

Company Registration Number 5993863

WH HOLDING LIMITED

Report and Financial Statements

For the year ended 31 May 2016

WH HOLDING LIMITED

THE YEAR IN SUMMARY

Highlights

- Retention of FA Premier League status in 7th position;
- Qualification into the Europa League Cup competition for 2016-17;
- Highest income in the Club's history for the third year in succession;
- Major investment in first team squad of £53.3m (2015/16) and £45.7m (2016/17 to date);
- A fitting finale to our time at the Boleyn Ground and the move to the new stadium; and
- An incredible 52,000 season tickets sold in advance for the new stadium.

WH HOLDING LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 May 2016

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WH HOLDING LIMITED

DIRECTORS AND PROFESSIONAL ADVISERS

Directors	David Sullivan David Gold Karren Brady Andy Mollett Daniel Harris Daniel Svanstrom (appointed 3 rd June 2015)
Company Secretary	Andy Mollett
Registered Office	London Stadium Queen Elizabeth Olympic Park London E20 2ST
Company Registration Number	5993863
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Plc 1, Churchill Place London EC14 5HP

WH HOLDING LIMITED

CHAIRMAN'S STATEMENT

My Board and I are once again extremely satisfied with the achievements we have made this season (2015-16). The highlights for us being:

- Finishing 7th in the Premier League and achieving many famous victories along the way;
- Saying farewell to the Boleyn Ground in some style;
- Appointment of our new manager, Slaven Bilic, who has been a great success in his first season; and
- Making huge progress in our preparation for our move to London Stadium for the 2016/17 season.

At the start of the season we invested a net total of £53.3m and bought Pedro Obiang, Dimitri Payet, Angelo Ogbonna, Michail Antonio, Nikica Jelavic, Stephen Hendrie and Darren Randolph. We also took Carl Jenkinson, Manuel Lanzini, Victor Moses and Alex Song on loan, and extended the contracts of some key players; Diafra Sakho, Aaron Cresswell and Winston Reid.

Subsequent to the year end, we have further invested in the playing staff for the 2016-17 season with the significant investment into the purchases of a club-record signing Andre Ayew, Manuel Lanzini, Sofiane Feghouli, Havard Nordtveit, Arthur Masuaku, Edimilson Fernandes, Alvaro Arbeloa and Ashley Fletcher. We also took Simone Zaza, Jonathan Calleri, and Gokhan Tore on loan, thereby strengthening and improving our squad.

We also qualified for the Europa League after we finished 7th in the Premier League, and although we did not make it through to the group stages, we had another European experience for four games which was exciting whilst it lasted.

Once again, this season, our first at the splendid new London Stadium, 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. We all, as usual, hope it will be one of our best seasons ever.

David Sullivan
Joint Chairman
7th October 2016

WH HOLDING LIMITED

KARREN BRADY, VICE CHAIRMAN'S REVIEW

Overview

2015-6 was a good year for the club both on and off the pitch as we improved our League position to 7th in the table whilst at the same time giving a fitting farewell to the Boleyn ground. We were officially recognised as one of the world's leading football brands by Brandfinance, placing us in the top 8 most valuable brands across Premier League clubs and 14th overall in the world's top 50 most valuable football brands for 2016.

Off the pitch

All areas of income increased, resulting in the creation of additional revenue of £21.3m this year, taking our turnover to £142.1m, which is a club record.

The Ticketing team increased match day ticket sales by 35% from £19.9m to £26.9m helped by the farewell Boleyn excitement, the on-pitch success, and the good FA Cup run. Season ticket sales for 2016/17 have already exceeded a record for any London Premier League club of 52,000, which almost doubles those of the Boleyn Ground with a further 50,000 supporters who have paid to join a waiting list.

The Retail team drove a 29% increase in sales, growing the retail business to its largest turnover in history of £9.4m.

The Commercial and Sponsorship departments generated £19.0m of revenue, an increase of 31%.

For the year under review the group recorded a profit before interest and taxation of £1.2m on turnover of £142.1m, with turnover increasing by 17.7%.

Through the hard work of a dedicated, loyal and determined team both on and off the pitch the club has grown in size, revenue and in stature this season. The management team off the pitch were able to capitalise and maximise on all the opportunities the Manager and the team delivered on the pitch.

London Stadium

There has been an immense amount of work going on behind the scenes in preparation for our move which took place in June and July 2016. It is already apparent that our new home is one of the greatest arenas in world football and a platform to transform the future of our great club.

We have been very focused on delivering a ground that looks and feels like the home ground of West Ham United, and I could not be more delighted with the results. From the external wrap to the branding inside and outside the stadium, the hospitality lounges and the concourses which feature all the Legends who have played for this great club, we have been mindful to bring our past with us to our future.

The hospitality areas, which are significantly bigger than those we enjoyed at the Boleyn Ground, are completely sold out for the next three years with a substantial waiting list.

We continue to work with a highly organised group of supporters called the SAB (Supporter Advisory Board) who spend their time with the Club and have become the Club's consultants in effect with regards to everything we do that involves the fans and the club. My team and I remain grateful to them for the time and effort they put into ensuring that the club always has the supporters at the heart of every decision we make.

WH HOLDING LIMITED

KARREN BRADY, VICE CHAIRMAN'S REVIEW (continued)

Football

The Board is determined to maximise the club's prospects of retaining Premier League status by making a significant investment in the playing squad. There was an investment of £53.3m in transfer fees in the year while the major component of the annual wage cost of £84.7m was wages for the first team squad and management. David Sullivan is in charge of this operation, and in effect takes a Football Director role in helping to select and negotiate all football transfers.

This summer we spent close to £4.0m completely refurbishing the first team training ground, installing additional desso pitches, warm up areas, new dressing rooms, office, medical centre and gym. The feedback we have received from the Manager and the players has been overwhelmingly positive.

Future Prospects

Retention of Premier League status in 2015-16 season will allow the club to benefit from significantly increased Premier League distributions from the new broadcasting agreement. Retention of our status in 2016-17 season is an absolute necessity for the future wellbeing of the Club, as we will be in our new home.

Financial Fair Play is the legislation which, for the next three seasons at least, will limit the ability of clubs to over-extend themselves on players' costs. This will likely enable all clubs, including ourselves, to increase profitability, and we continue to operate within the rules.

We also renewed and increased our short-term secured facility for a further year in August 2016 which enabled us to invest in more on-field talent.

The London Stadium offers enormous commercial and brand opportunities, and we have a strategy to deliver sell-out crowds and enter that stadium with a team that are befitting of such an amazing iconic venue.

Finally, we know that we have set a level of expectation amongst our supporters this year, our first at the London Stadium, and I, my Board and all the staff on and off the pitch relish the opportunity to enjoy a wonderful and successful year and believe we have both the strategy and people to deliver much more in years to come.

Karren Brady
Vice-Chairman
7th October 2016

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STRATEGIC REPORT for the year ended 31 May 2016

The directors present their annual report together with the audited financial statements of the group for the year ended 31 May 2016.

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 consolidated profit and loss account on page 20. The directors do not propose the payment of a dividend (2015 – £nil).

Principal Risk and Uncertainties

The group's principal business risk remains that of the football club being relegated from the FA Premier League with the serious financial consequences which follow. The group prepares budgets 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 the end of the 2018-19 season. The group's own major sponsorship and partnership agreements are also in place until the end of seasons 2016 and 2017. Season ticket sales (including corporate sales) are made at the start of each season or accounting year and represent the bulk of the group's match day revenue. It follows that in the region of 75% 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 were 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 £500 million of public liability insurance in respect of any one occurrence.

At the London Stadium, we will rely on the stadium operator to obtain the annual safety certificate, but we will continue to hold £500million 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.

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STRATEGIC REPORT for the year ended 31 May 2016 (continued)

The group is exposed to foreign exchange risks in respect of the purchase or sale of player registrations negotiated in foreign currency. In the course of the year just ended, the group made a loss on foreign currency translation of £1.2m, due to the foreign exchange market uncertainty in the build-up to the EU referendum and the impact on the euro in particular.

The group places its cash with a creditworthy institution. 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.

Going Concern

The external loan facility, totalling £14.7m as at 31 May 2016, was repaid in full after the Balance Sheet date. The Board secured additional short term loan finance of £30.0m, repayable in July 2017, which is secured on future income from the Premier League broadcasting contracts.

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 analysis on these forecasts, including the 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 year in question and the assumptions on which it is based are sufficiently robust to justify confidence in the Group's company's going concern status. A major element of the Group'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, the evidence of the new season at the London Stadium is that demand remains strong due to the high level of supporter loyalty enjoyed by the club, as shown by 52,000 season ticket sales.

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 Group'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.

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STRATEGIC REPORT for the year ended 31 May 2016 (continued)

Key Performance Indicators (“KPI’s”)

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.

	2015/16	2014/15	2013/14	2012/13	2011/12
League position	7 th	12 th	13 th	10 th	3rd (Football League Championship)
FA Cup	6th round	5th round	3rd round	3rd round	3rd round
Capital One Cup	3rd round	2nd round	Semi final	2nd round	1st round
Average league gate	34,910	34,874	34,007	34,720	30,800
Wage:turnover ratio	60.0%	60.0%	55.6%	62.6%	90.2%
Operating profit/(loss) before exceptional items & player trading	£31.5m	£27.0m	£31.3m	£16.7m	(£9.0m)

On behalf of the board



Andy Mollett
Director
7th October 2016

WH HOLDING LIMITED

DIRECTORS' REPORT for the year ended 31 May 2016

Directors

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

David Sullivan
David Gold
Karren Brady
Andy Mollett
Daniel Harris
Daniel Svanstrom (appointed 3rd June 2015)

Employees

People

West Ham United's employees are key to the Club 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.

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 and promote our community focus such business results briefings, staff football tournaments, long service award ceremonies and our End of Season and Christmas parties.

Our informal and inclusive culture creates communication channels; promoting innovation and the sharing of ideas and we all work together in striving to achieve the common goal of the Group/Club as a whole. We hold weekly 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, staff newsletter, staff surveys 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.

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DIRECTORS' REPORT for the year ended 31 May 2016

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 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. This leads to sharing the same understanding of goals, processes, and expectations. Heads of Department meetings are held frequently 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.

Community

West Ham United's award winning outreach programme is a key focus and priority of the Board who have ensured that it is embraced across all areas of the Club.

The Foundation has been recognised across the industry as a shining example to others in the field, with Premier League Executive Chairman Richard Scudamore stating at a Foundation event at the House of Commons in November 2015, that: "[the Foundation is] *leading the way among the 161 clubs... I don't think there's any single club I could name that does it to the depth and to the breadth and with the real commitment that West Ham do it.*"

As a result, it has enjoyed an incredible year of growth and programme delivery. We have embraced the benefits and opportunities presented to us via the move to London Stadium, including the opportunity to work with new partners across the Queen Elizabeth Olympic Park, such as Sadlers Wells, whilst still utilising our site at Beckton. Our delivery model across Tower Hamlets, Newham, Barking & Dagenham and across the County of Essex continues to grow and is now recognised strategically as a market leader in the community sport sector.

For the last 25 years our award-winning Foundation has provided some 1.5 million opportunities to local people but following our historic move to our new Stadium we are able to commit to providing a further 1 million in the next 10 years. We have committed to invest in not one but two communities as a result of our move to the London Stadium – to continue to support those most in need in and around the Boleyn Ground and to serve our expanded catchment in Stratford and the surrounding Olympic boroughs and we have:

- Over the past three years, the Foundation's output has grown by an impressive 300%
- We are now reaching over 20,000 individuals each year, double the figure of three years ago
- We will invest £2.8m in 2016/17
- This means we are able to help an additional 10,000 people in our first year in Stratford

WH HOLDING LIMITED

DIRECTORS' REPORT

for the year ended 31 May 2016

- In the next three years we expect a further 100% growth in our activity
- Meaning almost 50,000 people will benefit from our work annually
- We are investing £1.0m in a trailblazing scheme into a new Community Prescription programme to tackle type 2 Diabetes which will engage over 10,000 local residents at risk of Diabetes in the Newham, with the aim of stopping this reversible epidemic – the only football Club in the UK working on such a programme on this scale.

Moore Family Foundation

- West Ham United run the innovative Moore Family Foundation – a charity which provides life-changing opportunities for 16,000 Year Six students in Newham, Barking & Dagenham, Tower Hamlets, Havering and Thurrock/Essex
- This is run in conjunction with Bobby Moore's only surviving child – Roberta (Founding Ambassador) who along with her family work acts as Patron for the scheme
- The programme recently won Community Project of the Year award at the prestigious London Football Awards 2016

Tackling unemployment in East London

- To help young people from east London break the down the barriers to employment we have two thriving programmes:
 - Our Leadership Through Sport & Business scheme places 16 apprentices across the city in blue-chip firms
 - Our new Applied Community Sports degree programme in association with the University of East London (UEL) gives 30 young people a year a chance to study at higher education

Tackling loneliness and isolation

- Our innovative partnership with Friends of the Elderly sees us engaging with the 50+ age group through walking football sessions. Currently around 60 people engage with each programme

Olympic legacy

Our Athletics Activator programme has seen more than 25,000 participants in events over the past 24 months at Queen Elizabeth Olympic Park.

The first season in the new Stadium will see vision to deliver a lasting legacy from the heart of east London really coming to life as we:

- Inspire healthier futures
- Use power of sport to inspire future generations
- Create pathways to education and work by raising aspirations through sport
- Break down the barriers to sport by providing opportunities into sport
- Change attitudes and change lives – using sport as a motivator for social change
- Nurture local talent – building the pathways to professional sport

WH HOLDING LIMITED

DIRECTORS' REPORT

for the year ended 31 May 2016

Our vision now forms the platform for a detailed three-year business plan which includes a detailed milestone model. Below are some of the milestones for this season, whilst this is far from an exhaustive list, it does highlight some key areas of development:

- Launch new Premier League Primary Stars programme, placing us in more schools than ever before.
- Create new 2nd chance programme for the Learning Academy, aimed at reducing drop outs and providing a stepping stone between grass roots and academy football.
- Launch new Community Schools Hub model, which will see us partner with five schools across Essex and East London. Employ five new Hub coaches who will work within secondary schools and deliver to feeder primary schools.
- Continue delivery of Leadership through Sport Apprenticeship programme across East London. Employing 22 new apprentices and placing them across blue-chip finance organisations in the city.
- Launch new 150 Club programme in Newham, building on partnerships made through the Community Prescription contract.
- Deliver the 2nd year of FD Degree programme with University of East London on UCAS and recruit new cohort of 1st year students.
- Development of a Newham Voluntary consortia. This will enable us to win larger contracts linked to Children and Young People & Adult services.
- A new 'Skill School' to enable us to deliver an apprenticeship model that could service the Club's workforce and access the full Levy requirements that go live in 2017.

Our Equality and Inclusion focus has continued to grow, with the launch of the 'Give Us A Break' project which is integrated into our new PL Disability programme, which has been set up to bring together SEN pupils with more of their age group peers to help build new bonds with others, and to empower them to actively engage in more activities.

Our award winning activity is on track to continue in the 2016/17 season.

Financial risk management

See strategic report, pages 8-10.

Future developments

See Vice-Chairman's review pages 6-7.

Post Balance Sheet Events

Note 31 provides details of material events which have occurred since the balance sheet date.

Going Concern

See strategic report, page 9.

Dividends

See strategic report, page 8.

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DIRECTORS' REPORT for the year ended 31 May 2016

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 and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board



Andy Mollett
Director
7th October 2016

WH HOLDING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements (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 financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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 the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In accordance with section 418, directors' reports shall include a statement, in the case of each director in office at the date of the directors report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Andy Mollett

Director

7th October 2016

WH HOLDING LIMITED

Independent auditors' report to the members of WH Holding Limited

Report on the financial statements

Our opinion

In our opinion, WH Holding Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2016 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.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated balance sheet and company balance sheet as at 31 May 2016;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.
- We have no exceptions to report arising from this responsibility.

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Independent auditors' report to the members of WH Holding Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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Independent auditors' report to the members of WH Holding Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

7 October 2016

WH HOLDING LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 May 2016

	Note	2016			2015		
		Operations excluding player trading £000	Player trading * (notes 7 & 11) £000	Total £000	Operations excluding player trading £000	Player trading * (notes 7 & 11) £000	Total £000
Group turnover	3	142,063		142,063	120,747		120,747
Other operating income		1,717		1,717	1,671		1,671
Administrative expenses		(112,321)	(34,416)	(146,737)	(95,420)	(21,592)	(117,012)
Group operating profit/(loss)	5	31,459	(34,416)	(2,957)	26,998	(21,592)	5,406
Profit on disposal of players	7	-	4,117	4,117	-	3,115	3,115
Profit on operating activities before interest and taxation		31,459	(30,299)	1,160	26,998	(18,477)	8,521
Interest receivable and similar income	8			77			145
Interest payable and similar charges	9			(6,113)			(5,668)
(Loss)/profit on ordinary activities before taxation				(4,876)			2,998
Tax on (Loss) / profit on ordinary activities	10			-			-
(Loss)/profit or the financial year	27			(4,876)			2,998

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

All activities derive from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 May 2016

	2016 £000	2015 £000
(Loss)/profit for the financial year	(4,876)	2,998
Gains relating to the revaluation of freehold land and buildings	-	1,055
Total recognised (losses)/gains	(4,876)	4,053

WH HOLDING LIMITED

CONSOLIDATED BALANCE SHEET

as at 31 May 2016

	Note	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		63,178		54,621
Tangible assets	12		46,747		43,080
			<u>109,925</u>		<u>97,701</u>
Current assets					
Stocks	14	358		312	
Debtors	15	20,026		14,781	
Cash at bank and in hand		27,683		22,414	
		<u>48,067</u>		<u>37,507</u>	
Creditors - amounts falling due within one year	16	(180,073)		(83,117)	
		<u></u>		<u></u>	
Net current liabilities			<u>(132,006)</u>		<u>(45,610)</u>
Total assets less current liabilities			(22,081)		52,091
Creditors – amounts falling due after more than one year	16		(20,724)		(89,942)
Provisions for liabilities	20,21		(9,516)		(9,594)
Net liabilities			<u>(52,321)</u>		<u>(47,445)</u>
Capital and reserves					
Called up share capital	22		2		2
Share premium account	23		34,999		34,999
Revaluation reserve	25		1,886		1,886
Capital redemption reserve	24		111,499		111,499
Profit and loss account	26		(200,707)		(195,831)
Total shareholders' deficit	27		<u>(52,321)</u>		<u>(47,445)</u>

These financial statements, on pages 20 to 45 for company registration number 5993863, were authorised by the board of directors on 7th October 2016 and signed on its behalf



Andy Mollett
Director

WH HOLDING LIMITED

COMPANY BALANCE SHEET

as at 31 May 2016

	Note	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Investments	13		123,199		123,199
Current assets					
Debtors	15	23,300		23,300	
Creditors - amounts falling due within one year	16	-		-	
Net current assets			23,300		23,300
Total assets less current liabilities			146,499		146,499
Creditors - amounts falling due after one year	16		-		-
Net assets			146,499		146,499
Capital and reserves					
Called up share capital	22		2		2
Share premium account	23		34,999		34,999
Capital redemption reserve	24		111,499		111,499
Profit and loss account	26		(1)		(1)
Total shareholders' funds			146,499		146,499

These financial statements, on pages 20 to 45 for company registration number 5993863, were authorised by the board of directors on 7th October 2016 and signed on its behalf.



Andy Mollett
Director

WH HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 31 May 2016

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve £000	Retained deficit £000	Total £000
Balance as at 1 June 2014	2	34,999	111,499	831	(198,829)	(51,498)
Adjustment on revaluation of properties				1,055		1,055
Profit for the year					2,998	2,998
Balance as at 31 May 2015	2	34,999	111,499	1,886	(195,831)	(47,445)
Balance as at 1 June 2015	2	34,999	111,499	1,886	(195,831)	(47,445)
Loss for the year	-	-	-	-	(4,876)	(4,876)
Balance as at 31 May 2016	2	34,999	111,499	1,886	(200,707)	(52,321)

WH HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY for the period ended 31 May 2016

	Called up share capital £000	Share premium £000	Capital redemption reserve £000	Retained (deficit) £000	Total £000
Balance as at 1 June 2014	2	34,999	111,499	(58,200)	88,300
Profit for the year				58,199	58,199
Balance as at 31 May 2015	2	34,999	111,499	(1)	146,499
Balance as at 1 June 2015	2	34,999	111,499	(1)	146,499
Balance as at 31 May 2016	2	34,999	111,499	(1)	146,499

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2016

	2016	2015
	£000	£000
Net cash used in operating activities (Note A)	39,825	42,550
Cashflow from investing activities		
Purchase of tangible fixed assets	(5,140)	(2,302)
Proceeds from disposal of fixed assets	-	2
Purchase of player registrations	(41,331)	(34,931)
Proceeds from disposal of player registrations, net of costs	8,936	3,707
Interest received	77	145
Net cash used in investing activities	(37,458)	(33,379)
Cash flow from financing activities		
Bank loans advanced	35,000	18,000
Bank and other loans repaid	(29,500)	(20,500)
Interest paid	(2,598)	(2,332)
Net cash generated from/(used in) financing activities	2,902	(4,832)
Net increase in cash and cash equivalents	5,269	4,339
Cash and cash equivalents at start of the year	22,414	18,075
Cash and cash equivalents at the end of the year	27,683	22,414

WH HOLDING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 May 2016

(continued)

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

	2016 £000	2015 £000
Operating (loss)/profit from continuing activities	(2,957)	5,406
Depreciation charge	1,474	1,208
Release of deferred grant income	(831)	(831)
Amortisation of cost of player registrations	34,416	21,592
(Increase)/decrease in stocks	(38)	350
Decrease/(increase) in debtors	300	(1,630)
Increase in creditors	7,461	16,455
Net cash inflow from operating activities	<u>39,825</u>	<u>42,550</u>

B Analysis of Changes in Net Debt

	1 June 2015 £000	Cash Flows £000	Other non- cash changes £000	31 May 2016 £000
Cash at bank and in hand	22,414	5,269	-	27,683
	<u>22,414</u>	<u>5,269</u>	<u>-</u>	<u>27,683</u>
Debt due within one year	(24,500)	(5,500)	(63,965)	(93,965)
Debt due after one year	(64,576)	-	63,965	(611)
	<u>(89,076)</u>	<u>(5,500)</u>	<u>-</u>	<u>(94,576)</u>
Net debt	<u>(66,662)</u>	<u>(231)</u>	<u>-</u>	<u>(66,893)</u>

Net debt is calculated exclusive of interest accrued on loans.

C Reconciliation of Net Cash Flow to Movement in Net Debt

	2016 £000	2015 £000
Increase in cash balances	5,269	4,339
Cash outflow/(inflow) from debt	(5,500)	2,500
Change in net debt resulting from cash flows	<u>(231)</u>	<u>6,839</u>
Net debt at start of year	(66,662)	(73,501)
Net debt at end of year	<u>(66,893)</u>	<u>(66,662)</u>

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

1. Accounting Policies

a) General information

WH Holding Limited ('the Company') and its subsidiaries (together 'the Group') operates a professional football club, West Ham United Football Club, currently playing in the English Premier League.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is London Stadium, Queen Elizabeth Olympic Park, London E20 2ST.

b) Statement of compliance and basis of preparation

The financial statements of WH Holding Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006. No adjustments were required to be made to the comparative financial statements as a result of the transition.

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of freehold land and buildings.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1d.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following disclosure exemptions:

- (i) The requirements of Section 7 *Statement of Cash Flows* on the basis that it is a qualifying entity and the consolidated cash flow statement, included in these financial statements, includes the Company's cash flows.
- (ii) The requirement of Section 33 *Related Party Disclosures* to disclose transactions with group companies.
- (iii) The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The financial statements have been prepared on the going concern basis as discussed further on page 9.

Basis of consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016

1. Accounting Policies (continued)

c) Significant accounting policies

Turnover

Turnover represents the fair value of all amounts received and receivable in respect of football matches played, goods sold and service provided during the period excluding value added tax, returns discounts and rebates. 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.

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

Tangible fixed assets

The Boleyn Ground is stated at cost less accumulated depreciation. The Chadwell Heath training ground, the Beckton Community Centre and Little Heath training grounds are stated at fair value. A full valuation was undertaken and reflected in the accounts for the year ending 31 May 2015. Full valuations take place at least every five years and any surplus or deficit is transferred to the revaluation reserve through other comprehensive Income. The Rush Green training ground which was acquired in September 2009 is included at cost.

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.

Land is not depreciated. Depreciation on other assets is calculated, using the straight line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

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

At the balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense. Assets are stated net of any provision for impairment.

Intangible assets – player registrations

Payments made to third parties in order to acquire a player's registration are capitalised at cost. The cost is then amortised during the football season on a straight line basis over the period of the player's contract. 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.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016

1. Accounting Policies (continued)

Intangible assets – player registrations (continued)

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.

At the balance sheet date, the group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. Any impairment loss is recognised immediately as an expense.

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.

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 estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related turnover is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period stocks are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Taxation

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

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016

1 Accounting Policies (continued)

c) Significant accounting policies (continued)

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

Pension costs

The group makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase schemes the principal one of which is The Football League Pension and Life Assurance Scheme. Contributions are charged to the profit and loss account over the period to which they relate.

In addition the group is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). Contributions are charged to the profit and loss account as soon as they are claimed by the Scheme. The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

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

Provisions

Provisions are recognised when the group 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.

Leases

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.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016

1 Accounting Policies (continued)

c) Significant accounting policies (continued)

(i) Financial assets (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016

1 Accounting Policies (continued)

d) Critical accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are addressed below.

(i) Cost of intangible assets

Payments made to third parties in order to acquire a player's registration are initially capitalised at cost.

(ii) Impairment of intangible assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the recoverable value of the cash generating units ("CGUs") is required to be determined. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

(iii) Provisions

Provisions are made for contingent amounts payable under the terms of transfer agreements. These provisions require management's best estimate of the costs that will be incurred based on contractual agreements and the deemed likelihood of the trigger event occurring. A contingent liability is disclosed in relation to those amounts not considered likely to become payable.

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 profit for the parent company amounted to £nil (2015: £58,119,000).

3 Group Turnover

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

	2016 £000	Group 2015 £000
Match receipts and related football activities	26,923	19,936
Broadcast and central sponsorship distributions	86,711	78,974
Commercial activities	19,035	14,561
Retail and merchandising	9,394	7,276
	<u>142,063</u>	<u>120,747</u>

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

4 Exceptional Items

There were no exceptional items in either the current or preceding year.

5 Group Operating Profit

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

	2016 £000	Group 2015 £000
Employment costs (note 6)	84,633	72,715
Amortisation of intangible fixed assets (note 11)	34,416	21,592
Depreciation on tangible fixed assets (note 12):		
- owned assets	1,474	1,208
Release of grant income	(831)	(831)
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:	47	44
Non-audit fees payable to the company's auditors	16	8
Operating leases – land and buildings	418	215
Operating leases – plant and machinery	83	85

The audit fee for the company of £3,000 (2015 - £3,000), and non-audit fees of £15,500 (2015: £8,000) are borne by West Ham United Football Club Limited.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

6 Staff Costs, Emoluments and Employees

	Group	
	2016 £000	2015 £000
Wages and salaries	74,828	64,334
Social security costs	9,637	8,234
Other pension costs	168	147
	<u>84,633</u>	<u>72,715</u>
	<u>Number</u>	<u>Number</u>
Average monthly number of persons employed (including directors)	98	93
Players, team management & training	171	164
Commercial & administrative	<u>269</u>	<u>257</u>
Part-time employees	349	334
	<u>618</u>	<u>591</u>

	Group	
	2016 £000	2015 £000
Directors' Emoluments	1,143	907
Aggregate payments made to a defined contribution pension scheme	18	18
Total directors' emoluments	<u>1,161</u>	<u>925</u>

	2016 £000	2015 £000
Emoluments of highest paid director	907	646

	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 (2015 – nil).

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

7 Profit on Disposal of Players

	2016 £000	2015 £000
Disposal proceeds (net of costs of realisation)	14,481	4,728
Net book value of players sold (note 11)	(10,363)	(1,613)
	<u>4,117</u>	<u>3,115</u>

Tax attributable to the profit on disposal of players was a charge of £824,000 (2015 £649,000). The tax has no cash impact due to losses carried forward from previous years (see note 10).

8 Interest Receivable and Similar Income

	2016 £000	2015 £000
Bank and other interest receivable	<u>77</u>	<u>145</u>

9 Interest Payable and Similar Charges

	2016 £000	Group 2015 £000
Interest payable on secured loans	2,708	2,407
Interest on loans from shareholders	3,002	2,994
Other interest payable	403	267
	<u>6,113</u>	<u>5,668</u>

10 Tax on Profit on Ordinary Activities

As at 31 May 2016 cumulative tax losses available to carry forward against future trading profits were approximately £101,900,000 (2015 – £110,150,000) subject to agreement with HM Revenue & Customs.

There is no tax charge in the current year (2015: £nil)

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 20.0% (2015: 20.83%). The differences are explained below:

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

	2016 £000	Group 2015 £000
Profit/(loss) on ordinary activities before tax	<u>(4,876)</u>	<u>2,998</u>
Tax charge/(credit) @ 20.0% (2015 – 20.83%) thereon	(975)	625
Expenses not deductible/income not taxable for tax purposes	508	(115)
Depreciation for year in excess of capital allowances	245	(84)
Other timing differences	(63)	(67)
Increase in/(utilisation of) tax losses	285	(359)
Corporation tax charge for year	<u>-</u>	<u>-</u>

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

11 Intangible Fixed Assets – Group

	Player Registrations £000	Goodwill on acquisition £000	Total £000
<u>Cost</u>			
1 June 2015	111,659	37,965	149,624
Additions	53,336	-	53,336
Disposals	(58,817)		(58,817)
31 May 2016	106,178	37,965	144,143
<u>Accumulated amortisation</u>			
1 June 2015	57,038	37,965	95,003
Charge for the year	34,416		34,416
Disposals	(48,454)		(48,454)
31 May 2014	43,000	37,965	80,965
<u>Net book value</u>			
31 May 2016	63,178	-	63,178
31 May 2015	54,621	-	54,621

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

12 Tangible Fixed Assets – Group

	Freehold land & buildings £000	Plant, fittings & equipment £000	Motor vehicles £000	Total £000
<u>Cost or valuation</u>				
1 June 2015	48,149	18,331	86	66,565
Additions	3,687	1,455	-	5,142
Disposal	-	-	-	-
31 May 2015	51,836	19,786	86	71,707
<u>Accumulated depreciation</u>				
1 June 2015	8,609	14,803	74	23,486
Charge for the year	745	724	5	1,474
31 May 2016	9,354	15,527	79	24,960
<u>Net book value</u>				
31 May 2016	42,482	4,259	7	46,747
31 May 2015	39,542	3,526	12	43,080

The football club has signed an agreement to become a tenant at the Olympic Stadium, so given that it is the club's intention to vacate the Boleyn ground in the future, and that the land has been sold to a developer for a mixed retail and residential use scheme, the historical cost accounting policy is considered to be appropriate in the view of the directors.

Lambert Smith Hampton, Chartered Surveyors, undertook valuations of the freehold properties belonging to the company as at 31 May 2015. A summary of valuations of the properties and the bases of valuation is set out below.

Property	Basis of valuation	£000
Chadwell Heath training ground	Depreciated replacement cost	4,650
Little Heath training ground	Existing use value, which is also fair value	840
Rush Green training ground	Existing use value	2,000
Beckton Community Centre	Depreciated replacement cost	1,525

The value of land included in the above is £3,759,000. The valuation of the Chadwell Heath training ground included plant, fittings and equipment valued at £1,250,000.

The historical cost equivalent of the revalued properties is £7,815,000.

All of the freehold properties are charged to CB Holding ehf and David Sullivan as lenders to the company.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

13 Fixed Asset Investments – Company

	£000
<u>Cost</u>	
1 June 2015	123,199
Additions	-
31 May 2016	<u>123,199</u>
<u>Net book value</u>	
31 May 2016	<u>123,199</u>
31 May 2015	<u>123,199</u>

The historic impairment of the investment in West Ham United Limited was reversed in the prior year as the valuation of the club is believed to support the cost.

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.

14 Stocks

	Group	
	2016 £000	2015 £000
Goods for resale	<u>358</u>	<u>312</u>

The company does not hold any stock.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

15 Debtors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade debtors	1,369	3,729	-	-
Amounts owed by group undertaking	-	-	23,300	23,300
Debtors arising from player transfers	6,808	1,263	-	-
Other debtors	162	840	-	-
Prepayments and accrued income	11,687	8,949	-	-
	<u>20,026</u>	<u>14,781</u>	<u>23,000</u>	<u>23,000</u>

Amounts owed by group undertaking are interest free and repayable on demand.

16 Creditors

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
<u>Amounts falling due within one year</u>				
Bank and other loans (notes 17 & 19)	44,764	24,500	-	-
Trade creditors	4,448	2,401	-	-
Loans from Shareholders (note 17)	49,200	-	-	-
Taxation and social security	8,886	8,081	-	-
Creditors arising from player transfers	19,738	13,039	-	-
Other creditors	1,480	1,842	-	-
Season ticket and other receipts in advance	29,121	16,911	-	-
Accruals	22,436	16,343	-	-
	<u>180,073</u>	<u>83,117</u>	<u>-</u>	<u>-</u>
<u>Amounts falling due after more than one year</u>				
Debenture loans & subscriptions (notes 18)	611	611	-	-
Bank and other loans (notes 17 & 19)	-	14,765	-	-
Loans from shareholders (note 17)	-	49,200	-	-
Creditors arising from player transfers	15,881	10,497	-	-
Other creditors	1,565	2,217	-	-
Season ticket and other receipts in advance	2,667	12,652	-	-
	<u>20,724</u>	<u>89,942</u>	<u>-</u>	<u>-</u>

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 tangible fixed assets purchased with the grant. In view of the sale of the Boleyn Ground and the move to the Olympic Stadium, this income has been released over the remaining period until the club vacated the site, being July 15th 2016.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

17 Total Borrowings

	Group	
	2016 £000	2015 £000
Debenture loans and subscriptions repayable after five years or more (note 18)	611	611
Secured bank and other loan repayable (note 19):		
Within one year or on demand	44,764	24,500
After greater than one year	-	14,765
	44,764	39,265
Loans from Shareholders repayable within one year	49,200	-
Loans from Shareholders repayable after greater than one year	-	49,200
	<u>93,964</u>	<u>89,076</u>

The loans from shareholders are unsecured and are subordinated to the secured bank loan. Interest is accrued at 6-7% depending on the nature of the loan. The interest accrued as at the balance sheet date amounts to £12,338,680.

18 Debenture Loans and Subscriptions

The balance of £611,000 comprises both full and part payments towards the purchase of debentures under the Hammers Bond Scheme 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 2016 and 31 May 2015 the following applications had been received.

	Group	
	2016 £000	2015 £000
97 'A' bonds	49	49
641 'B' bonds	481	481
70 'C' bonds	68	68
Part payments	13	13
	<u>611</u>	<u>611</u>

Under the terms and conditions of the scheme, the debentures are repayable at par after 150 years. The debentures are non-interest bearing and are unsecured.

19 Bank and other loans

On 1st July 2013, the secured bank loan was refinanced with the new lenders being CB Holding ehf and David Sullivan. The loan of £25,527,000 was increased by £6,738,198 to include further subordinated loans. This secured loan has been repaid in stages over the last three years, and the outstanding amount of £14,765,000 at 31st May 2016 was repaid in full on 15th July 2016.

This loan was 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 new lenders. The David Sullivan loan was subordinated to the CB Holding ehf loan. All these charges fell away on repayment of the loans.

During the year to 31st May 2016, the company took out a short term loan with JG Funding Limited of £30.0m. This was secured on the Premier League Basic Payment for the 2015-16 season, and it was repaid accordingly on 15 July 2016.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

A further loan of £30.0m was taken out on 15th August 2016 with Rights and Media Funding Limited, again secured on future income from the Premier League Broadcasting contract. This will be repayable in July 2017.

20 Provisions for Liabilities – Cost of Player Registrations

	Group	
	2016 £000	2015 £000
At start of the year	9,594	4,828
Utilised in the year	(2,759)	(2,489)
Released in the year	(3,272)	(603)
Provided in the year	5,953	7,858
At end of the year	<u>9,516</u>	<u>9,594</u>

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

21 Provisions for Liabilities – Deferred Taxation

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

	Group	
	2016 £000	2015 £000
Depreciation in excess of capital allowances	95	(1,285)
Other timing differences	116	1,285
Surplus on revaluation of properties	(211)	211
Utilisation of tax losses	-	(211)
Total deferred tax liability	<u>-</u>	<u>-</u>

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

	Group	
	2016 £000	2015 £000
Unprovided deferred tax asset	<u>18,334</u>	<u>22,030</u>

The deferred tax asset of £18,334,000 (2015: £22,030,000) 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.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2016

(continued)

22 Called up Share Capital

	Group & Company	
	2016	2015
	£000	£000
<u>Allotted and fully paid</u>		
2,000 ordinary shares of £1 each	2	2

Ordinary shares have full voting and dividend rights.

23 Share Premium Account

	Group & Company	
	2016	2015
	£000	£000
At start and end of the year	34,999	34,999

24 Capital Redemption Reserve

	Group & Company	
	2016	2015
	£000	£000
At start and end of the year	111,499	111,499

25 Revaluation Reserve

	Group	
	2016	2015
	£000	£000
At start of the year	1,886	831
Adjustment on revaluation of properties	-	1,055
At end of the year	1,886	1,886

26 Profit and Loss Account

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
At start of the year	(195,831)	(198,829)	(1)	(58,200)
(Loss)/ profit for the financial year	(4,876)	2,998	-	58,199
At end of the year	(200,707)	(195,831)	(1)	(1)

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

27 Reconciliation of Movements in Shareholders' Deficit

	2016 £000	Group 2015 £000
At the start of the year	(47,445)	(51,498)
(Loss)/profit for the financial year	(4,876)	2,998
Adjustment on revaluation of properties	-	1,055
Closing shareholders' deficit	<u>(52,321)</u>	<u>(47,445)</u>

28 Operating Lease Commitments

At 31 May 2016 the group was committed to making the following annual payments in respect of operating leases.

	2016 £000	Group 2015 £000
<u>Land and buildings</u>		
Expiring within one year	17	23
Expiring within two to five years	832	1,134
	<u>849</u>	<u>1,157</u>
<u>Other operating leases</u>		
Expiring within one year	6	26
Expiring within two to five years	110	84
	<u>116</u>	<u>110</u>
	<u>965</u>	<u>1,267</u>

29 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 £5,190,000 (2015 – £8,823,000).

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.

On completion of the London Stadium, the club entered into a lease commitment. This commenced in July 2016 for a lease term of 99 years. On commencement of the lease, the club has contributed £15,000,000 of lease-related costs.

30 Contingent Assets

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

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

31 Post Balance Sheet Events

Transfer of player registrations completed subsequent to 31 May 2016 amount to a net £45,730,000 payable by the Group (2015 - £36,799,000 payable) with a further net £3,500,000 payable (2015 - £2,536,000 payable) contingent on certain future events.

On 15th July 2016 the Club sold the Boleyn Ground, realising a profit on disposal of £8.0m. On the same day the CB Holding ehf and David Sullivan loans were repaid in full.

During the year to 31st May 2016, the company took out a short term loan with JG Funding Limited of £30.0m. This was secured on the Premier League Basic Payment for the 2015-16 season, and it was repaid accordingly on 15 July 2016. A further loan of £30.0m was taken out on 15th August 2016 with Rights and Media Funding Limited again secured on future income from the Premier League Broadcasting contract. This is repayable in July 2017.

On 15th July 2016 the Club moved into the London stadium and made a payment of £15.0m to its owners, E20 Stadium LLP.

On 12th August, the Club paid £4,200,000 of the oldest shareholder loans back to the shareholders, along with associated interest. These loans were originally made in December 2011 and they have accrued interest at 7% over the past five years.

The Shareholder loan notes repayment date was deferred to 1st January 2020 from 1st January 2017 on 3rd October 2016.

32 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, September 2012 and September 2015 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 £168,000 (2015 - £147,000).

33 Ultimate Controlling Party

As at the balance sheet date, David Sullivan owns 51.1% of the issued share capital of WH Holding Limited, and as a result has ultimate control over the Group.

34 Related Party Disclosures

At 31st May 2016 the combined balance of unsecured loans advanced by David Sullivan and David Gold was £49,200,000. Interest accrued at the year end totalled £6,173,803 and £6,164,877 respectively on their total unsecured loans.

David Sullivan and David Gold both own interests in in Telecom2 Limited, which is a telecommunications services partner to the company. During the year ended 31 May 2016, the company received payments from Telecom2 Limited amounting to £130,793.

WH HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 May 2016 (continued)

34 Related Party Disclosures (continued)

Fees paid to Telecom2 Limited for services procured amounted to £17,276. At 31st May 2016, £74,305 was outstanding from Telecom2 Limited and £4,150 was owed by the club.

On 1st July 2013, the secured bank loan was refinanced with the new lenders being CB Holding ehf and David Sullivan. The loan of £25,527,000 was increased by £6,738,198 to include further subordinated loans. This loan has been repaid in stages over the last three years and the balance of £14,765,000 at 31st May 2016 was fully repaid on 15th July 2016.

This loan was 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 new lenders. The David Sullivan loan is subordinated to the CB Holding ehf loan. All of these charges have now been removed.