	4,500	3,500
After 1 year or more	18,527	23,027
	23,027	26,527
Unsecured bank loans repayable:		
After 1 year or more	5,896	4,639
Loans from shareholders repayable:		
After 1 year or more	3,000	-
Obligations under hire and lease purchase contracts repayable:		
Within 1 year	338	667
Between 2 and 5 years	-	338
	338	1,005
	44,872	44,782

The loans from shareholders are unsecured and are subordinated to the secured bank loan. Interest is accrued at bank base rate plus 5% but will not be paid or added to the loans until the loans are repaid.

19 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 2011 and 31 May 2010 the following applications had been received.

	Group	
	2011	**2010**
	£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.

20 Bank Loan and Revolving Credit Facility

The secured bank loan, in the sum of £23,027,000 (2010 - £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 was extended to 31 December 2013. Interest is charged at 2.5% over LIBOR. The renewal documentation was executed on 10 June 2011.

The revolving credit facility is in the sum of £12,000,000 (2010 - £12,000,000) and is provided by four members of the syndicate of banks. The facility had been available until August 2011 but, in August 2011 and following renegotiation of the group banking facilities, the balance of £12,000,000 was added to the loan, referred to above, expiring on 31 December 2013. Interest is 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 provided by CB Holding ehf. and repayable on 1 January 2014. Interest is charged at 2.5% over LIBOR on a loan in the sum of £1,568,000 and at 5% over LIBOR on a further loan in the sum of £3,328,000. 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.

A further unsecured bank loan in the sum of £1,000,000 is provided by ALMC hf. and is also repayable on 1 January 2014. Interest on this loan is charged at 5% over LIBOR. This loan is also subordinated to the secured loan and so interest is capitalised and not paid.

21 Obligations Under Hire and Lease Purchase Contracts

Obligations under hire and lease purchase contracts of £338,000 (2010 - £1,005,000) are in respect of certain assets of the company and are secured on the assets themselves.

22 Provisions for Liabilities – Cost of Player Registrations

	Group	
	2011	**2010**
	£000	**£000**
At start of the year	454	1,727
Utilised in the year	(90)	(1,273)
At end of the year	364	454

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	
	2011	**2010**
	£000	**£000**
Capital allowances in excess of depreciation	887	1,135
Other timing differences	(357)	(409)
Unutilised tax losses	(530)	(726)
Total deferred tax liability	-	-

23 Provisions for Liabilities – Deferred Taxation (continued)

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

	Group	
	2011	**2010**
	£000	**£000**
Unutilised tax losses	(26,585)	(21,755)
Surplus on revaluation of properties	2,330	3,328
Unprovided deferred tax asset	(24,255)	(18,427)

The deferred tax asset of £26,585,000 (2010 – £21,755,000) 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**	
		2011	**2010**
		£000	**£000**
Allotted and fully paid (ordinary shares of £1)			
At start of the year	*2,000*	2	110,500
Conversion of loan to equity	-	-	1,000
Conversion to deferred shares	*(100)*	-	(111,499)
Issue of ordinary shares	*100*	-	1
At end of the year	*2,000*	2	2
Allotted and fully paid (deferred shares of £1)			
At start of the year	-	-	-
Conversion from ordinary shares	*100*	-	111,499
Repurchase of deferred shares by the company	*(100)*	-	(111,499)
At end of the year	-	-	-

Ordinary shares have full voting and dividend rights. During the year 100 ordinary shares were converted to deferred shares and later repurchased by the company for a total consideration of £5. Deferred shares confer on their holders no voting or dividend rights.

25 Share Premium Account

	Group & Company	
	2011	**2010**
	£000	**£000**
At start of the year	32,999	-
Conversion of loan to equity	-	9,000
Issue of ordinary shares	2,000	23,999
At end of the year	34,999	32,999

26 Capital Redemption Reserve

	Group & Company	
	2011	**2010**
	£000	**£000**
At start of the year	111,499	-
Repurchase of deferred shares by the company	-	111,499
At end of the year	111,499	111,999

27 Revaluation Reserve

	Group	
	2011	**2010**
	£000	**£000**
At start of the year	(6,681)	(5,932)
Transfer to profit and loss account	(871)	(749)
At end of the year	(7,552)	(6,681)

28 Profit and Loss Account

	Group		Company	
	2011	**2010**	**2011**	**2010**
	£000	**£000**	**£000**	**£000**
At start of the year	(124,756)	(104,858)	(58,200)	(54,385)
Loss for the financial year	(18,565)	(20,647)	-	(3,815)
Transfer from revaluation reserve	871	749	-	-
At end of the year	(142,450)	(124,756)	(58,200)	(58,200)

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

	Group	
	2011	**2010**
	£000	**£000**
Loss for the financial year	(18,565)	(20,647)
Conversion of loan to equity	-	10,000
Issue of ordinary shares	2,000	24,000
Opening shareholders' funds/(deficit)	13,063	(290)
Closing shareholders' (deficit)/funds	(3,502)	13,063

30 Operating Lease Commitments

At 31 May 2011 the group was committed to making the following annual payments in respect of operating leases.

	Group	
	2011	**2010**
	£000	**£000**
Land and buildings		
Expiring within one year	1	-
Expiring within two to five years	253	253
	254	253
Other operating leases		
Expiring within one year	16	2
Expiring within two to five years	15	60
	31	62
	285	315

31 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 £2,263,000 (2010 – £2,923,000).

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.

32 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.

33 Post Balance Sheet Events

Transfers of player registrations completed subsequent to 31 May 2011 amount to a net £1,600,000 payable by the company (2010 – £9,860,000 payable) with a further net £921,000 payable (2010 – £11,269,000 payable) contingent on certain future events.

34 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.

34 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 £147,000 (2010 - £210,000).

35 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.

36 Related Party Disclosures

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 2011 totalled £8,750,000 (2010 - £8,483,000) in respect of the term loan and £3,000,000 (2010 - £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 £382,000 (2010 - £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 charged or accrued for the year totalled £203,000.

In addition, CBH advanced an unsecured loan to the group in the course of 2009/10 on which the balance owing at 31 May 2011 was £1,567,000 (2010 - £1,518,000). Interest is capitalised on the loan and amounts capitalised or accrued as at the year end totalled £50,000 (2010 - £16,000).

On 30 May 2011, ALMC advanced a further unsecured loan of £1,000,000 on which accrued interest at the year end totalled £360.

On 12 and 13 May 2011 respectively, entities controlled by David Sullivan and David Gold advanced unsecured loans of £1,500,000 each. Interest accrued at the year end totalled £4,000 each.

In accordance with the exemption permitted by paragraph 3(c) Financial Reporting Standard 8 (Related Party Disclosures), transactions between group companies have not been disclosed.