

Company Registration Number 5993863

WH HOLDING LIMITED

Report and Financial Statements

For the year ended 31 May 2012

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WH HOLDING LIMITED

THE YEAR IN SUMMARY

- Promotion back to FA Premier League achieved at first attempt with victory in play off final at Wembley;
- West Ham United's Academy awarded Category 1 status under new Elite Player Performance Plan initiative,
- Major investment in first team squad of £12m (2011/12) and £13-20m (2012/13 to date);
- Financial support from major shareholders of £32m in 2011/12 with further £3m since year end,
- Major new contracts secured for Boleyn Ground catering for two years to 31 May 2014 and technical sponsor (to be formally announced) for two years to 31 May 2015;
- Subject to retaining FA Premier League status, West Ham United to enjoy benefits of enhanced domestic TV contract from 2013/14, estimated to yield an extra £15-20m per season to our club.

WH HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2012

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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 Chartered accountants and statutory auditors 1 Embankment Place London WC2N 6RH |
| 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 Reykjavík Iceland |

WH HOLDING LIMITED

CHAIRMAN'S STATEMENT

The year to May 2012 finished well for West Ham, returning to the Premier League with victory in the play off final at Wembley

The Board approached season 2011 – 2012 with only one aim in mind, to secure an immediate return to the Premier League

We had a three-point plan Firstly to appoint an inspirational and proven manager To invest heavily into the squad And finally we wanted to galvanise the supporters and the staff at the club to work together to achieve our principal target and continue to build our brand

Our first aim was achieved when we appointed Sam Allardyce as the manager along with his back room team They had a significant and important job to do at the training ground, in so far as the previous regime had left the club with brittle foundations in terms of players, structure and confidence Sam immediately went to work to deal directly with these issues implementing a proper backroom structure and assembling processes that could match those we have become used to at the business end of the football club

Both myself and my partner David Gold decided to invest our money into achieving promotion and during the season we invested a further £32.2m of our cash in order to allow the manager to go into the transfer market and buy the players we needed to secure promotion. During this period we bought or loaned in 18 players, most notably Kevin Nolan, Matthew Taylor and Ricardo Vaz Te, investing a total of £17.1m

During the period we grew our support through a series of marketing strategies, giving us a base on which to build the future support of the club

Our three point strategic plan paid off when the team achieved success in the play off final at Wembley

I want to take this opportunity to thank the manager, the team and the supporters for everything that has been achieved this year And finally to our loyal, hardworking and dedicated members of staff for the contribution they have made towards this year's performance

This season will bring its own challenges But we continue to believe we will deliver both on and off the pitch by investing in the team, the brand and managing the business well

David Sullivan
Joint Chairman

19 November 2012

WH HOLDING LIMITED

DIRECTORS' REPORT & BUSINESS REVIEW

for the year ended 31 May 2012

The directors present their annual report together with the audited financial statements of the group for the year ended 31 May 2012

Principal Activities

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 17. The directors do not propose the payment of a dividend (2011 – £nil).

Karren Brady, Vice Chairman's Review

Overview

2011-2012 was a challenging year due to the financial pressures imposed upon us as a direct result of relegation from the Premier League.

All areas of income were adversely affected, from ticket sales through to commercial revenue but most significantly was the reduction in broadcast revenues of over £26m. Whilst we achieved some cost reductions by selling or releasing 13 players (saving £18m) wages were still significant for a championship club at over £41m. In addition we did not increase ticket prices, but absorbed the higher VAT and we introduced reductions in season ticket prices of 7-10% and match to match ticket prices of up to 30%.

We achieved higher sales in our retail department (up 35%) and commercial activities amounted to revenue of close to £8m, a significant number for a championship club. We invested heavily in our brand, increasing our data base by 100,000 to 885,000 as well as launching a number of marketing incentives including national newspaper and radio advertising, two million leaflet drops in our surrounding areas and launching various new membership schemes, all of which were successful.

Brand

The club's new brand campaign, "More Than A Football Club" focused our ability to move with the ever changing face of dynamic east London whilst remaining true to our values and heritage.

It also resonated well with our growing global audience, enhanced our appeal helping to reengage lapsed supporters whilst demonstrating a level of understanding that appealed to our core fan base and highest value supporters.

The marketing campaign enabled us to highlight key appealing aspects in each product area, from tickets to retail and illustrate our significant role at the heart of our community and the substantial achievements in this area.

As a result of the various campaigns we launched we saw our database increase by 100,000, with over 20,000 entirely new and unique customers to the business from a cross section, via retail, ticketing, corporate and sponsorship initiatives.

WH HOLDING LIMITED
DIRECTORS' REPORT & BUSINESS REVIEW
for the year ended 31 May 2012
(continued)

In addition we launched a number of marketing initiatives and a series of leaflet drops reached over 2 million customers in our core catchment area, which helped us to better understand and extend our catchment reach during the period. Our various new membership schemes both grew our fan base at grassroots level and internationally level.

We had 17 live television games broadcast globally in the year, proving that we are considered a genuine and exciting global brand by our broadcast partners.

Football

Following relegation from the Premier League in May 2011 the board determined to maximise the club's prospects of an immediate return to the Premier League by making a significant investment in the playing squad. There was a net investment of £12.1m in transfer fees while the major component of the annual wage cost of £41.6m was wages for the first team squad and management. The board's strategy was successfully achieved with victory in the play off final at Wembley securing an immediate return to the Premier League.

In June 2012 West Ham United were awarded category 1 status through the Elite Player Performance Plan (EPPP). The board annually invests £2,500,000 into running the Academy and are very proud of the achievements and dedication of everyone involved in making this happen. As a Club we are in the elite company of the most forward thinking Academies in Europe and we continued to build on what is already a world renowned reputation.

Business Activities

For the period under review the group recorded a loss on ordinary activities of £25.5m on turnover of £46.2m. Following relegation there was a certain inevitability about this loss. Turnover fell by £34.4m, principally a reduction in central distributions of TV and sponsorship income (Premier League and Football League) totalling £26.5m.

Despite relegation, the club benefited from the continued loyalty of its supporters with home league gates averaging almost 31,000. Season ticket sales for 2012/13 have already exceeded 21,000, well in excess of the figure for 2010/11.

Retail income increased by 35% from £3.6m to £4.85m, principally as a consequence of the decision to bring the club's mail order operation in house.

Although commercial revenue declined from £11.9m to £7.9m the group was successful in securing a major new catering contract in the course of the season. Since the year end it has also secured a new technical sponsorship agreement on extremely favourable terms, the details of which will be announced in the near future and the financial benefits of which will be seen in 2013/14.

The group benefitted from excellent support from the major shareholders, David Sullivan and David Gold, who invested loans totalling £32.2m in the period.

WH HOLDING LIMITED
DIRECTORS' REPORT & BUSINESS REVIEW
for the year ended 31 May 2012
(continued)

Future Prospects

In order to maximise the club's prospects of retaining its Premier League status, a net £13m, rising to almost £20m conditional on certain footballing events, was invested in the playing squad in the summer 2012 transfer window, as demonstrated in note 33

Retention of Premier League status in the current season will allow the group to benefit from significantly increased Premier League distributions with effect from 2013/14. The recently awarded domestic TV contract for the three seasons from summer 2013 represents a 60% increase on the current contract, likely to be worth an estimated £15-20m annually to our club.

At the time of writing we have been selected for 10 live television fixtures, broadcast globally, with only Arsenal, Liverpool and Manchester United having more games than proving yet again we have a global brand as well as a global reach.

Due to the process of confidentiality surrounding our contractual obligations I cannot report at this time in any new detail re our Olympic Stadium bid. Our commitment to the Stadium and to finding a workable solution for a world-class multi-sports arena that serves a number of sports as well as its surrounding community remains unchanged. If we were fortunate enough to be announced as the anchor concessionaire to occupy the Olympic Stadium, we would take on this responsibility and huge financial commitment with pride.

Our Bid is world-class, both in terms of delivering a legacy and a financial solution, and no-one else in the country or the rest of the world can match us in this respect. We are offering a package that brings huge commercial appeal to the Park, attracting 1.2m visitors a year, delivering customers both to the venue and the wider Park and produces over 700 jobs.

If selected, we look forward to being able to announce our commitment to the stadium when the decision is finalised, but in the meantime we continue to respect the process.

Finally, the group continues to reduce historical debt with bank borrowings reduced by £4.2m in the period and net third party indebtedness (excluding amounts owed to the shareholders) falling by £10m.

Karren Brady
Vice-Chairman

19 November 2012

WH HOLDING LIMITED

DIRECTORS' REPORT & BUSINESS REVIEW

for the year ended 31 May 2012
(continued)

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 club had to deal with the consequences of this in summer 2011 and, as a result of careful planning and decisive action, promotion was achieved at the first attempt. The group prepares budgets up to three seasons in advance which include an evaluation of the impact of relegation and associated contingency plans.

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 and are close to being finalised for the three years beyond, incorporating a significant annual uplift. The group's own major sponsorship and partnership agreements are also in place until summer 2013 and negotiations are in hand to extend these. 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 in the region of 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 and other debtors. Financial liabilities that expose the group to financial risk consist principally of trade and other creditors. 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 practice, in the course of the year just ended, the group made a small gain on foreign currency translation of £0.2m which forms part of the other operating income 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 and other debtors represent the maximum credit risk to which the group is exposed.

WH HOLDING LIMITED
DIRECTORS' REPORT & BUSINESS REVIEW
for the year ended 31 May 2012
(continued)

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, in June 2011, the renewal and extension of the loan and revolving credit facility, which totalled £30m as at 31 May 2012, to December 2013. Since the year end the board has also secured additional short term loan finance of £12.8m.

The board has to assess the risk in relation to the group's forecast trading performance. The group has prepared and approved forecasts for the current and forthcoming 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 alternative sources of loan finance, 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.

WH HOLDING LIMITED
DIRECTORS' REPORT & BUSINESS REVIEW
for the year ended 31 May 2012
(continued)

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.

| | 2011/12 | 2010/11 | 2009/10 | 2008/09 | 2007/08 |
|---|--|------------------|-----------------------|-----------------------|-----------------------|
| League position | 3 rd (Football League Championship) | 20 th | 17 th | 9 th | 10 th |
| FA Cup | 3 rd round | Quarter final | 3 rd round | 5 th round | 3 rd round |
| Carling Cup | 1 st round | Semi final | 3 rd round | 3 rd round | Quarter final |
| Average league gate | 30,800 | 32,800 | 33,100 | 33,000 | 34,500 |
| Wage turnover ratio | 90.2% | 68.0% | 70.2% | 78.8% | 77.7% |
| Operating (loss)/profit before exceptional items & player trading | (£10.6m) | £8.4m | £1.4m | (£4.1m) | (£4.4m) |

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

Employees

People

West Ham United's employees are key to its business and are the most visible part of the business to its customers. We are committed to high standards of employment practice and to providing equality of opportunity, training and development and a safe workplace, in addition to developing initiatives which encourage innovation.

West Ham United aims to be an exceptional employer, one that recognises talent and develops people to the best of their abilities. We ask our people to share our determination to succeed and to deliver strong business success which is why it is important for us to appropriately reward, engage, listen to and develop our employees.

WH HOLDING LIMITED

DIRECTORS' REPORT & BUSINESS REVIEW

for the year ended 31 May 2012
(continued)

Engaging our people

Engaged staff help us to continue to be successful and grow. We continue to hold regular events to connect with our people, such as an annual family fun day, business results briefings and our Christmas parties. These reinforce our informal, relaxed culture and promote our family and community focus.

Our unique and informal culture means that most of our people have direct access to our senior management team. We hold monthly management meetings and ensure that employees from across the business are in dialogue with our business leaders. West Ham United's employees are kept well informed of the performance of the Club and key events concerning the business through regular staff briefings by management and through communications via our intranet and email.

Developing our people

Every employee plays a part in the Club's success and we are focused on developing our people to the best of their abilities. When joining the business employees undertake a thorough induction which includes training on how to perform in their new role and orientation around different areas of the business.

West Ham United's people have a range of backgrounds and we work hard to provide opportunities to move around the business where appropriate and provide training to develop skills for current and future roles. We have a good track record in promoting our staff internally through investment in training and development.

Diversity of our people

We are committed to equal opportunities for all of our people, regardless of disability or background, from recruitment and selection, through training and development and promotion.

It is the policy of the Club that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled all reasonable effort is made to ensure that their employment within the Club continues. It is the policy of the Club that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of an able bodied person.

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 is underpinned by the 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.

WH HOLDING LIMITED

DIRECTORS' REPORT & BUSINESS REVIEW

for the year ended 31 May 2012
(continued)

Community

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

Building on the tremendous success of the 2012 Olympics and Paralympics, all levels of the club embrace the work done by West Ham United Community Sports Trust to ensure sport, and the stories of those who took part in the Games, can continue to inspire people for generations to come. Utilising our sites at Chadwell Heath, Beckton and Upton Park, we have staged an increasing 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 local community.

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 east London and the south east, 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.

The Trust's delivery is enhanced by its progressive Apprenticeship Scheme. Partnerships have been built and expanded with service providers which create learning and employment opportunities for young people in East London. The Premier League are using this delivery model as a best practice pilot scheme to influence a national funding process which is likely to be adopted by all Premier League clubs in the future.

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 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.

Exceptional Items

Note 4 discloses exceptional items of £2,763,000 in the year (2011 - £1,566,000)

Post Balance Sheet Events

Note 33 provides details of material events which have occurred since the balance sheet date.

WH HOLDING LIMITED
DIRECTORS' REPORT & BUSINESS REVIEW
for the year ended 31 May 2012
(continued)

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

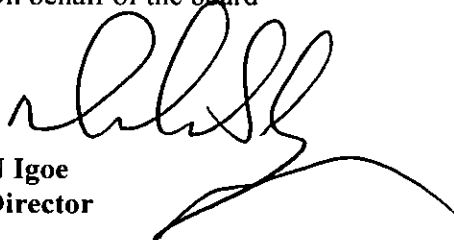
- 1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 2) the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

19 November 2012

WH HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

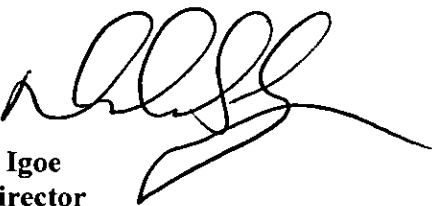
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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

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 Igoo
Director

19 November 2012

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 2012 which comprise the consolidated profit and loss account, consolidated statement of recognised gains and losses, consolidated and company balance sheets, the consolidated cash flow statement, notes to 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 15 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 misstatement or inconsistencies we consider the implication for 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 2012 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 November 2012

WH HOLDING LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2012

| | Note | 2012 | | | 2011 | | |
|---|------|--|--------------------------------------|-----------------|--|--------------------------------------|-----------------|
| | | 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 | 46,165 | - | 46,165 | 80,544 | - | 80,544 |
| Other operating income | | 734 | - | 734 | 395 | - | 395 |
| Exceptional items | 4 | (2,763) | - | (2,763) | (1,566) | - | (1,566) |
| Administrative expenses | | (57,548) | (9,774) | (67,322) | (72,599) | (14,545) | (87,144) |
| Total administrative expenses | | (60,311) | (9,774) | (70,085) | (74,165) | (14,545) | (88,710) |
| Group operating loss | 5 | (13,412) | (9,774) | (23,186) | 6,774 | (14,545) | (7,771) |
| Profit/(loss) on disposal of players | 8 | - | 911 | 911 | - | (8,121) | (8,121) |
| (Loss)/profit on operating activities before interest and taxation | | (13,412) | (8,863) | (22,275) | 6,774 | (22,666) | (15,892) |
| Interest receivable and similar income | 9 | | | 9 | | | 24 |
| Interest payable and similar charges | 10 | | | (3,214) | | | (2,697) |
| Loss on ordinary activities | | | | (25,480) | | | (18,565) |
| Tax on loss on ordinary activities | 11 | | | - | | | - |
| Loss for the financial year | 28 | | | (25,480) | | | (18,565) |

* 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 year was £24,688,000 (2011 - £17,694,000) 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 period ended 31 May 2012

| | 2012 £000 | 2011 £000 |
|--|-----------------|-----------------|
| Loss for the financial year | (25,480) | (18,565) |
| Unrealised gain on revaluation of properties | 10,829 | - |
| Total recognised losses for the year | (14,651) | (18,565) |

WH HOLDING LIMITED
CONSOLIDATED BALANCE SHEET
as at 31 May 2012

| | Note | 2012 | | 2011 | |
|---|-------|----------|-----------------|-----------------|----------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Intangible assets | 12 | | 17,924 | | 14,705 |
| Tangible assets | 13 | | 81,340 | | 72,979 |
| | | | <u>99,264</u> | | <u>87,684</u> |
| Current assets | | | | | |
| Stocks | 15 | 2,080 | | 431 | |
| Debtors | 16 | 7,100 | | 7,660 | |
| Cash at bank and in hand | | 1,854 | | 3,258 | |
| | | | <u>11,034</u> | <u>11,349</u> | |
| Creditors - amounts falling due within one year | 17 | (45,950) | | (50,532) | |
| Net current liabilities | | | <u>(34,916)</u> | <u>(39,183)</u> | |
| Total assets less current liabilities | | | <u>64,348</u> | <u>48,501</u> | |
| Creditors – amounts falling due after more than one year | 17 | | (79,881) | | (51,639) |
| Provisions for liabilities | 22,23 | | (2,620) | | (364) |
| Net liabilities | | | <u>(18,153)</u> | <u>(3,502)</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 24 | | 2 | | 2 |
| Share premium account | 25 | | 34,999 | | 34,999 |
| Capital redemption reserve | 26 | | 111,499 | | 111,499 |
| Revaluation reserve | 27 | | 2,485 | | (7,552) |
| Profit and loss account | 28 | | (167,138) | | (142,450) |
| Total shareholders' deficit | 29 | | <u>(18,153)</u> | | <u>(3,502)</u> |

These financial statements, on pages 22 to 36 for company registration number 5993863, were approved by the board of directors on 19 November 2012 and signed on its behalf


N Igwe
Director

WH HOLDING LIMITED

COMPANY BALANCE SHEET

as at 31 May 2012

| | Note | 2012 | | 2011 | |
|--|------|--------|----------------------|--------|----------------------|
| | | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Investments | 14 | | 65,000 | | 65,000 |
| Current assets | | | | | |
| Debtors | 16 | 26,845 | | 26,628 | |
| Creditors - amounts falling due within one year | 17 | - | | - | |
| Net current assets | | | <u>26,845</u> | | <u>26,628</u> |
| Total assets less current liabilities | | | <u>91,845</u> | | <u>91,628</u> |
| Creditors - amounts falling due after one year | 17 | | (3,545) | | (3,328) |
| Net assets | | | <u><u>88,300</u></u> | | <u><u>88,300</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 24 | | 2 | | 2 |
| Share premium account | 25 | | 34,999 | | 34,999 |
| Capital redemption reserve | 26 | | 111,499 | | 111,499 |
| Profit and loss account | 28 | | (58,200) | | (58,200) |
| Total shareholders' funds | | | <u><u>88,300</u></u> | | <u><u>88,300</u></u> |

These financial statements, on pages 22 to 36 for company registration number 5993863, were approved by the board of directors on 19 November 2012 and signed on its behalf


N Igoe
Director

WH HOLDING LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 May 2012

| | Note | 2012 | | 2011 | |
|---|------|----------|----------|----------|----------|
| | | £000 | £000 | £000 | £000 |
| Net cash (outflow)/inflow from operating activities | A | | (21,828) | | 5,375 |
| Returns on investments & servicing of finance | | | | | |
| Interest paid | | (1,570) | | (2,485) | |
| Interest received | | 9 | | 24 | |
| | | ----- | | ----- | |
| Net cash outflow from returns on investments & servicing of finance | | | (1,561) | | (2,461) |
| Capital expenditure & financial investment | | | | | |
| Purchase of tangible fixed assets | | (318) | | (615) | |
| Proceeds on disposal of tangible fixed assets | | 7 | | 17 | |
| Purchase of player registrations | | (11,588) | | (12,972) | |
| Proceeds on disposal of player registrations, net of disposal costs | | 6,193 | | 551 | |
| | | ----- | | ----- | |
| Net cash outflow from capital expenditure & financial investment | | | (5,706) | | (13,019) |
| Net cash outflow before financing | | | (29,095) | | (10,105) |
| Financing | | | | | |
| Issue of ordinary shares | | - | | 2,000 | |
| Bank loans advanced | | 329 | | 1,257 | |
| Loans advanced from shareholders | | 32,200 | | 3,000 | |
| Bank and other loans repaid | | (4,500) | | (3,500) | |
| Hire and lease purchase loans repaid | | (338) | | (667) | |
| | | ----- | | ----- | |
| Net cash inflow from financing | | | 27,691 | | 2,090 |
| Decrease in cash & bank balances | | | (1,404) | | (8,015) |
| | | | ----- | | ----- |

WH HOLDING LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2012

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

| | 2012 £000 | 2011 £000 |
|---|-----------------|--------------|
| Operating loss from continuing activities | (23,186) | (7,771) |
| Depreciation charge | 2,708 | 3,136 |
| Loss on disposal of tangible fixed assets | 71 | 28 |
| Release of deferred grant income | (67) | (67) |
| Amortisation of cost of player registrations | 9,774 | 14,545 |
| (Increase) in stocks | (1,649) | (190) |
| (Increase)/decrease in debtors | (190) | 115 |
| (Decrease) in creditors | (9,289) | (4,421) |
| Net cash (outflow)/inflow from operating activities | <u>(21,828)</u> | <u>5,375</u> |

B Analysis of Changes in Net Debt

| | 31 May 2011 £000 | Cash flows £000 | Other non- cash changes £000 | 31 May 2012 £000 |
|-------------------------------|------------------------|-----------------------|------------------------------------|------------------------|
| Cash at bank and in hand | 3,258 | (1,404) | - | 1,854 |
| Revolving credit facility | (12,000) | - | 12,000 | - |
| | <u>(8,742)</u> | <u>(1,404)</u> | <u>12,000</u> | <u>1,854</u> |
| Debt due within one year | (4,500) | 4,500 | (5,000) | (5,000) |
| Debt due after one year | (28,034) | (32,529) | (7,000) | (67,563) |
| Hire and lease purchase loans | (338) | 338 | - | - |
| | <u>(32,872)</u> | <u>(27,691)</u> | <u>(12,000)</u> | <u>(72,563)</u> |
| | <u>(41,614)</u> | <u>(29,095)</u> | <u>-</u> | <u>(70,709)</u> |

C Reconciliation of Net Cash Flow to Movement in Net Debt

| | 2012 £000 | 2011 £000 |
|---|-----------------|-----------------|
| Decrease in cash balances | (1,404) | (8,015) |
| Cash inflow from increase in debt and lease financing | (27,691) | (90) |
| Change in net debt resulting from cash flows | <u>(29,095)</u> | <u>(8,105)</u> |
| Net debt at start of year | (41,614) | (33,509) |
| Net debt at end of year | <u>(70,709)</u> | <u>(41,614)</u> |

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012

1 Accounting Policies

These financial statements are prepared on the going concern basis, as discussed further in the Directors' Report on page 10, 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 using acquisition accounting. 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 FRS 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 and the Rush Green training ground are valued on a current existing use value basis. Other assets which have not been the subject of a valuation are carried in the balance sheet at cost less accumulated depreciation.

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 has submitted a bid 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.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012
(continued)

1 Accounting Policies (continued)

Intangible fixed 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 fixed 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 a prior period, the unamortised balance of goodwill was written down to nil.

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 tangible 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.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2012
(continued)

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 (2011: £nil).

3 Group Turnover

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

| | Group | |
|---|--------|--------|
| | 2012 | 2011 |
| | £000 | £000 |
| Match receipts and related football activities | 13,596 | 18,808 |
| Broadcast and central sponsorship distributions | 19,769 | 46,265 |
| Commercial activities | 7,944 | 11,879 |
| Retail and merchandising | 4,856 | 3,592 |
| | 46,165 | 80,544 |

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

4 Exceptional Items

| | 2012 | Group | 2011 |
|--|--------------|-------|--------------|
| | £000 | | £000 |
| Contributions towards deficit on Football League Pension and Life Assurance Scheme | 1,735 | | - |
| Compensation for loss of office and associated professional fees | 237 | | 885 |
| Football League parachute payment | 165 | | - |
| Loss on foreign exchange transactions | - | | 212 |
| Settlement of litigation | 339 | | 229 |
| Olympic Stadium project costs | 287 | | 240 |
| | <u>2,763</u> | | <u>1,566</u> |

Tax attributable to exceptional items was £765,000 (2011 – £438,000) 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

| | 2012 | Group | 2011 |
|---|--------|-------|--------|
| | £000 | | £000 |
| Employment costs (note 6) | 41,645 | | 55,704 |
| Amortisation of intangible fixed assets (note 12) | 9,774 | | 14,545 |
| Depreciation on tangible fixed assets (note 13) | | | |
| - owned assets | 2,708 | | 2,620 |
| - assets held under hire and lease purchase contracts | - | | 516 |
| Release of grant income | (67) | | (67) |
| Fees payable to the company's auditors for the audit of the company's annual financial statements and the group's consolidated financial statements | 3 | | 3 |
| Fees payable to the company's auditors for the audit of the company's subsidiaries | 42 | | 42 |
| Fees payable to the company's auditors for other services pursuant to legislation | 7 | | 10 |
| Operating leases – land and buildings | 346 | | 259 |
| Operating leases – plant and machinery | 91 | | 94 |
| Loss on disposal of tangible fixed assets | 71 | | 28 |

The audit fee for the company of £3,000 (2011 - £3,000) is borne by West Ham United Football Club Limited

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

6 Staff Costs and Employees

| | 2012 | Group |
|---|---------------|---------------|
| | £000 | 2011 |
| | | £000 |
| Wages and salaries | 34,950 | 48,613 |
| Compensation for loss of office | 237 | 885 |
| Social security costs | 4,585 | 6,059 |
| Other pension costs | 1,873 | 147 |
| | 41,645 | 55,704 |
| | Number | Number |
| <u>Average monthly number of persons employed (including directors)</u> | | |
| Players, team management & training | 104 | 101 |
| Commercial & administrative | 112 | 84 |
| | 216 | 185 |
| Part-time employees | 370 | 517 |
| | 586 | 702 |

Staff costs include exceptional expenditure of £1,972,000 (2011 – £885,000) (see note 4)

7 Directors' Emoluments

| | 2012 | Group |
|---|---------------|---------------|
| | £000 | 2011 |
| | | £000 |
| Emoluments | 653 | 531 |
| Aggregate payments made to a defined contribution pension scheme | 16 | 26 |
| | 669 | 557 |
| <u>Emoluments of highest paid director</u> | | |
| Emoluments | 427 | 256 |
| Aggregate payments made to a defined contribution pension scheme | - | 26 |
| | 427 | 282 |
| | Number | Number |
| Directors who are members of a defined contributions pension scheme | 1 | 1 |

There were no payments to directors for compensation for loss of office (2011 – £nil)

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

8 Profit/(Loss) on Disposal of Players

| | 2012 £000 | 2011 £000 |
|---|--------------|----------------|
| Disposal proceeds (net of costs of realisation) | 6,011 | 1,992 |
| Net book value of players sold (note 12) | (5,100) | (10,113) |
| | <u>911</u> | <u>(8,121)</u> |

Tax attributable to the profit/(loss) on disposal of players was a charge of £252,000 (2011 - £2,274,000 credit) As the group is loss making this merely serves to reduce (2011 – increase) tax losses (see note 11)

9 Interest Receivable and Similar Income

| | 2012 £000 | 2011 £000 |
|------------------------------------|--------------|--------------|
| Bank and other interest receivable | <u>9</u> | <u>24</u> |

10 Interest Payable and Similar Charges

| | Group | |
|--|--------------|--------------|
| | 2012 £000 | 2011 £000 |
| Interest payable on bank loans and revolving credit facility | 1,417 | 1,428 |
| Interest on loans from shareholders | 1,083 | - |
| Hire purchase loan interest | 7 | 52 |
| Discounting costs | 132 | 280 |
| Other interest payable | 575 | 937 |
| | <u>3 214</u> | <u>2,697</u> |

11 Tax on Loss on Ordinary Activities

As at 31 May 2012 cumulative tax losses available to carry forward against future trading profits were approximately £119,000,000 (2011 – £96,800,000) subject to agreement with HM Revenue & Customs Factors affecting the corporation tax charge for the year are explained below

| | Group | |
|---|-----------------|-----------------|
| | 2012 £000 | 2011 £000 |
| Loss on ordinary activities before tax | <u>(25,480)</u> | <u>(18,565)</u> |
| Tax credit @ 25.67% (2011 – 27.67%) thereon | (6,540) | (5,137) |
| Expenses not deductible for tax purposes | 365 | 378 |
| Depreciation for year in excess of capital allowances | 117 | 240 |
| Other timing differences | 403 | (51) |
| Increase in tax losses | 5,655 | 4,570 |
| Current corporation tax charge for year | <u>-</u> | <u>-</u> |

As announced in the March 2011 Budget, the main rate of UK corporation tax was reduced to 26% from 1 April 2011 and 25% from 1 April 2012. The reductions were substantively enacted at the balance sheet date and, therefore recognised in these financial statements. Further reductions to the UK corporation tax rate were announced in the March 2012 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate to 24% from 1 April 2012, followed by 1% reduction per annum to 22% by 1 April 2014. The changes enacted from 1 April 2012 have been recognised in these financial statements, however the future changes have not yet been recognised.

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

12 Intangible Fixed Assets – Group

| | Player Registrations £000 | Goodwill on acquisition £000 | Total £000 |
|---------------------------------|--------------------------------------|---|-----------------------|
| <u>Cost</u> | | | |
| 1 June 2011 | 55,259 | 37,965 | 93,224 |
| Additions | 18,093 | - | 18,093 |
| Disposals | (33,721) | - | (33,721) |
| 31 May 2012 | <u>39,631</u> | <u>37,965</u> | <u>77,596</u> |
| <u>Accumulated amortisation</u> | | | |
| 1 June 2011 | 40,554 | 37,965 | 78,519 |
| Charge for the year | 9,774 | - | 9,774 |
| Disposals | (28,621) | - | (28,621) |
| 31 May 2012 | <u>21,707</u> | <u>37,965</u> | <u>59,672</u> |
| <u>Net book value</u> | | | |
| 31 May 2012 | <u>17,924</u> | <u>-</u> | <u>17,924</u> |
| 31 May 2011 | <u>14,705</u> | <u>-</u> | <u>14,705</u> |

13 Tangible Fixed Assets – Group

| | Freehold land & buildings £000 | Plant, fittings & equipment £000 | Motor vehicles £000 | Total £000 |
|---------------------------------|---|---|--------------------------------|-----------------------|
| <u>Cost or valuation</u> | | | | |
| 1 June 2011 | 86,335 | 15,782 | 157 | 102,274 |
| Additions | - | 318 | - | 318 |
| Adjustment on revaluation | 10,389 | 440 | - | 10,829 |
| Disposals | - | (62) | (66) | (128) |
| 31 May 2012 | <u>96,724</u> | <u>16,478</u> | <u>91</u> | <u>113,293</u> |
| <u>Accumulated depreciation</u> | | | | |
| 1 June 2011 | 17,754 | 11,423 | 118 | 29,295 |
| Charge for the year | 1,700 | 1,002 | 6 | 2,708 |
| Disposals | - | (10) | (40) | (50) |
| 31 May 2012 | <u>19,454</u> | <u>12,415</u> | <u>84</u> | <u>31,953</u> |
| <u>Net book value</u> | | | | |
| 31 May 2012 | <u>77,270</u> | <u>4,063</u> | <u>7</u> | <u>81,340</u> |
| 31 May 2011 | <u>68,581</u> | <u>4,359</u> | <u>39</u> | <u>72,979</u> |

Edward Symmons & Partners, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2012. A summary of valuations of the properties and the bases of valuation is set out below.

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

13 Tangible Fixed Assets (continued)

| Property | Basis of valuation | £000 |
|----------------------------------|------------------------------|--------|
| Boleyn Ground and adjoining land | Depreciated replacement cost | 71,200 |
| Chadwell Heath training ground | Depreciated replacement cost | 4,500 |
| Little Heath training ground | Existing use value | 740 |
| Rush Green training ground | Existing use value | 1,600 |
| Beckton Community Centre | Depreciated replacement cost | 1,500 |

The value of land included in the above is £16,244,000. The valuation of the Boleyn Ground included plant, fittings and equipment valued at £1,020,000. The valuation of the Chadwell Heath training ground included plant, fittings and equipment valued at £1,250,000.

The comparable amounts for freehold land and buildings determined according to the historical cost convention are cost of £41,660,000 (2011 – £41,660,000) and accumulated depreciation of £13,972,000 (2011 – £13,130,000).

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:

| | 2012 £000 | 2011 £000 |
|-----------------------------|--------------|--------------|
| Plant, fittings & equipment | - | 917 |
| Motor vehicles | - | 26 |
| | <u>-</u> | <u>943</u> |

14 Fixed Asset Investments – Company

| | £000 |
|--------------------------|----------------|
| <u>Cost</u> | |
| 1 June 2011 | 123,199 |
| Additions | - |
| 31 May 2012 | <u>123,199</u> |
| <u>Impairment</u> | |
| 1 June 2011 | 58,199 |
| Provision for impairment | - |
| 31 May 2012 | <u>58,199</u> |
| <u>Net book value</u> | |
| 31 May 2012 | <u>65,000</u> |
| 31 May 2011 | <u>65,000</u> |

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

14 Fixed Asset Investments (continued)

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 |

Other than the holding in West Ham United Limited, all of the above investments are held indirectly. The other investments are all held by West Ham United Limited. The proportion of voting rights held in respect of each of the investments above is the same as the proportion of ordinary shares held.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

15 Stocks

| | Group | |
|------------------|--------------|--------------|
| | 2012 £000 | 2011 £000 |
| Goods for resale | <u>2,080</u> | <u>431</u> |

The company does not hold any stock.

16 Debtors

| | Group | | Company | |
|---------------------------------------|--------------|--------------|---------------|---------------|
| | 2012 £000 | 2011 £000 | 2012 £000 | 2011 £000 |
| Trade debtors | 2,010 | 824 | - | - |
| Amounts owed by group undertaking | - | - | 26,845 | 26,628 |
| Debtors arising from player transfers | 1,371 | 1,553 | - | - |
| Other debtors | 435 | 333 | - | - |
| Prepayments and accrued income | 3,284 | 4,950 | - | - |
| | <u>7,100</u> | <u>7,660</u> | <u>26,845</u> | <u>26,628</u> |

WH HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 May 2012
(continued)

17 Creditors

| | Group | | Company | |
|---|---------------|---------------|--------------|--------------|
| | 2012 £000 | 2011 £000 | 2012 £000 | 2011 £000 |
| <u>Amounts falling due within one year</u> | | | | |
| Revolving credit facilities (note 20) | - | 12,000 | - | - |
| Bank loan (notes 18 & 20) | 5,000 | 4,500 | - | - |
| Trade creditors | 3,886 | 3,032 | - | - |
| Obligations under hire and lease purchase contracts (notes 18 & 21) | - | 338 | - | - |
| Taxation and social security | 2,546 | 5,069 | - | - |
| Creditors arising from player transfers | 10,816 | 8,060 | - | - |
| Other creditors | 9,147 | 6,727 | - | - |
| Season ticket and other receipts in advance | 9,480 | 8,669 | - | - |
| Accruals | 5,075 | 2,137 | - | - |
| | <u>45,950</u> | <u>50,532</u> | <u>-</u> | <u>-</u> |
| <u>Amounts falling due after more than one year</u> | | | | |
| Debenture loans & subscriptions (notes 18 & 19) | 611 | 611 | - | - |
| Bank loans (notes 18 & 20) | 31,752 | 24,423 | 3,545 | 3,328 |
| Loans from shareholders (note 18) | 35,200 | 3,000 | - | - |
| Creditors arising from player transfers | 4,658 | 3,165 | - | - |
| Other creditors | 5,099 | 10,564 | - | - |
| Season ticket and other receipts in advance | - | 7,248 | - | - |
| Deferred grant income | 2,561 | 2,628 | - | - |
| | <u>79,881</u> | <u>51,639</u> | <u>3,545</u> | <u>3,328</u> |

Grant income has been received from the Football Stadium 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 tangible fixed assets purchased with the grant.

18 Total Borrowings and Hire Purchase Obligations

| | Group | |
|---|---------------|---------------|
| | 2012 £000 | 2011 £000 |
| Debenture loans and subscriptions repayable after 5 years or more (note 19) | 611 | 611 |
| Revolving credit facility | - | 12,000 |
| Secured bank loan repayable | | |
| Within 1 year or on demand | 5,000 | 4,500 |
| After 1 year or more | 25,527 | 18,527 |
| | 30,527 | 23,027 |
| Unsecured loans repayable | | |
| After 1 year or more | 6,225 | 5,896 |
| Loans from shareholders repayable | | |
| After 1 year or more | 35,200 | 3,000 |
| Obligations under hire and lease purchase contracts repayable | | |
| Within 1 year | - | 338 |
| | <u>72,563</u> | <u>44,872</u> |

The loans from shareholders are unsecured and are subordinated to the secured bank loan. Interest is accrued at 6-7% but will not be paid or added to the loans until the loans are repaid.

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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 in 1991/92. Under the terms of the issue the definitive certificate can only be issued once payment has been received in full. At 31 May 2012 and 31 May 2011 the following applications had been received:

| | Group | |
|---------------|--------------|-------------|
| | 2012 | 2011 |
| | £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 £30,527,000 (2011 - £23,027,000), is provided by a syndicate of five banks. The balance of the loan includes an amount of £12,000,000, formerly made available as a revolving credit facility, which was added to the loan in August 2011. The expiry date of the loan is 31 December 2013. Interest is charged at 2.5% over LIBOR.

This loan and the former 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 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 £1,622,000 (2011 - £1,568,000) and at 5% over LIBOR on a further loan in the sum of £3,545,000 (2011 - £3,328,000). Both loans are subordinated to the secured bank loan and so interest is capitalised and not paid.

A further unsecured loan in the sum of £1,058,000 (2011 - £1,000,000) is provided by ALMC hf and is also repayable on 1 January 2014. Interest is charged at 5% over LIBOR. This loan is also subordinated to the secured bank 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 £nil (2011 - £338,000) 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 | |
|----------------------|--------------|-------------|
| | 2012 | 2011 |
| | £000 | £000 |
| At start of the year | 364 | 454 |
| Utilised in the year | (353) | (90) |
| Released in the year | (11) | - |
| Provided in the year | 2,620 | - |
| At end of the year | 2,620 | 364 |

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

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23 Provisions for Liabilities – Deferred Taxation

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

| | Group | |
|--|--------------|--------------|
| | 2012 £000 | 2011 £000 |
| Capital allowances in excess of depreciation | (650) | (887) |
| Other timing differences | 650 | 357 |
| Unutilised tax losses | - | 530 |
| Total deferred tax liability | <u>-</u> | <u>-</u> |

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

| | Group | |
|--------------------------------------|---------------|---------------|
| | 2012 £000 | 2011 £000 |
| Unutilised tax losses | 28,525 | 26,585 |
| Surplus other timing differences | 32 | - |
| Surplus on revaluation of properties | (2,701) | (2,330) |
| Unprovided deferred tax asset | <u>25,856</u> | <u>24,255</u> |

The deferred tax asset of £28,525,000 (2011 – £26,585,000) 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 FRS 15 "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

| | Group & Company | |
|--|-----------------|--------------|
| | 2012 £000 | 2011 £000 |
| <u>Allotted and fully paid</u> 2,000 ordinary shares of £1 each | <u>2</u> | <u>2</u> |

Ordinary shares have full voting and dividend rights

25 Share Premium Account

| | Group & Company | |
|--------------------------|-----------------|---------------|
| | 2012 £000 | 2011 £000 |
| At start of the year | 34,999 | 32,999 |
| Issue of ordinary shares | - | 2,000 |
| At end of the year | <u>34,999</u> | <u>34,999</u> |

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26 Capital Redemption Reserve

| | Group & Company | |
|------------------------------|----------------------------|----------------|
| | 2012 | 2011 |
| | £000 | £000 |
| At start and end of the year | <u>111,499</u> | <u>111,499</u> |

27 Revaluation Reserve

| | Group | |
|---|--------------|----------------|
| | 2012 | 2011 |
| | £000 | £000 |
| At start of the year | (7,552) | (6,681) |
| Adjustment on revaluation of properties | 10,829 | - |
| Transfer to profit and loss account | (792) | (871) |
| At end of the year | <u>2,485</u> | <u>(7,552)</u> |

28 Profit and Loss Account

| | Group | | Company | |
|-----------------------------------|------------------|------------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | £000 | £000 | £000 | £000 |
| At start of the year | (142,450) | (124,756) | (58,200) | (58,200) |
| Loss for the financial year | (25,480) | (18,565) | - | - |
| Transfer from revaluation reserve | 792 | 871 | - | - |
| At end of the year | <u>(167,138)</u> | <u>(142,450)</u> | <u>(58,200)</u> | <u>(58,200)</u> |

29 Reconciliation of Movements in Shareholders' Deficit

| | Group | |
|---|-----------------|----------------|
| | 2012 | 2011 |
| | £000 | £000 |
| Loss for the financial year | (25,480) | (18,565) |
| Adjustment on revaluation of properties | 10,829 | - |
| Issue of ordinary shares | - | 2,000 |
| Opening shareholders' (deficit)/funds | (3,502) | 13,063 |
| Closing shareholders' deficit | <u>(18,153)</u> | <u>(3,502)</u> |

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30 Operating Lease Commitments

At 31 May 2012 the group was committed to making the following annual payments in respect of operating leases

| | Group | |
|-----------------------------------|--------------|--------------|
| | 2012 £000 | 2011 £000 |
| <u>Land and buildings</u> | | |
| Expiring within one year | 6 | 1 |
| Expiring within two to five years | 253 | 253 |
| | 259 | 254 |
| <u>Other operating leases</u> | | |
| Expiring within one year | 33 | 16 |
| Expiring within two to five years | 60 | 15 |
| | 93 | 31 |
| | 352 | 285 |

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

The company is a guarantor of sums borrowed by West Ham United Football Club Limited under its banking 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 £1,770,000 (2011 – £2,263,000)

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 2012 amount to a net £13,003,000 payable by the company (2011 – £1,600,000 payable) with a further net £6,817,000 payable (2011 – £921,000 payable) contingent on certain future events

On 10 September 2012 the group obtained a loan of £12.8m secured on an assignment of future receivables. The loan is repayable in August 2013

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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.

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, 31 August 2009 and 31 August 2012 were certified by the scheme actuary in January 2003, March 2006, July 2009 and May 2012 with new schedules of contributions put in place in April 2003, April 2006, September 2009 and September 2012 which took account of market movements since the valuation date.

Following these valuations, the group's total contribution towards the deficit was calculated as £4,957,000. Legislation permits participating employers to make good any deficit over an extended period and so the revised schedule provides for the balance of contributions to be paid between September 2012 and August 2023.

Total pension costs charged during the year amounted to £1,873,000 (2011 - £147,000)

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 ("ALMC") has an indirect shareholding in the company by virtue of its 69.4% shareholding in CB Holding ehf ("CBH") which company holds 35% of the share capital of the company at the date of these financial statements.

ALMC is a member of the syndicate of five banks which has advanced the secured bank loan to the company (note 20). Amounts owing to ALMC at 31 May 2012 totalled £10,040,000 (2011 - £8,750,000) in respect of the term loan and £nil (2011 - £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 £356,000 (2011 - £382,000).

In October 2008, ALMC made available to the company a revolving credit facility which was later converted to an uncommitted revolving loan facility. This loan was subsequently novated in favour of CBH. At 31 May 2012 the balance on the loan was £3,545,000 (2011 - £3,328,000). Interest is capitalised on the loan and amounts charged or accrued for the period totalled £229,000 (2011 - £203,000).

In addition, CBH has advanced an unsecured loan to the group on which the balance owing at 31 May 2012 was £1,622,000 (2011 - £1,567,000). Interest is capitalised on the loan and amounts capitalised or accrued as at the year end totalled £44,000 (2011 - £50,000).

On 30 May 2011, ALMC advanced a further unsecured loan on which the balance owing at 31 May 2012 was £1,058,000 (2011 - £1,000,000). Interest is capitalised on the loan and amounts capitalised or accrued as at the year end totalled £61,000 (2011 - £360).

During the course of the year, entities controlled by David Sullivan and David Gold advanced unsecured loans of £16,100,000 each. This was in addition to the loans of £1,500,000 each advanced in the year ended 31 May 2011. Interest accrued at the year end totalled £543,000 and £540,000 respectively.