



HISTORY
TRADITION
CLASS

1930
1936
1998



2002
2003



ARSENAL HOLDINGS PLC
STATEMENT OF ACCOUNTS AND ANNUAL REPORT 2016/17

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS



Sir Chips Keswick



K.J. Friar OBE



I.E. Gazidis



E.S. Kroenke



Lord Harris of Peckham



J.W. Kroenke



MANAGER

A Wenger OBE

SECRETARY

D Miles

CHIEF FINANCIAL OFFICER

S W Wisely FCA

AUDITOR

Deloitte LLP
London EC4A 3BZ

BANKERS

Barclays Bank plc
1 Churchill Place
London E14 5HP

REGISTRARS

Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

REGISTERED OFFICE

Highbury House
75 Drayton Park
London N5 1BU

COMPANY REG

No. 4250459 England



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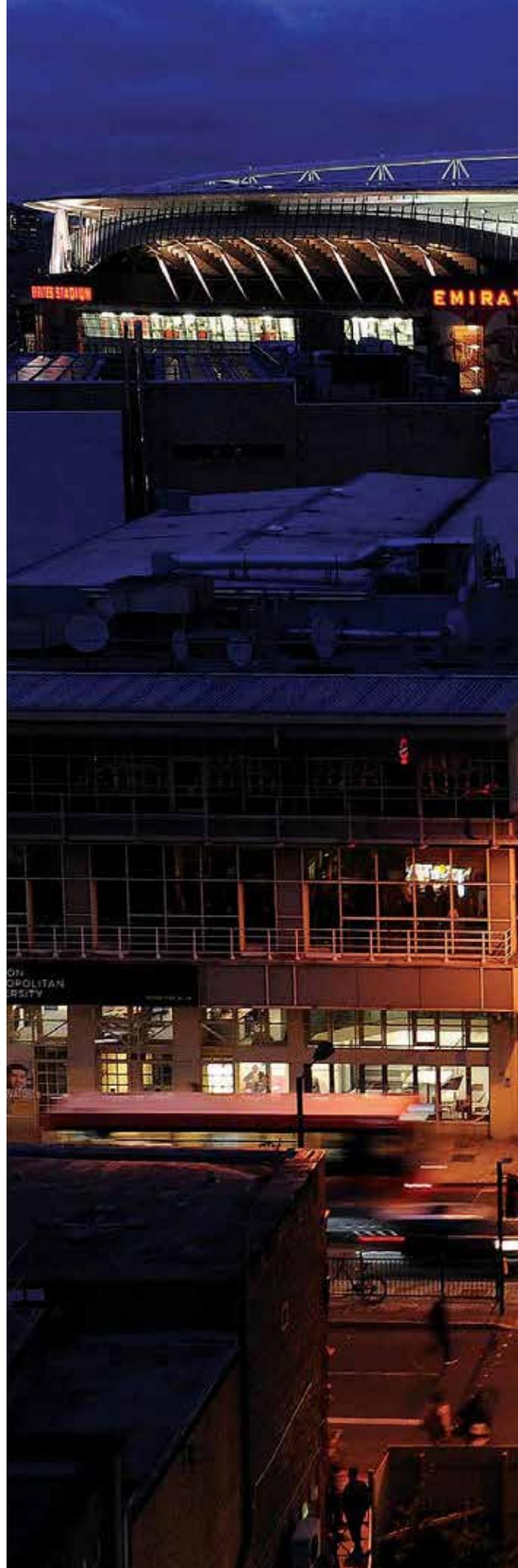
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Financial Highlights



	2017 £m	2016 £m
Revenue		
Football	422.8	350.6
Property	1.1	2.9
Group	<u>423.9</u>	<u>353.5</u>
Wage Costs	<u>199.4</u>	<u>195.4</u>
Operating Profit (excluding player trading and depreciation)		
Football	137.5	82.2
Property	0.8	1.7
Group	<u>138.3</u>	<u>83.9</u>
Profit on player sales	<u>6.8</u>	<u>2.0</u>
Group profit before tax	<u>44.6</u>	<u>2.9</u>
Financing		
Cash	180.1	226.5
Debt	(227.5)	(232.6)
Net Debt	<u>(47.4)</u>	<u>(6.1)</u>





Chairman's Report



he triumph at Wembley in the Emirates FA Cup Final against Chelsea made for an upbeat conclusion to what had otherwise been a somewhat frustrating and disappointing Premier League season. The Wembley finale was another memorable day for us all as we lifted the trophy for the third time in four years and for a record thirteenth time in our illustrious history. I thought our support on the day was outstanding and helped us to a deserved win.

This was some compensation for the disappointment of dropping out of the Premier League's top four for the first time in 20 years, so bringing to an end 19 consecutive seasons playing in the UEFA Champions' League. This will always remain a remarkable run of consistency which we recognise will be increasingly difficult to replicate in this era of increased competition.

Following the season's end we announced the reappointment of our manager Arsène Wenger for a further two years and this summer we have again moved to strengthen the squad. Alexandre Lacazette and Sead Kolasinac have arrived from France and Germany and both have already made some good contributions. In addition, the emergence of young players such as Reiss Nelson and Joe Willock has provided further encouragement of progression from Academy to

First Team squad. We are optimistic about the season ahead.

As well as strengthening, one of our key objectives over the summer was to reduce the size of what had become a very large First Team squad. As a result a number of players have left us for new opportunities and in particular our best wishes go to Alex Oxlade-Chamberlain, Kieran Gibbs, Wojciech Szczesny and Gabriel. All of whom made important contributions to the Club during their time with us.

Off the pitch, we have completed the latest phase of the transformation of our London Colney training facilities and our fully revamped Academy at Hale End was officially opened last spring.

This is also an important year for the Arsenal Women's Super League team. They enter their 30th year this season and continue to be at the forefront of the women's game, the profile of which continues to rise.

FINANCIALS

You will read in the following pages that our total revenues for the year ending 30 May 2017 were £424 million. This is the first time we have passed the £400 million mark. The main increases were £58 million more from television in the first year of the new Premier League broadcast deal supported by revenue from UEFA Champions' League





participation. There was an increase in Commercial revenues of £10.3 million, driven primarily by secondary partnerships. Overall pre-tax profit for the year was £44.6 million.

During this accounting period expenditure on transfers was at a record level for the Club of £114 million in terms of contractual cost and £102 million in terms of net cash outflow. This primarily relates to the 2016 summer signings of Granit Xhaka, Shkodran Mustafi and Lucas Perez. At the same time our total wage cost reached a level very close to £200 million.

TRANSFORMING LIVES

Through The Arsenal Foundation and our Arsenal in the Community team we continue to make a significant impact on thousands of people's lives at home and abroad. Last year we raised £1 million for The Arsenal Foundation through the Arsenal Legends' match against Milan Glorie and the money has been put to good effect providing pitches and facilities for young people in North London, Jordan, Indonesia and Somalia.

This is due in large part to significant financial contributions from our players, staff and fans for which we are hugely grateful.

Our Arsenal in the Community team continues to deliver an outstanding programme in Islington and

other nearby boroughs. The work is linked directly to local areas of need and I am proud that we continue to maintain a significant focus on this important work.

THANK YOU

I would like to recognise the support from our commercial partners who make such important contributions both financially and in terms of helping build the Club's name around the world.

In addition, my thanks go to Stan Kroenke for his support and guidance, and my fellow directors, our management team and entire staff for all their hard work and dedication.

Finally, I would like to thank all of our fans for your continued support. We understand and acknowledge your passion and your desire for further success. We share with you high ambitions for the Club and our aim is very clear, to deliver that success. ■

SIR CHIPS KESWICK
CHAIRMAN

28 September 2017

Chairman's Report



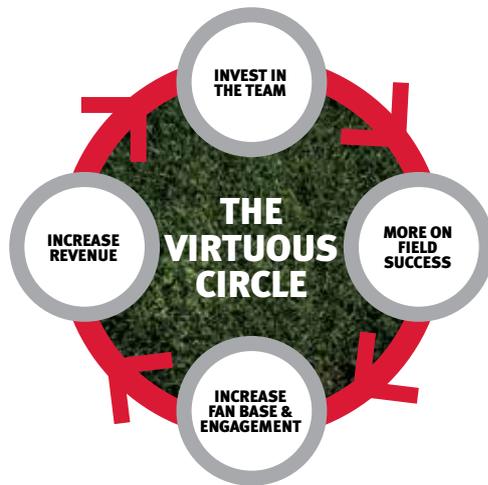
Strategic Report



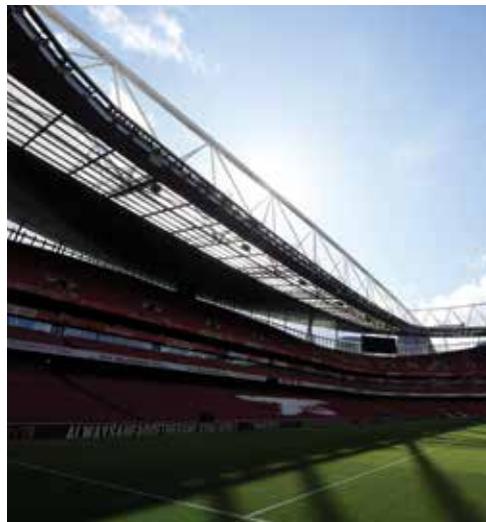
STRATEGY

The Board's long term strategy is to continue to develop Arsenal Football Club as a leading football club on both the domestic and global stage.

The Board are committed to a self-sustaining business model within which the funds generated by the business are available for further investment into the Club with the aim of achieving an increased level of on-field success which ultimately translates into the winning of trophies.



The Chief Executive's Report on page 10 and the Financial Review on page 15 are considered to be integral parts of the Group's Strategic Report for the 2016/17 year.



KEY PERFORMANCE INDICATORS

The Group has a range of financial and non-financial performance indicators.

On-field Performance

- FA Cup Winners
- Finished Premier League 5th place
- Champions League Round of 16
- Qualified for 2017/18 Europa League

Revenue

- 2016/17 £424.0 million
- 2015/16 £353.5 million
- 2014/15 £344.5 million

Match Attendance

- 26 home fixtures (2016 - 27)
- Average ticket sales of 59,886 represents > 99% of capacity (2016 - 59,834)
- Match day revenue of £100.0 million (2016 - £99.9 million)

Commercial Revenue

- 2016/17 £117.2 million
- 2015/16 £106.9 million
- 2014/15 £103.3 million
- Lead Partnerships with Puma and Emirates are mid-term.

Global Fan Base

- 25 million Arsenal.com unique visits
- Facebook fans - 38.0 million
- Twitter followers - 10.0 million
- 1.9 million Red and Digital Members
- 624,000 You Tube subscribers
- 9.6 million Instagram followers
- 400,000 Snapchat followers

Wage Costs

- Wage to football turnover ratio of 47% (2016 - 56%)
- Total wage costs of £199.4 million (2016 - £195.4 million)



Chief Executive's Report



ur journey as football fans will always feature a mix of strong emotions – that emotional connection is what makes our sport so compelling.

Last season we felt the disappointment of dropping out of the top four in the Premier League for the first time in 20 seasons yet we added to our club's great history by winning the Emirates FA Cup for the third time in four years. That run of league consistency in an era of fierce competition was unprecedented and the joy of lifting the FA Cup for a record 13th time (and the manner in which we won it) is undimmed and should bring us great pride.

But we are Arsenal and expectations quite rightly run very high. Our overarching aim is to compete for and win trophies and, in particular, to win the Premier League. It is that goal which informs all the decisions we make across the Club, on and off the pitch.

In order to compete at the top, we need to strive to be better than our competitors in everything we do. That is why during the past season we have continued to make substantial investments to drive the club forward in areas such as analytics, scouting, psychology and medical and fitness support as well as broad investments in our people capabilities throughout our Academy. In addition we have transformed our training ground at London Colney, completed a total rebuild of our youth facilities at our Academy at Hale End and invested in a new Desso grass pitch for our youth and women's teams at Boreham Wood. All our facilities are now state of the art. In total we will have spent £40 million on these building projects over the last three years, all with the aim of creating the optimal environment for us to develop and grow our players.

The development of our own players through our academy remains a priority for our football club. Ainsley Maitland-Niles and Jeff Reine-Adelaide have progressed into the first team dressing room this

season, joining the likes of Alex Iwobi, Hector Bellerin and Francis Coquelin who have recently made the same journey to become important members of our First Team squad. We have high hopes for other young players such as Reiss Nelson, Joe Willock and Eddie Nketiah, all of whom impressed on the pre-season tour to Sydney, Shanghai and Beijing.

At the top of the pyramid, we have also scaled up our investment in our First Team squad significantly in recent years, spending a net £203 million in transfer fees in the last three seasons (including a record £103 million last summer alone). This is coupled with an increase in our wage bill from £166 million to £199 million in the same period. With few



notable outward transfers during this period, our squad size had grown and we therefore had two major objectives for the summer transfer window. To add to the squad only where we could improve the quality of the players available to our manager – quality over quantity – and to reduce our overall squad size.

To that end, we secured Sead Kolasinac and Alexandre Lacazette, our two primary targets for this transfer window. We also transferred or loaned a number of squad players to enhance the efficiency of our spending, to generate transfer revenue for reinvestment into the team and in some cases (for example, as in the case of Emi Martinez) to aid their development. At the same time, we

retained Alexis Sanchez and Mesut Özil and promoted new young talent from our Academy pipeline into the first team. These decisions, taken as a whole, have again strengthened our squad for this season's competitions. We will continue this long term approach of progressively reinvesting all our available revenue in our playing resources as we look forward.

ARSENAL WOMEN'S FOOTBALL

This season, we are celebrating the 30th season of our women's team and the launch of the FA Women's Super League. We are proud of our history and our leadership position in women's football. To mark the milestone and in keeping with our



constant progression we have dropped the use of the term "Arsenal Ladies" which we felt was an outdated descriptor in the modern day. The women's game continues to go from strength to strength and Arsenal remains at the forefront of that progress.

BUSINESS UPDATE

The financial results for the year, which are covered in more detail in the Financial Review section, show our turnover finished in excess of £400 million for the first time. This was driven by a £58 million increase in television revenues as a result of the first year of the new Premier League broadcast deal. Commercial revenues also rose by £10 million

primarily as a result of commercial partnerships.

COMMERCIAL PARTNERSHIPS/RETAIL

We continue to be an attractive proposition for partners around the world. They are keen to engage directly with our huge global following and recognise the power the Arsenal name has to reach people.

Over the course of this year new partnerships have been agreed with Octopus Energy, MTN, Universal Pictures and Cavallaro Napoli and we have renewed our deals with BNN Technology, MBNA and Gatorade. The partnership with Octopus Energy assisted our transition to using 100 per cent renewably supplied electricity at Emirates Stadium.

Our retail operations are performing strongly and generated record sales of some £26 million. We have made significant investment in our online retail operations and this is coming through strongly in terms of financial performance and improved customer service. Visitor numbers for stadium tours continued to rise with 230,000 visitors from all round the world.

Our partnership with PUMA continues to thrive. The new season's kits have been particularly well received and

the launch of the third kit with Sydney Harbour Bridge as the backdrop was one of our iconic images of the summer.

ARSENAL MEDIA GROUP

The development of our media platforms underpins the growth of our partnership and retail businesses. Our combined digital following of 60 million gives us one of the biggest followings in sport and we continue to drive reach and engagement across all channels. We now have 38 million Facebook followers, 11 million on Twitter and approaching 10 million on Instagram. Our YouTube, Snapchat and Sina Weibo (China) channels are also growing at pace. ▶

Chief Executive's Report





TICKETING

General admission prices have been held flat for the second successive year and we have announced significant reductions in prices for our home matches in the UEFA Europa League. We continue to offer 43,000 tickets across the season at £26 and up to 14,000 £10 tickets are available per season to 14-16 year olds within the Young Guns Enclosure. A further 26,000 tickets priced as low as £10 are available for each potential home League Cup fixture.

Our support for away fans continues with the provision of subsidised travel when appropriate plus a cap of £26 on away match tickets, £4 below the £30 level mandated by the Premier League.

We continue to develop Ticket Exchange and Ticket Transfer. Last season more than 105,000 tickets were processed.

Demand on Club Level continues to be very strong, with our sell out for the 2017/18 season being completed in record time.

THE ARSENAL FOUNDATION AND ARSENAL IN THE COMMUNITY

We fully appreciate the impact we can have on people’s lives at home and around the world and the work of The Arsenal Foundation and Arsenal in the Community is a core part of our club.

Earlier this year the Arsenal Foundation and Save the Children combined to open a football pitch in Indonesia. Work is underway on similar football projects in Jordan and Somalia, as well as nearer to home in North London. An important area of focus is with refugees and displaced people - a growing issue globally. Our projects bring some sense of normality to people whose lives have been turned upside down.

All this work is funded through the generosity of our players, manager, staff and supporters.

As always, we have also given our support to a large number of local charitable causes during the

year while Arsenal in the Community’s ‘Arsenal Hub’ continues to be a hive of activity, delivering programmes for more than 1,000 local participants every week.

LOOKING AHEAD

We are well placed to compete at the highest levels on and off the pitch, both in the short and the longer term. We have an outstanding squad with a good balance of experience and young home grown players. Off the pitch we continue to build our infrastructure and capabilities across all aspects of our operations. In particular we are focused on ensuring that the structures, in terms of people, expertise and facilities, in place around the Manager and the players are the best that they



can be. By getting that environment right, down to fine tuning the detail, we optimise our chances of achieving the results we want on the pitch.

Our ambition is clear: to win major trophies and make Arsenal fans around the world proud of this great club.

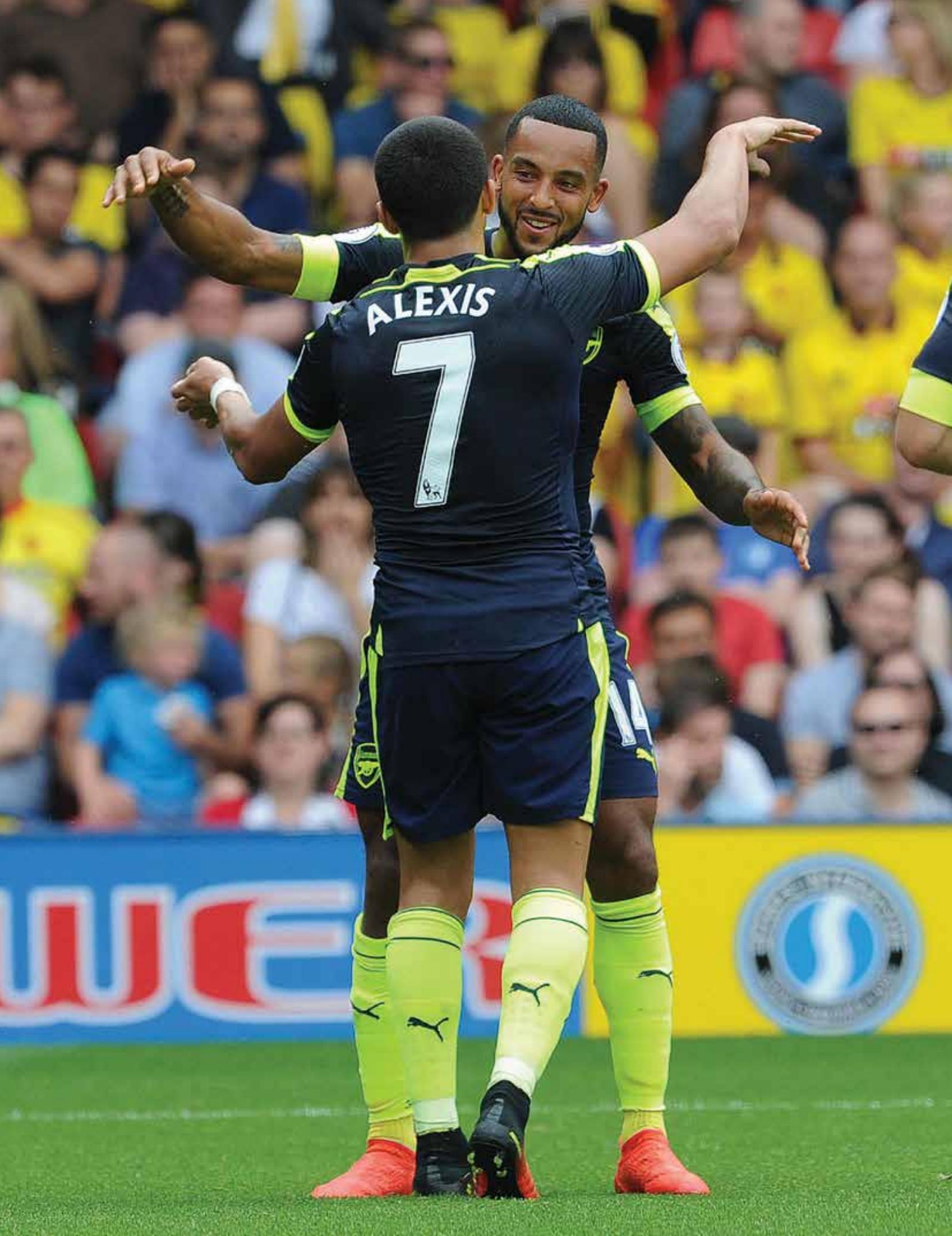
Thank you for your support. ■

I E GAZIDIS
CHIEF EXECUTIVE OFFICER

28 September 2017

Chief Executive’s Report





Increased revenues in the first year of a new Premier League broadcast cycle have meant the Group's turnover exceeded £400 million for the first time with a profit before tax of £44.6 million for the 2016/17 year, as compared to a profit of £2.9 million in the prior year.

The principal factors influencing this result were:

- An increase of £58.0 million in broadcasting revenue as a consequence of the increased value of the Premier League contracts and higher Champions League distributions;
- An increase of £10.3 million in commercial and retail revenues mainly as a result of new secondary partnerships;
- Further investment into our playing resources leading to a combined increase of £21.9 million in our wage bill and player amortisation costs;
- Marginally improved profits from the sale of player registrations at £6.8 million (2016 - £2.0 million);
- Low activity in the Group's property development business, contributing only £0.2 million of pre-tax profits as against £2.0 million in the prior year; and
- A small increase in net finance charges of £1.3 million as a result of adverse movements in the market value of our interest rate swap and lower interest rates on deposits.

	2017	2016
	£m	£m
Group turnover	424.0	353.5
Operating profit before amortisation, depreciation and player trading	137.5	84.0
Player trading (see table below)	(63.4)	(54.0)
Amortisation of goodwill and depreciation	(15.4)	(14.7)
Joint venture	0.6	1.0
Net finance charges	(14.7)	(13.4)
Profit before tax	44.6	2.9

PLAYER TRADING

Player trading consists of the profit from the sale of player registrations, the amortisation charge, including any impairment, on the cost of player

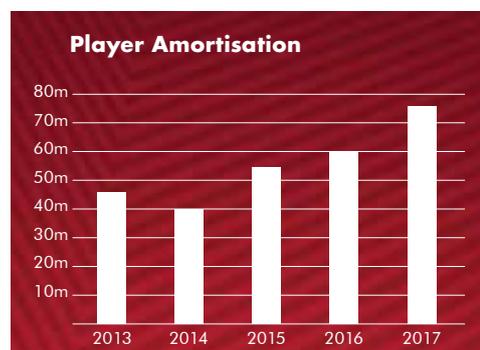
registrations and fees charged for player loans.

	2017	2016
	£m	£m
Profit on disposal of player registrations	6.8	2.0
Amortisation of player registrations	(77.1)	(59.2)
Loan fees	6.9	3.2
Total Player Trading	(63.4)	(54.0)

The sale of Serge Gnabry was the main component of player disposal profits whilst the loans of Jack Wilshere, Callum Chambers, Wojciech Szczesny and Joel Campbell helped us to generate loan fees (being premiums over and above the recovery of contracted wages) of £6.9 million.

The increased amortisation charge is a direct result of a record level of investment into the Club's playing resources. Led by the acquisitions of Granit Xhaka, Shkodran Mustafi and Lucas Perez the Club invested £113.9 million in acquiring new players and to a lesser extent extending the contracts of certain existing players, for example Hector Bellerin.

The amortisation charge, being the mechanism by which the cost of player acquisitions is expensed to profit and loss over the term of a player's contract, provides a direct indication of the level of the underlying investment in transfers. This is indicative of our own spending but also reflects the upward movement in market prices for player talent which has been driven both by Premier League revenues and the activities of certain cash rich clubs.



In cash terms the impact of this year's acquisitions, together with instalments due on those prior year acquisitions payable on deferred ▶

Financial Review



Financial Review



terms, was partially offset by the collection of receivables on player sales (both current and previous) and by the credit terms agreed with the vendor clubs. For the third year running the net cash outflow on transfers established a new record level for the Club of £102.5 million (2016 - £54.2 million). This meant that our net cash payments on player transfers over the last three years have exceeded £200 million.

CASH POSITION

The investment in transfers has resulted in a reduction in the Group's total cash and bank balances which amounted to £180.1 million at the balance sheet date (2016 - £226.5million). These balances are inclusive of debt service reserve deposits of £35.9 million (2016 - £35.4 million). With a lower cash position, the Group's overall net debt rose to £47.4 million (2016 - £6.1 million).

Proper consideration of the Group's cash balance must include allowance for the payments for the aforementioned transfers, as follows:

	2017	2016
	£m	£m
Bank balance excluding debt service	144.3	191.1
Net balance payable on transfers	(42.7)	(42.5)
	101.6	148.6

Our year end bank balance includes advance receipts, of primary sponsorship and season ticket sales, which represent working capital for the 2017/18 season. These advance receipts amounted to £85.1 million (2016 - £100.6 million).

FOOTBALL SEGMENT

	2017	2016
	£m	£m
Turnover	422.8	350.6
Operating profit before depreciation and player trading	137.5	82.2
Player trading	(63.4)	(54.0)
Profit before tax	44.4	0.9

There were 26 home fixtures (19 Barclays Premier League, four UEFA Champions League, one FA Cup and two EFL Cup), one fewer than the prior year, with an average tickets sold per game of 59,885 (2016 – 59,834). The mix of games (two EFL instead of three FA Cup) was unfavourable but this was balanced by shares of away round FA Cup gate money and involvement in the FA Cup semi-finals. Gate and match day revenue overall amounted to £100.0 million (2016 - £99.9 million).

Broadcasting revenues increased to £198.6 million (2016 - £140.6 million) for the reasons referred to at the start of this commentary. Of the increase some £39 million was attributable to the increased Premier League contracts. Aside from the underlying contract increases we attracted 25 live Premier League game facility fees (2016 – 27) and the merit payment associated with fifth place. Champions League broadcasting revenues were also ahead as a result of our increased share of Market Pool (30% share as Premier League runners up 2015/16) and a favourable weaker sterling exchange rate in converting the UEFA distributions which are made in Euro. Broadcasting contributed 47% (2016 – 40%) of our Football revenues for the period.

Combined commercial and retail revenues rose to £117.2 million (2015 – £106.9 million). We achieved strong growth in our secondary partnerships, in a competitive marketplace, rising by 34.5% (2016 - 39.6%) to £23.0 million (2016 - £17.1 million). Our retail business continued to perform strongly, with a new and enhanced website driving on-line sales, with revenues rising by £1.7 million or 7%. Finally, we include prize money from the Emirates FA Cup campaign in this category.

Wage costs for the year rose to £199.4 million (2016 - £195.4 million), which was mainly attributable to increases in the cost of our football playing and team support staff. The year to year upward change is depressed by the fact that there was no Champions League qualification trigger event in 2016/17 whereas the prior year included a Champions League qualification bonus for applicable First Team players.

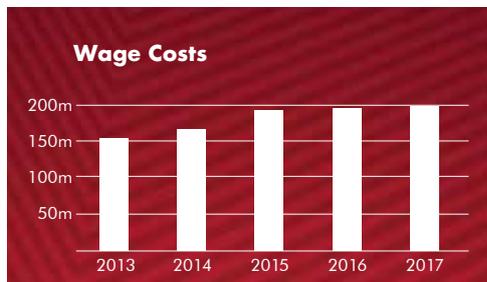
A number of players joined or received contract increases part way through 2016/17 and the reported wage cost is therefore not reflective of the ►





full annualised cost of these players. As such there is an increasing trend to our underlying wage costs. In addition, it is usual at the start of a new broadcasting cycle that the wage bill takes a little time to be fully recalibrated against prevailing market rates which are informed by the increased broadcasting revenues available to Premier League clubs.

The Club was fully compliant with the Premier League's wage cap/short term cost control regulations.



The ratio of total wage bill to football revenues was reduced to 47.2% (2016 – 55.7%). We disclose this ratio as a benchmark which is widely used in the analysis of football finance although our own monitoring in this area is based on total player spend, a combination of wages plus transfer expenditure and related costs, on a rolling three year basis against projections for the available funds generated over that period by the Group's business activities.

Other operating costs, which include all the direct and indirect costs and overheads associated with the Club's football operations and revenues, rose to £79.4 million (2016 - £70.2 million) and represented 18.8% of football revenues (2016 – 20.0%). Increases included costs associated with our commercial activities including the logistics for the California tour matches, enhanced match security, the donation of profits from the Legends game to charity and a one-off charge of £1 million associated with the planned withdrawal from a former operational property site.

PROPERTY SEGMENT

There was minimal activity in the Group's property business, with the only transaction of note being the sale of one apartment from our small portfolio of Highbury Square in-fill properties and rental

	2017	2016
	£m	£m
Turnover	1.2	2.9
Operating profit	0.1	1.7
Profit before tax	0.2	2.0

income from two commercial lets. A new build house in the in-fill portfolio will shortly go on sale but the two remaining apartments are not yet available for sale.

Of the two remaining main development sites, we are at an advanced stage of negotiations for the sale of the site adjacent to Holloway Road tube station and completion of this sale should be included in our interim accounts for the first half of 2017/18. We continue to consider options for the final remaining site on Hornsey Road.

PROFIT AFTER TAX

Overall there is a tax charge of £9.3 million (2016 – £1.2 million) on the pre-tax result for the period. This meant that the retained profit for the year was £35.3 million (2016 - £1.6 million).

The tax deductibility of the amortisation charge on player registrations is partially restricted as a result of previous roll-over reliefs claimed on player sales. This means that our taxable profit is higher than our accounts pre-tax profit and this resulted in a corporation tax charge for the year of £13.6 million (2016 - £5.6 million). During the year the Group paid UK corporation tax of £7.7 million being the balance of the 2015/16 charge and due instalments on account of the 2016/17 liability.

The corporation tax charge has been partially offset by a deferred tax credit of £4.3 million (2016 - credit of £4.4 million). This credit reflects the downward revaluation of the Group's deferred tax liabilities in light of the lower future rates of corporation tax expected to apply when the underlying tax deferrals unwind.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's long-term performance. The Board ▶

Financial Review



Financial Review



meets regularly during the year, either by telephone or on a face to face basis, and monitors these risks on a continual basis. In addition, the management of day to day operational risk is delegated to the Group Executive (the senior management team including both the executive directors).

The key business risks and uncertainties affecting the Group are considered to relate to:

- the performance and popularity of the first team;
- the recruitment and retention of key employees;
- the rules and regulations of the applicable football governing bodies;
- the negotiation and pricing of broadcasting contracts; and
- the renewal of key commercial agreements on similar or improved terms.

The Group's income is affected by the performance and popularity of the first team and significant sources of revenue are derived from strong performances in the Premier League, and UEFA European competitions. The Group seeks to maintain playing success by continually investing in the development of its playing squad and it enters into employment contracts with each of its key personnel with a view to securing their services for the term of the contract. However, the Group operates in a highly competitive market in both domestic and European competition and retention of personnel cannot be guaranteed. In addition, the activities of the Group's main competitors can determine trends in the market rates for transfers and wages that the Group may be required to follow in order to maintain the strength of its first team squad.

The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA. Any change to FA, Premier League, UEFA and FIFA regulations in the future could have an impact on the Group as the regulations cover areas such as: the format of competitions, financial fair play, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The Group monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.

Broadcasting and certain other revenues are derived from contracts which are currently centrally

negotiated by the Premier League and, in respect of European competition, by UEFA; the Group does not have any direct influence, alone, on the outcome of the relevant contract negotiations. The Premier League has secured TV rights sales for the three year cycle, ending season 2018/19, with certain overseas rights already secured for a longer term.

The Group derives a material amount of revenue from sponsorship and other commercial relationships. The underlying commercial agreements have finite terms and, whilst the Group fully expects that the global appeal of its brand will allow its commercial revenues to grow strongly in the short to medium term, the renewal of existing contracts and / or acquisition of new partnerships cannot be guaranteed. Currently the Group's most important commercial contracts are its naming rights and shirt sponsorship contracts with Emirates Airline, which expire in 2028 and 2019 respectively, and its kit sponsorship contract with PUMA.

The Group is monitoring the impact of the UK's decision to leave the European Union. In the short term this has seen the value of sterling weaken against the Euro; on the one hand increasing the cost of player transfers from the EU and, on the other, increasing the sterling value of European competition distributions paid out to clubs by UEFA in Euros. The most significant risk to the Group would appear to be a downturn to the UK or wider economy impacting ticket revenues and / or the value of broadcasting and / or sponsorship rights.





The Group's financial performance has previously remained reasonably immune to recessionary economic conditions.

FINANCIAL RISK MANAGEMENT

The Group's operations are exposed to a variety of financial risks that include credit risk, currency risk and the risks associated with liquidity and interest rates.

The Group enters into a number of transactions, relating mainly to its participation in European competition and player transfers, which create exposure to movements in foreign exchange. The Group monitors this foreign exchange exposure on a continuous basis and will usually hedge any significant net exposure in its currency receivables and payables.

The Group's policy is to eliminate, as far as possible, all of the interest rate risk which arises from its outstanding debt finance balances. Where debt balances are subject to floating rates of interest the Group will usually enter into interest rate swaps which serve to fix the rate of interest.

The Group monitors its compliance with the applicable terms of its stadium debt finance arrangements on a continuous basis and regularly reviews its forecast cash flow to ensure that both its business segments operate independently and hold an appropriate level of bank funds at all times including the required debt service reserves.

Credit checks and other appropriate financial due diligence are performed prior to the Group entering

into new material contracts.

The Club continues to be fully compliant with the Financial Fair Play regulations put in place by UEFA and the Premier League.

OUTLOOK

The adverse impact of competing in the UEFA Europa League, as compared to the UEFA Champions League, is forecast to be in the order of £20 million of which one component is the fact there is no players' Champions League qualification bonus accounted for in the 2016/17 results. The full financial impact will depend on a number of factors including the actual progress made in the competition, as this impacts both performance and market pool distributions from UEFA. The Club has previously fully self-insured against a season's participation in the UEFA Europa League within its cash reserves.

The changes to the playing squad over the summer's transfer window have been referred to elsewhere in the Annual Report and certain of the player sales give rise to profits which will be accounted for in our 2017/18 results. In addition, we expect to account for the profits on sale of the Holloway Road property site.

The external inflationary pressures on wage and transfer costs represent a concern to clubs, such as Arsenal, who are operating a self-funding model. However, it remains to be seen whether the levels of certain recent transactions are rational and indicative of a sustainable permanent upward shift in pricing.

Efficiency of spend will always be a key factor for us but the levels of cash outlay on transfers and the wage costs which we have achieved are strong evidence of our ability to compete financially in the top tier of clubs. The Club remains in a robust financial position at the start of the new season. ■

STUART WISELY
CHIEF FINANCIAL OFFICER

28 September 2017

Financial Review





The start of the 2016/17 season began with a dramatic 4-3 loss to Liverpool, as the team began its Premier League campaign without certain key players, such as Laurent Koscielny, following their late return from Euro 2016.

Following a draw with reigning champions Leicester City, we embarked on a 21 game unbeaten run which saw us pick up 16 wins in the process. Perhaps the most memorable result was an emphatic 3-0 victory over Chelsea at Emirates Stadium with Theo Walcott, Alexis and Mesut Özil all on target.

Unfortunately, a difficult winter period saw us slip back from second position, with eventual champions

Chelsea opening up a gap at the top of the table.

Once again we finished the season strongly, becoming the first Premier League side to amass 100 goals, whilst also winning nine of our final ten games in all competitions.

In finishing fifth we missed out on UEFA Champions League qualification by a single point, despite having accumulated 75 points, a Premier League record high for points obtained without qualification for UEFA's elite competition.

However, the team's impressive close to the campaign was rewarded with a hard-fought 2-1 win over Chelsea at Wembley Stadium, seeing us lift the FA Cup for a record 13th time. The win was also notable for being our third FA Cup success in four

Season Review



GOALSCORERS



Season Review



years, whilst manager Arsène Wenger became the most successful manager in the competition's history as he became a seven-time winner.

Our Champions League campaign got off to a slow start with a goalless draw with PSG in Paris. But three consecutive wins followed, before another draw with PSG, this time 2-2, at Emirates Stadium. Victory over

Basel in the last game - and a hat-trick for Lucas Perez - saw us finish the group stage at the top of Group A.

We were then drawn against Bayern Munich in the round of 16 - the two sides meeting for the fourth time in five seasons - and we exited the competition with a 10-2 aggregate defeat. ▶

APPEARANCES

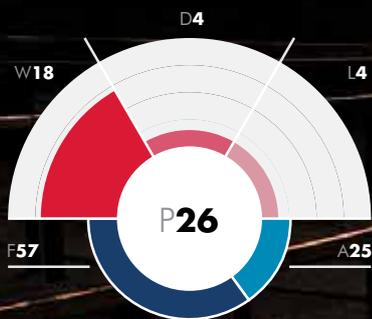
PLAYER	PL	UCL	FAC	LC	Total
Alexis Sanchez	36+2	8	3+2	0	47+4
Granit Xhaka	28+4	5+2	5	1+1	39+7
Alex Oxlade-Chamberlain	16+13	4+3	5+1	2+1	27+18
Mesut Ozil	32+1	7+1	2+1	0	41+3
Laurent Koscielny	33	8	2	0	43
Nacho Monreal	35+1	3	4	0	42+1
Hector Bellerin	27+6	5	3+1	0	35+7
Olivier Giroud	11+18	3+3	3+1	0+1	17+23
Francis Coquelin	22+7	5+1	0+3	1	28+11
Alex Iwobi	18+8	5+2	2+1	2	27+11
Petr Cech	35	0	2	0	37
Shkodran Mustafi	26	7	4	0	37
Theo Walcott	23+5	3+3	3	0	29+8
Aaron Ramsey	13+10	4	4	1	22+10
Gabriel	15+4	1+1	3	3	22+5
Mohamed Elneny	8+6	0+5	1+1	3	12+12
Kieran Gibbs	8+3	5+1	2	3	18+4
Lucas Perez	2+9	1+2	3+1	3	9+12
Danny Welbeck	8+8	0	2+2	0	10+10
Rob Holding	9	1	4+1	3	17+1
David Ospina	1+1	8	4	0	13+1
Santi Cazorla	7+1	3	0	0	10+1
Ainsley Maitland-Niles	0+1	0	2+1	2+1	4+3
Jeff Reine-Adelaide	0	0	2+1	3	5+1
Emiliano Martinez	2	0	0	3	5
Carl Jenkinson	1	2	0	2	5
Per Mertesacker	0+1	0	1	0	1+1
Jack Wilshere	0+2	0	0	0	0+2
Chris Willock	0	0	0	0+2	0+2
Gedion Zelalem	0	0	0	0+2	0+2
Calum Chambers	1	0	0	0	1
Mathieu Debuchy	1	0	0	0	1
Chuba Akpom	0	0	0	1	1
Krystian Bielik	0	0	0	0+1	0+1





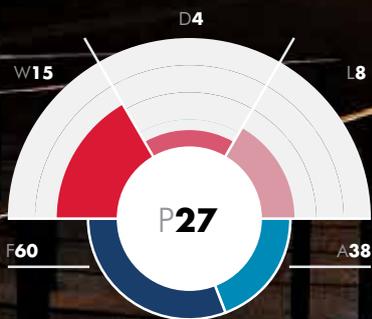
FULL RECORD

HOME



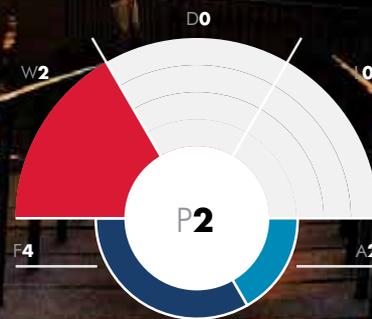
W	14	2	1	1
D	3	1	0	0
L	2	1	0	1
Total	19	4	1	2

AWAY



W	9	2	3	1
D	3	1	0	0
L	7	1	0	0
Total	19	4	3	1

NEUTRAL



W	-	-	2	-
D	-	-	0	-
L	-	-	0	-
Total	-	-	2	-

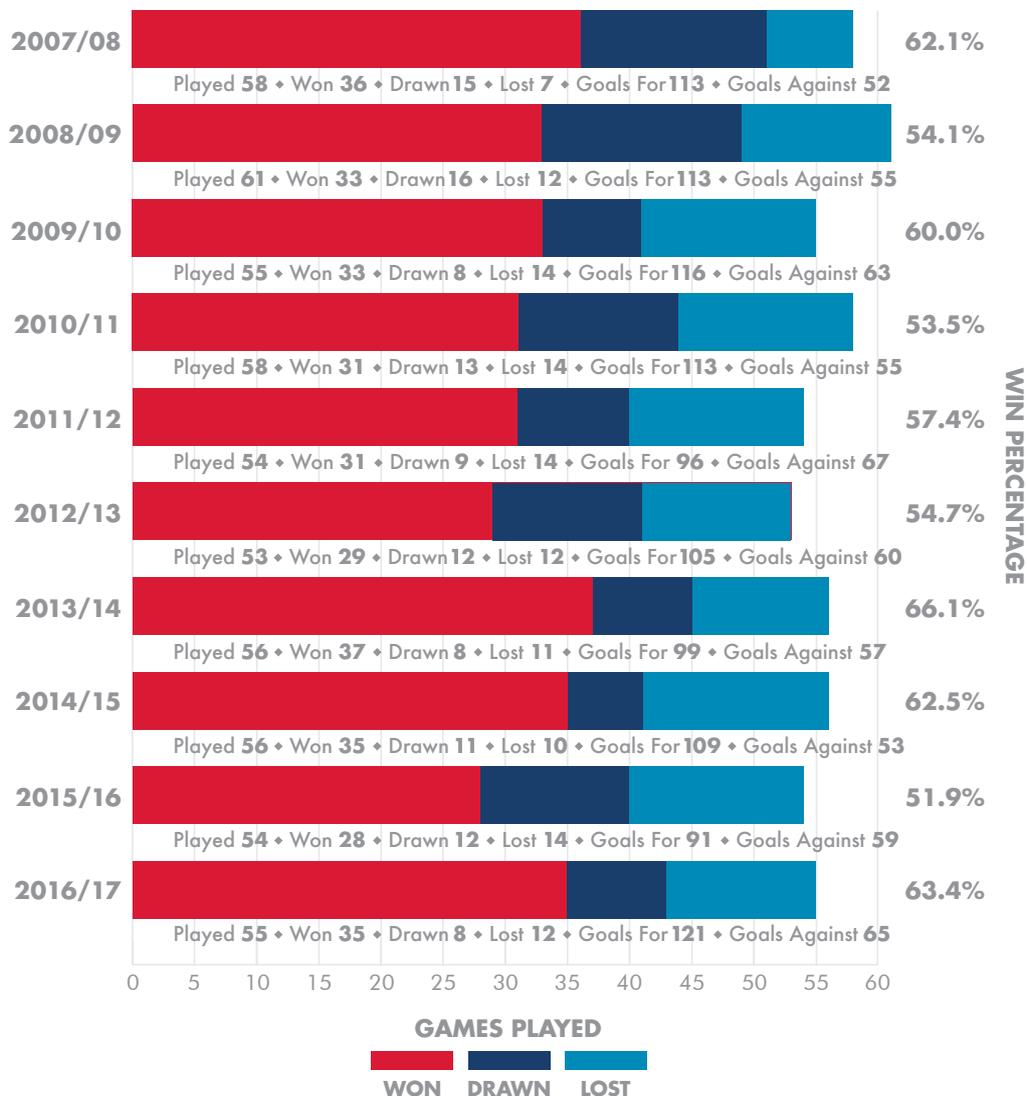
Our EFL Cup campaign began with an emphatic 4-0 victory away at Nottingham Forest, with new signing Granit Xhaka powering home from distance for the second time in just four days. A 2-0 home win over Reading would follow, setting us up to face fellow Premier League side - and eventual finalists - Southampton, who recorded a 2-0 win at Emirates Stadium at the quarter-final stage.

In all competitions, the team won an impressive 35 out of 55 matches in the 2016/17 season, losing just 12 times and scoring 121 goals in the process. The

win rate of 63.4% across the campaign was impressive and in the last ten years only the 2013/14 season boasts a higher rate.

Alexis finished the season as the supporters' player of the season, having won the Vitality Player of the Month prize five times out of nine across the course of the campaign. The Chilean ended the season with 30 goals in 51 games in all competitions, before heading off to the Confederations Cup alongside team-mate Shkodran Mustafi, whose German side would triumph over Chile and Alexis in the final. ■

FULL PLAYING RECORD FROM LAST 10 SEASONS



Season Review



The Arsenal Foundation & Arsenal in the Community



ARSENAL IN THE COMMUNITY

Our Arsenal in the Community coaches continue their round the clock work in north London. We now reach thousands of individuals every week through our sports, education and training programmes.

- We offer support and a sense of belonging to 5,000 participants
- 360 community sessions each week
- 150 venues – including The Arsenal Hub – Home of Arsenal in the Community, local pitches, schools, people referral units and prisons.

THE ARSENAL FOUNDATION

The Arsenal Foundation uses the Arsenal name to inspire and support thousands of young people in north London and overseas. Here are some highlights from the past 12 months:

Legends

Our inaugural Legends match at Emirates Stadium last September helped to raise £1million for The Arsenal Foundation. Thanks to our players, who

“I had the ambition and the drive but I just wasn’t using it in the right way. Without a doubt, if I hadn’t got involved with Arsenal five years ago, I would be in jail or worse.”



Lloyd Agyekum turned his life around with Arsenal in the Community and is now training to be a physio.





“Arsenal took me under their wing and, along with Centrepont, helped me out of the hole I was in. I’d been suffering from severe depression and had many suicidal thoughts but the help I received triggered something in me. I wanted to help other people who had been on similar journeys, and I can’t see a time when that won’t be an important part of my life.”

Nathan Auguste, 34, from Newham, got involved with Centrepont and Arsenal when he found himself living rough and is now back on his feet and helping others

gave their time and the 60,000 supporters who purchased tickets, we have been able to build new football pitches around north London and internationally with Save the Children.

- New football programmes are under construction in Somalia and Jordan with Save the Children
- Football pitches have already been constructed in primary schools around north London, with more on the way.

Indonesia

In May we celebrated the opening of a new football programme in Indonesia with the help of Arsenal legend Ray Parlour. With Save the Children’s

humanitarian expertise and our football input, the programme will give vulnerable children a safe space to play and the chance of a better future.

Centrepont

We are supporting a new football programme with youth homeless charity Centrepont, giving young adults at risk of homelessness a chance to build confidence and access to employment opportunities.

Willow

We’re continuing to work with Bob Wilson’s Willow to offer special days to seriously ill young adults. ■

“It’s really good to learn things outside school. I’m learning new things like gender equality and children rights. I’m so happy to be part of the football team and I feel honoured to be supported by Arsenal and Save the Children.”

Gita, first female member of our Save the Children football project in Indonesia



The Arsenal Foundation & Arsenal in the Community







Directors' Report



he directors present their annual report and the audited financial statements for the year ended 31 May 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Group is that of a professional football club and the related commercial activities. The Group is also engaged in a number of property developments associated with its relocation to the Emirates Stadium.

PROFITS AND DIVIDENDS

The results for the year are set out on page 38 and are considered, together with a review of the Group's business performance for the year, its future prospects and its approach to financial risk management, in the Strategic Report and Financial Review sections of the Annual Report. The directors do not recommend the payment of a dividend for the year (2016 - £Nil).

GOING CONCERN

The directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies at note 1 to the financial statements.

DIRECTORS

The directors of the company, all of whom served throughout the year, are set out below:

- Sir Chips Keswick
- K.J. Friar OBE
- I.E. Gazidis
- Lord Harris of Peckham
- E.S. Kroenke
- J.W. Kroenke

DIRECTORS' INDEMNITIES

The Group has made qualifying third party indemnity provisions for the benefit of its directors,

which were made during the year and remain in force at the date of this report.

EMPLOYEES

Within the bounds of commercial confidentiality, the Group endeavours to keep staff at all levels informed of matters that affect the progress of the Group and are of interest to them as employees. The Group operates an equal opportunities policy. The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair



consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability. Should, for whatever reason, an employee of the Group become disabled whilst in employment, every step, where appropriate will be taken to assist with rehabilitation and suitable retraining.

The Group maintains its own health, safety and environmental policies covering all aspects of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the Group is responsive to the needs of its employees and the environment.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Company and the Group 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate

accounting records that are sufficient to show and explain the Company and the Group'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.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the Company at the date when this report was approved:

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. ■

Approved by the Board of Directors and signed on behalf of the Board

**D MILES
COMPANY SECRETARY**

28 September 2017
Registered office:
Highbury House
75 Drayton Park
London N5 1BU

Directors' Report



Corporate Governance



The directors acknowledge the importance of the UK Corporate Governance Code and endeavour to comply with its requirements so far as the directors consider is appropriate to a Group of the size and nature of Arsenal Holdings plc.

DIRECTORS

The Board currently consists of two executive directors and four non-executive directors. The Board meets on a regular basis to review the performance of the Group and to determine long-term objectives and strategies and is supplied with management accounts and other relevant information. Each of the directors is subject to re-election at least every three years.

INTERNAL CONTROL

The Board is responsible for ensuring that the Group maintains a system of internal controls, including suitable monitoring procedures, and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss. The Board continuously reviews the effectiveness of the Group’s system of internal controls. The Board’s monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The Board has carried out a robust assessment of the principal risks facing the Group, including those



that would threaten its business model, future performance, solvency or liquidity. In addition as part of its compliance with the covenants attaching to its stadium finance bonds the Group prepares half yearly look forward financial analysis using certain adverse performance assumptions. The Audit Committee assists the Board in discharging its review responsibilities.

AUDIT COMMITTEE

The Audit Committee consists of two non-executive directors, Sir Chips Keswick (Chairman) and Lord Harris of Peckham. The Committee considers matters relating to the financial accounting controls, the reporting of results and the effectiveness and cost of the audit. It meets at least twice a year with the Group’s auditor.

NOMINATIONS COMMITTEE

The Nominations Committee is chaired by Lord Harris of Peckham and its other member is Sir Chips Keswick. The Nominations Committee reviews the composition of and succession to the Board and senior management, within agreed terms of reference, and recommends to the Board appointments of executive and non-executive directors following a formal and rigorous review process. This involves an ongoing assessment of the overall balance and performance of the Board and its individual members ensuring a strong executive and independent non-executive team. The Committee in particular considers the experience and skills of individuals who may be suitable as directors. The Committee considers and takes account of existing and proposed corporate governance requirements where relevant.

REMUNERATION COMMITTEE

The Remuneration Report is set out on page 35.



The Remuneration Report

THE REMUNERATION COMMITTEE

The Committee consists of four non-executive directors, Lord Harris of Peckham (Chairman), Sir Chips Keswick, E.S. Kroenke and J.W. Kroenke.

POLICY ON REMUNERATION OF EXECUTIVE DIRECTORS

The purpose of the Remuneration Committee is to consider all aspects of executive directors' remuneration and to determine the specific remuneration packages of each of the executive directors and, as appropriate, other senior executives, ensuring that the remuneration packages are competitive within the industry in which the Group operates and reflect both Group and personal performance during the year.

The present opinion of the Committee is that the Group's executives are best remunerated by a salary, discretionary bonus and pension contribution, the aggregate of which is intended to

reflect market conditions and the performance of the Group and of the individual.

POLICY ON REMUNERATION OF THE NON-EXECUTIVE DIRECTORS

The Board as a whole sets the remuneration of the non-executive directors.

DIRECTORS' REMUNERATION

A full analysis of the directors' remuneration is set out in note 7 to the financial statements.

LORD HARRIS OF PECKHAM
CHAIRMAN OF THE
REMUNERATION COMMITTEE

28 September 2017



Independent Auditor's Report to the Members of Arsenal Holdings plc



We have audited the financial statements of Arsenal Holdings plc for the year ended 31 May 2017 which comprise the Consolidated Profit and Loss

Account, the Consolidated Statement of Comprehensive Income, the Group and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 32. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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.

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 the 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 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2017 and of the group's profit 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, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any

material misstatements in the Strategic Report and the Directors' Report.

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.

M. R. Lee-Amies

**MARK LEE-AMIES
(SENIOR STATUTORY AUDITOR)**

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 September 2017

**Independent Auditor's Report to the
Members of Arsenal Holdings plc**



Consolidated Profit and Loss Account

For the year ended 31 May 2017



Note	2017			2016			
	Operations excluding player trading £'000	Player trading £'000	Total £'000	Operations excluding player trading £'000	Player trading £'000	Total £'000	
Turnover of the Group including its share of joint ventures	420,120	6,932	427,052	353,318	3,230	356,548	
Share of turnover of joint venture	(3,095)	-	(3,095)	(3,009)	-	(3,009)	
Group turnover	3	417,025	6,932	423,957	350,309	3,230	353,539
Operating expenses	4	(294,845)	(77,126)	(371,971)	(281,093)	(59,257)	(340,350)
Operating profit/(loss)		122,180	(70,194)	51,986	69,216	(56,027)	13,189
Share of joint venture operating result		598	-	598	1,004	-	1,004
Profit on disposal of player registrations		-	6,760	6,760	-	2,047	2,047
Profit/(loss) before net finance charges		122,778	(63,434)	59,344	70,220	(53,980)	16,240
Net finance charges	5		(14,737)	(14,737)		(13,373)	(13,373)
Profit before taxation			44,607	44,607		2,867	2,867
Tax on profit	8		(9,321)	(9,321)		(1,218)	(1,218)
Profit for the financial year			35,286	35,286		1,649	1,649
Earnings per share							
Basic and diluted	9		£567.14	£567.14		£26.50	£26.50

Player trading consists primarily of loan fees receivable, the amortisation of the costs of acquiring player registrations, any impairment charges and profit on disposal of player registrations.

All trading resulted from continuing operations.

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2017

	2017 £'000	2016 £'000
Profit after taxation	35,286	1,649
Gains in cash flow hedges	-	1,092
Exchange differences	21	9
Total comprehensive income	35,307	2,750

as at 31 May 2017
Balance Sheet

	Note	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Fixed assets					
Goodwill	10	250	666	-	-
Tangible assets	11	430,973	421,059	-	-
Intangible assets	12	182,029	146,005	-	-
Investments	13	5,444	4,977	30,059	30,059
		<u>618,696</u>	<u>572,707</u>	<u>30,059</u>	<u>30,059</u>
Current assets					
Stock - development properties	14	12,300	11,148	-	-
Stock - retail merchandise		7,357	4,834	-	-
Debtors - due within one year	15	63,696	57,961	117,443	108,599
- due after one year	15	2,175	4,404	-	-
Cash at bank and in hand	16	180,116	226,459	18,089	26,505
		<u>265,644</u>	<u>304,806</u>	<u>135,532</u>	<u>135,104</u>
Creditors: amounts falling due within one year	17	<u>(213,807)</u>	<u>(239,945)</u>	<u>(1,813)</u>	<u>(1,808)</u>
Net current assets		<u>51,837</u>	<u>64,861</u>	<u>133,719</u>	<u>133,296</u>
Total assets less current liabilities		<u>670,533</u>	<u>637,568</u>	<u>163,778</u>	<u>163,355</u>
Creditors: amounts falling due after more than one year	18	<u>(264,162)</u>	<u>(265,460)</u>	<u>(14,566)</u>	<u>(14,168)</u>
Provisions for liabilities	21	<u>(43,003)</u>	<u>(44,047)</u>	-	-
Net assets		<u>363,368</u>	<u>328,061</u>	<u>149,212</u>	<u>149,187</u>
Capital and reserves					
Called up share capital	22	62	62	62	62
Share premium account	23	29,997	29,997	29,997	29,997
Merger reserve	24	26,699	26,699	-	-
Profit and loss account	25	306,610	271,303	119,153	119,128
Shareholders' funds		<u>363,368</u>	<u>328,061</u>	<u>149,212</u>	<u>149,187</u>

The profit for the financial year dealt with in the financial statements of the Group's parent company, Arsenal Holdings plc, was £25,000 (2016 - £77,000).

These financial statements of Arsenal Holdings plc (registered number 4250459) were approved and authorised for issue by the Board of Directors on 28 September 2017.

Signed on behalf of the Board of Directors

Chips Keswick

SIR CHIPS KESWICK
DIRECTOR



Statement of Changes in Equity

for the year ended 31 May 2017

Group	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Hedging Reserve £'000	Profit and Loss £'000	Total £'000
At 1 June 2015	62	29,997	26,699	(1,092)	269,645	325,311
Total comprehensive income for year ended 31 May 2016	-	-	-	1,092	1,658	2,750
At 31 May 2016	62	29,997	26,699	-	271,303	328,061
Total comprehensive income for the year ended 31 May 2017	-	-	-	-	35,307	35,307
As at 31 May 2017	62	29,997	26,699	-	306,610	363,368

Company	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Hedging Reserve £'000	Profit and Loss £'000	Total £'000
At 1 June 2015	62	29,997	-	-	119,051	149,110
Total comprehensive income for year ended 31 May 2016	-	-	-	-	77	77
At 31 May 2016	62	29,997	-	-	119,128	149,187
Total comprehensive income for the year ended 31 May 2017	-	-	-	-	25	25
As at 31 May 2017	62	29,997	-	-	119,153	149,212



Consolidated Cash Flow Statement
 For the year ended 31 May 2017

	2017 £'000	2016 £'000
Net cash inflow from operating activities	26a 109,045	93,841
Taxation paid	(7,762)	(8,331)
Cash flow from investing activities		
Interest received	475	746
Proceeds from sale of fixed assets	24	748
Purchase of fixed assets	(25,264)	(14,232)
Player registrations	26c (102,524)	(54,190)
Net cash flow from investing activities	<u>(127,289)</u>	<u>(66,928)</u>
Cash flow from financing activities		
Interest paid	(12,253)	(12,622)
Repayment of debt	(8,084)	(7,668)
Net cash flow from financing activities	<u>(20,337)</u>	<u>(20,290)</u>
Decrease in cash and cash equivalents in the year	<u>(46,343)</u>	<u>(1,708)</u>
Cash and cash equivalents at start of year	226,459	228,167
Cash and cash equivalents at end of year	16 <u>180,116</u>	<u>226,459</u>



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For the year ended 31 May 2017



1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

(A) GENERAL INFORMATION AND BASIS OF ACCOUNTING

Arsenal Holdings plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 33. The nature of the Group's operations and its principal activities are set out in the strategic report on page 8.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Arsenal Holdings plc is considered to be pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

(B) BASIS OF PREPARATION OF GROUP FINANCIAL STATEMENTS

The Group financial statements consolidate the assets, liabilities and results of the Company and its subsidiary undertakings made up to 31 May 2017. All intra-group transactions, balances, incomes and expenses are eliminated on consolidation. As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company is exempt from the requirement to prepare a cash flow statement.

(C) GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Financial Review further describes the financial position of the Group and its cash flows, liquidity position, objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group currently meets its day to day working capital requirements through its own financial resources and has no reliance on bank facilities.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financial resources and bank facilities. The Group's unused bank facilities are not currently due for renewal, however, the Group has held discussion with its bankers about these facilities and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(D) JOINT VENTURE

The joint venture is an undertaking in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group, which holds 50% of the voting rights, and KSE UK Inc under a contractual arrangement.

The Group's share of the results of the joint venture are included in the consolidated profit and loss account on the basis of audited financial statements. The Group's share of the results and net assets of the joint venture is included under the gross equity method and stated after adjustment to eliminate the Group's share of profits resulting from transactions between the Group and the joint venture which are included in the carrying amount of assets reported in the joint venture's balance sheet.

(E) TURNOVER AND INCOME RECOGNITION

Turnover represents income receivable, net of VAT, from football and related commercial activities and income from the sale of development properties completed in the year. The Group has two classes of business - the principal activity of operating a professional football club and property development - both businesses are carried out principally within the United Kingdom.

Gate, match and other event day revenue is recognised over the period of the football season as games are played and events are staged. 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 for live coverage or highlights are taken when earned at the point of broadcast. Merit awards are accounted for only when known at the end of the financial period. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to match performance are taken when earned; these distributions are classified as broadcasting revenues. Fees receivable in respect of the loan of players are included in turnover over the period of the loan.

Turnover is recognised in respect of barter transactions only where services are exchanged for dissimilar services and the transaction is deemed to have commercial substance. Such transactions are measured at the fair value of the services received, adjusted by any amount of cash and cash equivalents transferred.

Income from the sale of development properties is recognised on completion of the relevant sale contract. Where elements of the sale price are subject to retentions by the purchaser the retained element of the sale price is not recognised until such time as all of the conditions relating to the retention have been satisfied.

(F) DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to reduce the carrying value of buildings, plant, equipment and motor vehicles to the anticipated residual value of the assets concerned in equal annual instalments over their estimated useful lives as follows:

Freehold buildings	2% per annum
Leasehold properties	Over the period of the lease
Plant and equipment	5% to 25% per annum
Freehold land	is not depreciated.

(G) FINANCE COSTS

Finance costs of debt are recognised in the profit and loss account over the term of the debt using the effective interest method.

Any non-current assets, e.g. player registrations, acquired on deferred terms are recorded at the discounted present value at the date of acquisition. The associated payable is then increased to the settlement value over the period of deferral, with this value being charged as a notional finance cost through the profit and loss account.

Similarly any intangible asset disposed of on deferred terms will be initially recorded at the discounted present value of future receipts and the receivable is then increased to the settlement value over the period of deferral with this value being charged as notional finance income through the profit and loss account.

(H) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are classified according to the substance of the contractual arrangements entered into.

i. Financial liabilities

Basic financial instruments (including the stadium finance bonds and the C and D debentures) are measured at amortised cost, using the effective interest method. The effective interest rate is the rate which exactly discounts the estimated future payments of receipts over the life of the instrument to its carrying amount at initial recognition, re-estimated periodically to reflect changes in the market rate of interest.

Non basic financial instruments (including the A and B debentures) are recognised at fair value, and measured at the present value of the future payments, discounted at a market rate of interest. Any periodic changes in fair value are recognised in the profit and loss account.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

ii. Derivative financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange risk and interest rate movements.



Notes to the Accounts

For the year ended 31 May 2017



The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(I) STOCK

Stock comprises retail merchandise and development property for onward sale and is stated at the lower of cost and net realisable value.

Where properties which are intended to be sold have been acquired they have been included in stock as development properties. Development property comprises freehold land inclusive of the direct cost of acquisition and other directly attributable property development costs including interest costs.

(J) GRANTS

Grants received in respect of tangible fixed assets are credited to the profit and loss account over the expected useful economic lives of the assets to which they relate. Grants received but not yet released to the profit and loss account are included in the balance sheet as deferred income.

Other grants are credited to the profit and loss account as the related expenditure is incurred.

(K) PLAYER COSTS

The costs associated with acquiring players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of the market value for the non-cash consideration. Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur. The additional costs are capitalised and amortised as set out above.

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the applicable player's registration.

Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses when there is a legal or constructive obligation.

(L) IMPAIRMENT

The Group will perform an impairment review on player registrations if adverse events indicate that the amortised carrying value of its intangible assets may not be recoverable. Whilst no individual player can be separated from the income generating unit, which is represented by the playing squad and the football operations of the Group as a whole, there may be certain circumstances where a player is taken out of the income generating unit. Such circumstances might include a player being excluded from the playing squad due to sustaining a career threatening injury or where a permanent fall out with senior football management means it is highly unlikely a particular player will ever play for the club again. If such circumstances were to arise and be considered permanent, then the carrying value of the player would be assessed against the Group's best estimate of the player's fair value less any costs to sell and, if necessary, a provision would be made.

The Group's assessment of fair value will be based on:-

- in the case of a player who has suffered a career threatening injury, the value attributed by the Group's insurers; or
- in the case of a player who has fallen out with senior football management, either the agreed selling price in the event the

player has been transferred since the year end or, if the player has not been sold, the Group's best estimation of disposal value taking into account recent player disposals by both the Group and other clubs.

(M) PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

(N) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

Foreign currency denominated assets and liabilities held at the year end are translated at year-end exchange rates.

Exchange gains or losses are dealt with in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rate ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income.

(O) DEFERRED INCOME

Deferred income represents income from sponsorship agreements and other contractual agreements which will be credited to the profit and loss account over the period of the agreements, season ticket renewals for the 2017/18 season and advance income from executive boxes and Club Tier seats at Emirates Stadium.

(P) LEASES

Rentals payable under operating leases are charged to the profit and loss account evenly over the lease period.

(Q) PENSIONS

The Group makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase schemes including 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"). A provision has been established for the Group's share of the deficit which exists in this section of the Scheme and this additional contribution is being charged to the profit and loss account over the remaining service life of those Arsenal employees who are members of the Scheme. The amount attributable to employees who have already retired or who have left the Group has been charged to the profit and loss account.

Under the provisions of FRS 102 Section 28 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 and consistent basis and accordingly no disclosures are made under the provisions of FRS 102 Section 28.

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

(R) TAXATION

Current tax, including UK corporation 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results



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as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only when, on the basis of available evidence, it can be regarded as more likely than not that the reversal of underlying timing differences will result in a reduction in future tax payments.

(5) GOODWILL

Goodwill arising on the acquisition of subsidiary undertakings, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is considered to be five years. Provision is made for any impairment.

Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of certain assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Group's Accounting Policies

There were no critical judgements apart from those involving estimations, which are dealt with separately below, which the directors have made in the process of applying the Group's accounting policies and which would have a significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty

Provisions and contingent liabilities for player transactions

Creditors and provisions contain allowances for certain contingent amounts payable to players and to other clubs based on management's best estimate of certain future events, such as the number of player appearances, and the amount that will become payable as a result. Actual future costs may differ from the amounts provided.

Property trading stocks

The directors consider that the net realisable value of the Group's property development stocks, making an appropriate allowance for costs to complete, is greater than their book value.

Current taxation

The complex nature of tax legislation under which the Group operates necessitates the use of estimates and assumptions in assessing the tax amounts provided in the financial statements. Actual tax payable may differ from the amounts provided.

2. SEGMENTAL ANALYSIS

Class of business:	Football		Property development		Group	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Turnover	422,799	350,623	1,158	2,916	423,957	353,539
Segment operating profit	51,903	11,537	83	1,652	51,986	13,189
Share of operating profit of joint venture	598	1,004	-	-	598	1,004
Profit on disposal of player registrations	6,760	2,047	-	-	6,760	2,047
Net finance charges	(14,859)	(13,705)	122	332	(14,737)	(13,373)
Profit before taxation	44,402	883	205	1,984	44,607	2,867
Segment net assets	309,674	274,572	53,694	53,489	363,368	328,061

Operating profit from football before amortisation, depreciation and player trading amounted to £137.5 million (2016 - £82.2 million); being segment operating profit (as above) of £51.9 million (2016 - £11.5 million), adding back depreciation (net of grant amortisation) of £15.0 million (2016 - £14.3 million), amortisation of goodwill of £0.4 million (2016 - £0.4 million) and operating loss from player trading of £70.2 million (2016 - £56.0 million).

3. TURNOVER

	2017 £'000	2016 £'000
Turnover, all of which originates in the UK, comprises the following:		
Gate and other match day revenues	99,996	99,907
Broadcasting	198,637	140,579
Retail and licensing	26,352	24,626
Commercial	90,882	82,281
Property development	1,158	2,916
Player trading	6,932	3,230
	<u>423,957</u>	<u>353,539</u>



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For the year ended 31 May 2017

4. OPERATING EXPENSES

	2017 £'000	2016 £'000
Operating expenses comprise:		
Amortisation of goodwill	416	416
Amortisation of player registrations	77,126	59,257
Impairment of player registrations	-	-
Depreciation and impairment charges (less amortisation of grants)	<u>14,972</u>	<u>14,258</u>
Total depreciation, amortisation and impairment	92,514	73,931
Staff costs (see note 6)	199,395	195,387
Cost of property sales	625	818
Other operating charges	<u>79,437</u>	<u>70,214</u>
Total operating expenses	<u>371,971</u>	<u>340,350</u>
	2017 £'000	2016 £'000
Other operating charges include:		
Auditor's remuneration		
- audit of the company's annual accounts	25	25
- audit of the subsidiaries pursuant to legislation	<u>144</u>	<u>155</u>
Total audit fees	169	180
- other services	34	49
- tax services	<u>132</u>	<u>132</u>
Total non-audit fees	<u>166</u>	<u>181</u>
Operating lease payments		
- plant and machinery	236	339
- other	835	893
Profit on disposal of tangible fixed assets	<u>(16)</u>	<u>(72)</u>



5. NET FINANCE CHARGES

	2017 £'000	2016 £'000
Interest payable and similar charges:		
Bank loans and overdrafts	9	25
Fixed/ floating rate bonds	11,743	12,218
Other	523	415
Costs of raising long term finance	<u>815</u>	<u>825</u>
Total interest payable and similar charges	13,090	13,483
Interest receivable	<u>(372)</u>	<u>(785)</u>
	12,718	12,698
Change in fair value of financial instruments	<u>2,019</u>	<u>675</u>
Net finance charges	<u><u>14,737</u></u>	<u><u>13,373</u></u>

6. EMPLOYEES

	2017 Number	2016 Number
The average number of persons employed by the Group during the year was:		
Playing staff	75	68
Training staff	117	122
Administrative staff	391	355
Ground staff	<u>112</u>	<u>106</u>
	<u><u>695</u></u>	<u><u>651</u></u>

In addition the Group used on average 800 temporary staff on match days (2016 – 835). The Company had no employees in either year.

	2017 £'000	2016 £'000
Staff costs:		
Wages and salaries	175,730	172,244
Social security costs	21,454	20,866
Other pension costs	<u>2,211</u>	<u>2,277</u>
	<u><u>199,395</u></u>	<u><u>195,387</u></u>

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7. DIRECTORS' EMOLUMENTS

	Salary/fees £'000	Bonus £'000	Benefits £'000	2017 Sub total £'000	Pension £'000	Total £'000	2016 Total £'000
KJ Friar OBE	375	260	29	664	-	664	661
Sir Chips Keswick	25	-	-	25	-	25	25
Lord Harris of Peckham	25	-	-	25	-	25	-
I Gazidis	1,670	919	9	2,598	20	2,618	2,648
ES Kroenke	25	-	-	25	-	25	25
JW Kroenke	25	-	-	25	-	25	25
	<u>2,145</u>	<u>1,179</u>	<u>38</u>	<u>3,362</u>	<u>20</u>	<u>3,382</u>	<u>3,384</u>

In the prior year, Lord Harris of Peckham waived director's fees of £25,000 and the Group donated this amount to appropriate charities.

The total remuneration for key management personnel, being the board of directors, amounted to £3.38 million (2016 - £3.38 million).

8. TAX ON PROFIT

	2017 £'000	2016 £'000
UK corporation tax charge at 19.83% (2016 – 20%)	13,632	5,608
Overseas tax	4	(17)
(Over)/under provision in respect of prior years	(1)	7
Total current taxation	<u>13,635</u>	<u>5,598</u>
Deferred taxation (see note 21)		
Origination and reversal of timing differences	(3,597)	(4,026)
Impact of change in tax rate	(756)	(1,854)
Under provision in respect of prior years	39	1,500
Total deferred taxation	<u>(4,314)</u>	<u>(4,380)</u>
Total tax charge on profit	<u>9,321</u>	<u>1,218</u>

The enacted rate of corporation tax will reduce to 17% from April 2020. The Group's deferred tax liabilities have been valued based on the tax rates that are expected to apply in the periods in which the underlying timing differences are predicted to reverse. The impact of the lower future rates of corporation tax on the Group's deferred tax balances gives rise to a credit in the current year of £0.8 million.



8. TAX ON PROFIT (CONTINUED)

	2017 £'000	2016 £'000
The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:		
Group profit before tax	<u>44,607</u>	<u>2,867</u>
Tax on Group profit before tax at standard UK corporation tax rate of 19.83% (2016 – 20%)	8,845	573
Effects of:		
Impact of reduction in corporation tax rate on deferred tax balances	(756)	(1,854)
Expenses not deductible	1,190	1,009
Adjustments to tax charge in respect of prior years	38	1,507
Overseas tax	<u>4</u>	<u>(17)</u>
Group total tax charge for the year	<u>9,321</u>	<u>1,218</u>

Full provision has been made for the deferred tax liabilities related to the roll-over of profits on sale of player registrations into the tax cost of new qualifying player registrations (see note 21). There is no expiry date on any timing differences.

The Group tax charge in future years may be affected by the legislation relating to taxation of profits on disposal of intangible assets, including player registrations, and rollover relief thereon.

9. EARNINGS PER SHARE

Earnings per share (basic and diluted) are based on the weighted average number of ordinary shares of the Company in issue being 62,217 shares (2016 - 62,217 shares).

10. INTANGIBLE FIXED ASSETS - GOODWILL

	£'000
Cost	
At 1 June 2016 and 31 May 2017	<u>2,137</u>
Amortisation	
At 1 June 2016	1,471
Charge for the year	<u>416</u>
At 31 May 2017	<u>1,887</u>
Net book value at 31 May 2017	<u>250</u>
Net book value at 31 May 2016	<u>666</u>

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For the year ended 31 May 2017



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11. TANGIBLE ASSETS

Group	Assets in course of construction £'000	Freehold properties £'000	Short Leasehold properties £'000	Plant and equipment £'000	Total £'000
Cost					
At 1 June 2016	5,304	410,146	14,120	112,005	541,575
Foreign Exchange	-	-	-	47	47
Transfers	(5,305)	3,713	1,592	-	-
Additions	1	5,392	5,718	13,864	24,975
Disposals	-	-	-	(186)	(186)
At 31 May 2017	-	<u>419,251</u>	<u>21,430</u>	<u>125,730</u>	<u>566,411</u>
Depreciation					
At 1 June 2016	-	57,585	4,824	58,107	120,516
Foreign Exchange	-	-	-	39	39
Charge for the year	-	6,005	961	8,095	15,061
Disposals	-	-	-	(178)	(178)
At 31 May 2017	-	<u>63,590</u>	<u>5,785</u>	<u>66,063</u>	<u>135,438</u>
Net book value					
At 31 May 2017	-	<u>355,661</u>	<u>15,645</u>	<u>59,667</u>	<u>430,973</u>
At 31 May 2016	<u>5,304</u>	<u>352,561</u>	<u>9,296</u>	<u>53,898</u>	<u>421,059</u>

Assets in the course of construction represented projects to enhance the facilities at the first team and academy training grounds and the costs of completed works have now been reclassified to the appropriate fixed asset categories.

At 31 May 2017 the Group had contracted capital commitments of £3.3 million (2016 - £17.7 million).

The cost of fixed assets includes £38.6 million of interest costs which were incurred on the stadium financing bank facilities during the periods when Emirates Stadium was under construction. The capitalisation of interest ceased in 2006 when Emirates Stadium came into use.



12. INTANGIBLE ASSETS

Cost of player registrations	£'000
At 1 June 2016	344,037
Additions	113,912
Disposals	<u>(25,346)</u>
At 31 May 2017	<u>432,603</u>
Amortisation of player registrations	
At 1 June 2016	198,032
Charge for the year	77,126
Disposals	<u>(24,584)</u>
At 31 May 2017	<u>250,574</u>
Net book value	
At 31 May 2017	<u>182,029</u>
At 31 May 2016	<u>146,005</u>

The figures for cost of player registrations are historic figures for the cost associated with acquiring players' registrations or extending their contracts. Accordingly, the net book amount of player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take any account of players developed through the Group's youth system. The directors consider the net realisable value of intangible assets to be significantly greater than their book value.

13. INVESTMENTS

	Group	
	2017 £'000	2016 £'000
Investment in joint venture		
Investment at cost	20,000	20,000
Accumulated share of profit of joint venture	5,444	4,977
Adjustment to eliminate unrealised profit on sale of intangible assets	<u>(20,000)</u>	<u>(20,000)</u>
Share of joint venture	<u>5,444</u>	<u>4,977</u>

The joint venture represents an interest in Arsenal Broadband Limited, a company incorporated in Great Britain and engaged in running the official Arsenal Football Club internet portal. The Group owns all of the 20,000,001 Ordinary "A" shares of £1 each and the one "C" share of £1 issued by Arsenal Broadband Limited and controls 50 percent of the voting rights.



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The Group's share of the net assets included in the audited balance sheet of Arsenal Broadband Limited for the year ended 31 May 2017 is as follows:

	2017 £'000	2016 £'000
Fixed assets	640	255
Current assets	4,967	6,397
Liabilities	<u>(163)</u>	<u>(1,675)</u>
	<u>5,444</u>	<u>4,977</u>

Investments in subsidiary undertakings

	Company £'000
Balance at 1 June 2016 and 31 May 2017	<u>30,059</u>

The Company has the following subsidiary companies (of which those marked * are indirectly held):

	Country of incorporation	Proportion of ordinary shares owned	Principal activity
Arsenal (AFC Holdings) Limited	Great Britain	100%	Share holding
The Arsenal Football Club plc*	Great Britain	100%	Professional football club
Arsenal (Emirates Stadium) Limited*	Great Britain	100%	Property development
Arsenal Overseas Holdings Limited*	Great Britain	100%	Share holding
AOH-USA, LLC*	USA	100%	Data management
Arsenal Overseas Limited*	Jersey	100%	Retail operations
Arsenal Securities plc*	Great Britain	100%	Financing
Arsenal Stadium Management Company Limited*	Great Britain	100%	Stadium operations
ATL (Holdings) Limited	Great Britain	100%	Share holding
Ashburton Trading Limited*	Great Britain	100%	Property development
HHL Holding Company Limited	Great Britain	100%	Share holding
Highbury Holdings Limited*	Great Britain	100%	Property holding
Arsenal Women Football Club Limited*	Great Britain	100%	Womens football
Arsenal Football Club Asia PTE Limited*	Singapore	100%	Commercial operations
Ashburton Properties (Northern Triangle) Limited*	Great Britain	100%	Dormant
Drayton Park Trading Limited*	Great Britain	100%	Dormant
Queensland Road Trading Limited*	Great Britain	100%	Dormant
Ashburton Properties Holdings Limited	Great Britain	100%	Dormant
Arsenal Stadium Management Holdings Limited	Great Britain	100%	Dormant

The registered address for all Group companies is as for the Company and as stated in the Directors' Report except for Arsenal Overseas Limited (37 Esplanade, St Helier, Jersey JE1 2TR), AOH-USA LLC (Suite 620, 954 W.Washington Blvd, IL 60607) and Arsenal Football Club Asia PTE Limited (2 Shenton Way 18-01 SGX Centre 1, Singapore 068804).

14. STOCK - DEVELOPMENT PROPERTIES

Properties are held for resale and are recorded at the lower of cost and net realisable value. The directors consider the net realisable value of development property stocks to be greater than their book value.

15. DEBTORS

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts recoverable within one year				
Trade debtors	27,549	28,901	-	-
Other debtors	6,260	6,362	-	-
Amount due from group undertakings	-	-	117,439	108,588
Prepayments and accrued income	29,887	22,698	4	11
	<u>63,696</u>	<u>57,961</u>	<u>117,443</u>	<u>108,599</u>
Amounts recoverable in more than one year				
Other debtors	1,095	3,146	-	-
Prepayments and accrued income	1,080	1,258	-	-
	<u>2,175</u>	<u>4,404</u>	-	-

Other debtors include £4.7 million in respect of player transfers (2016 - £6.1 million).



Notes to the Accounts

For the year ended 31 May 2017



16. CASH AT BANK AND IN HAND

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Debt service reserve accounts	35,864	35,355	-	-
Other accounts	<u>144,252</u>	<u>191,104</u>	<u>18,089</u>	<u>26,505</u>
	<u>180,116</u>	<u>226,459</u>	<u>18,089</u>	<u>26,505</u>

The Group is required under the terms of its fixed rate bonds and floating rate bonds to maintain specified amounts on bank deposit as security against future payments of interest and principal. Accordingly the use of these debt service reserve accounts is restricted to that purpose. Included in other accounts is a balance of £0.2 million (2016 - £0.2 million) which is held in connection with the site works at Queensland Road. The use of this deposit is restricted to that purpose and Newlon Housing Trust is a joint signatory. The Group uses short-term bank treasury deposits as a means of maximising the interest earned on its cash balances.

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	103,683	117,622	589	7,467
Cash equivalents (short-term deposits)	<u>76,433</u>	<u>108,837</u>	<u>17,500</u>	<u>19,038</u>
	<u>180,116</u>	<u>226,459</u>	<u>18,089</u>	<u>26,505</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Foreign exchange derivatives	-	414	-	-
Fixed rate bonds - secured	8,018	7,557	-	-
Trade creditors	8,904	10,771	-	-
Corporation tax	7,865	2,122	-	-
Other tax and social security	19,940	20,791	-	-
Amounts due to group undertakings	-	-	1,786	1,786
Other creditors	36,756	41,823	-	-
Accruals and deferred income	<u>132,324</u>	<u>156,467</u>	<u>27</u>	<u>22</u>
	<u>213,807</u>	<u>239,945</u>	<u>1,813</u>	<u>1,808</u>

Other creditors, above and as disclosed in note 18, include £47.4 million (2016 - £48.6 million) in respect of player transfers.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Fixed rate bonds - secured	130,247	138,402	-	-
Floating rate bonds - secured	48,176	48,039	-	-
Derivative financial instruments (see note 20)	26,430	24,411	-	-
Debenture loans	14,597	14,197	14,566	14,168
Other creditors	23,560	18,968	-	-
Grants	3,525	3,615	-	-
Deferred income	17,627	17,828	-	-
	<u>264,162</u>	<u>265,460</u>	<u>14,566</u>	<u>14,168</u>
Debenture loans comprise:				
Par value of debentures plus accumulated interest	29,304	28,906	14,877	14,479
Costs of raising finance	(311)	(311)	(311)	(311)
Fair value adjustment	<u>(14,396)</u>	<u>(14,398)</u>	-	-
	<u>14,597</u>	<u>14,197</u>	<u>14,566</u>	<u>14,168</u>

Under the issue terms A and B debentures with a par value of £14,427,000 are repayable at par after 126 years and these debentures are interest free. C and D debentures with a par value of £10,224,000 are repayable at the option of the debenture holders in 11 years and carry cumulative compound interest at 2.75% per annum.

The fixed rate bonds above and disclosed in note 17 comprise:	2017 £'000	2016 £'000
Fixed rate bonds	140,748	148,832
Costs of raising finance	<u>(2,483)</u>	<u>(2,873)</u>
	<u>138,265</u>	<u>145,959</u>
Due within one year	8,018	7,557
Due after more than one year	<u>130,247</u>	<u>138,402</u>
	<u>138,265</u>	<u>145,959</u>

The fixed rate bonds bear interest at 5.1418% per annum.



Notes to the Accounts

For the year ended 31 May 2017



The floating rate bonds above comprise:	2017	2016
	£'000	£'000
Floating rate bonds	50,000	50,000
Costs of raising finance	<u>(1,824)</u>	<u>(1,961)</u>
	<u>48,176</u>	<u>48,039</u>
Due within one year	-	-
Due after more than one year	<u>48,176</u>	<u>48,039</u>
	<u>48,176</u>	<u>48,039</u>

The floating rate bonds bear interest at LIBOR for three month deposits plus a margin of 0.55% (2016 – 0.55%) and the Group has entered into interest rate swaps which fix the LIBOR element of this cost at 5.75%.

The costs of raising debt finance, in the form of fixed and floating rate bonds, are amortised to the profit and loss account over the term of the bonds. The amortisation charge for the year was £527,000 (2016 - £550,000).

The fixed rate bonds and floating rate bonds are guaranteed as to scheduled payments of principal and interest by certain members of the Group and by Ambac Assurance UK Limited. The Group pays Ambac Assurance UK Limited annual guarantee fees at a rate of 0.65% of fixed rate bond principal outstanding and 0.65% of the floating rate bond principal outstanding.

The Group's fixed rate bonds and floating rate bonds are secured by a mixture of legal mortgages and fixed charges on certain freehold and leasehold property and certain plant and machinery owned by the Group, by fixed charges over certain of the Group's trade debtors, by fixed charges over £51.1 million (2016 - £58.1 million) of the Group's bank deposits, by legal mortgages or fixed charges over the share capital and intellectual property rights of certain subsidiary companies and fixed and floating charges over the other assets of certain subsidiary companies.

The Group's financial liabilities/debt are repayable as follows:	2017	2016
	£'000	£'000
Between one and two years	8,984	8,522
Between two and five years	29,980	28,439
After five years	<u>157,859</u>	<u>168,295</u>
	196,823	205,256
Within one year	<u>8,522</u>	<u>8,084</u>
Total debt	<u>205,345</u>	<u>213,340</u>

19. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise mainly of cash and bank balances, fixed and floating rate bonds, debentures and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations. The main risks arising from the Group's financial instruments relate to interest rate, liquidity and foreign currency and the Board reviews and agrees its policy for managing these risks.

The carrying value of the Group's financial instruments is analysed as follows:-

	2017 £'000	2016 £'000
Financial assets		
<i>Measured at undiscounted amount receivable:</i>		
Cash at bank	180,116	226,459
Trade and other debtors	<u>34,904</u>	<u>38,409</u>
	<u>215,020</u>	<u>264,868</u>
Financial liabilities	2017 £'000	2016 £'000
<i>Measured at amortised cost:</i>		
Fixed rate and floating rate bonds	(186,441)	(193,998)
C&D Debentures	(14,566)	(14,168)
<i>Measured at fair value through profit and loss:</i>		
A & B Debentures	(31)	(29)
Interest rate swaps	(26,431)	(24,411)
Foreign exchange derivatives	-	(414)
<i>Measured at undiscounted amount payable:</i>		
Trade and other creditors	<u>(69,220)</u>	<u>(71,562)</u>
	<u>(296,689)</u>	<u>(304,582)</u>

The fair value of the interest rate swaps was determined by reference to the market price at the reporting date. The Group's cash and bank deposits earn interest at rates linked to LIBOR. The Group's other financial assets do not earn interest.

Total interest income for the year is shown in note 5.

The interest rates attaching the Group's fixed rate bonds, floating rate bonds and debentures are detailed in note 18.

The Group's other financial liabilities do not attract interest. The cost for the year of the Group's financial liabilities was as follows (all of these costs are also disclosed within finance charges in note 5 save for the change in fair value of foreign exchange derivatives which is included partly in the Statement of Comprehensive Income and partly in operating expenses within Profit and Loss):-



Notes to the Accounts

For the year ended 31 May 2017



	2017 £'000	2016 £'000
<i>Fair value gains and losses:</i>		
A & B Debentures	(2)	(1)
Foreign exchange derivatives	-	678
Interest rate swaps	(2,019)	(675)
<i>Interest expense at amortised cost:</i>		
Fixed rate and floating rate bonds	(11,743)	(12,218)
C & D Debentures	(398)	(388)
	<u>(14,162)</u>	<u>(12,604)</u>

20. FINANCIAL DERIVATIVES

	Current		Non-current	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<i>Derivatives designated as hedging instruments at fair value</i>				
Foreign forward currency contracts (ineffective)	-	(414)	-	-
<i>Other derivatives</i>				
Interest rate swaps	-	-	(26,431)	(24,411)
	-	(414)	(24,431)	(24,411)

Interest rate risk

The Group is exposed to interest rate risk because part of its long-term debt is at floating rates of interest. The Group has entered into interest rate swaps the purpose of which is to minimise its exposure to this interest rate risk.

After taking into account these interest rate swaps, the interest rate profile of the Group's financial liabilities at 31 May 2017 was as follows:

	Fixed rate 2017 £'000	Floating rate 2017 £'000	Interest free 2017 £'000	Total 2017 £'000	Weighted average fixed rate %	Weighted average period for which rate is fixed yrs
Bonds - fixed rate	140,748	-	-	140,748	5.8	12
Bonds - floating rate	50,000	-	-	50,000	7.0	14
Debenture loans	14,566	-	31	14,597	2.8	11
	<u>205,314</u>	-	31	<u>205,345</u>		

20. FINANCIAL DERIVATIVES (CONTINUED)
Interest rate risk (continued)

The interest rate profile at 31 May 2016 for comparative purposes was:

	Fixed rate 2016 £'000	Floating rate 2016 £'000	Interest free 2016 £'000	Total 2016 £'000	Weighted average fixed rate %	Weighted average period for which rate is fixed yrs
Bonds - fixed rate	148,832	-	-	148,832	5.8	13
Bonds - floating rate	50,000	-	-	50,000	7.0	15
Debenture loans	14,479	-	29	14,508	2.8	12
	<u>213,311</u>	<u>-</u>	<u>29</u>	<u>213,340</u>		

Borrowing facilities

The Group had undrawn committed borrowing facilities at the balance sheet date, in respect of which all conditions precedent had been met, as follows:

	2017 £'000	2016 £'000
Expiring in: One year or less	<u>50,000</u>	<u>50,000</u>

Foreign currency management

The Group is mainly exposed to the foreign currencies of the Euro and US dollar.

In assessing its foreign currency exposure the Group will assess the balance of its outstanding currency denominated assets and liabilities together with known future currency cash flows such as from participation in the UEFA Champions League or UEFA Europa League or from contracted player transfers.

There were no foreign currency contracts in place at the balance sheet date as the Group's expected foreign currency designated cash flows were projected to be in balance over the short to medium term.

Included in cash and cash equivalents are amounts of £18.0 million (2016 - £6.1 million) denominated in Euros and £2.9 million (2016 - £0.7 million) denominated in US dollars.

Included in trade debtors are amounts of £0.4 million (2016 - £0.0 million) denominated in Euros and £0.9 million (2016 - £1.2 million) denominated in US dollars. Included in other debtors are amounts of £4.6 million (2016 - £4.6 million) denominated in Euros.

Included in prepayments and accrued income are amounts of £13.8 million (2016 - £11.0 million) denominated in Euros.

Included in other creditors are amounts of £21.0 million (2016 - £15.7 million) denominated in Euros. Included in provisions are amounts of £7.9 million (2016 - £3.7 million) denominated in Euros and £0.1 million (2016 - £0.3 million) denominated in US dollars.



Notes to the Accounts

For the year ended 31 May 2017



21. PROVISIONS FOR LIABILITIES

	Group	
	2017 £'000	2016 £'000
Pensions provision (see note 30 (b))	710	1,140
Deferred taxation	21,800	26,115
Transfers	<u>20,493</u>	<u>16,792</u>
	<u>43,003</u>	<u>44,047</u>

The Transfers provision relates mainly to the probable additional transfer fees payable based on the players concerned achieving a specified number of appearances. In this respect, new provisions of £9.7 million were made during the year, £5.3 million of provisions were reclassified as creditors and £0.7 million of provisions were cancelled as no longer required. The deferred tax credit for the year was £4.3 million (see note 8) (2016 – credit of £4.4 million).

	Group	
	2017 £'000	2016 £'000
Deferred tax provision		
Accelerated capital allowances	8,013	8,630
Capitalised interest	5,741	6,191
Rollover relief on player registrations	10,022	12,824
Other timing differences	<u>(1,976)</u>	<u>(1,530)</u>
Total provision for deferred taxation	<u>21,800</u>	<u>26,115</u>

22. CALLED UP SHARE CAPITAL

	£	£
Alloted, issued and fully paid		
Subscriber Ordinary shares of £1 each	2	2
Ordinary shares of £1 each	<u>62,217</u>	<u>62,217</u>

The two Subscriber Ordinary shares carry no right to vote or to income and a deferred right to a return of capital paid up.

23. SHARE PREMIUM ACCOUNT

	Group £'000	Company £'000
Balance at 1 June 2016 and 31 May 2017	<u>29,997</u>	<u>29,997</u>

24. OTHER RESERVES

Group	Merger reserve £'000
Balance at 1 June 2016 and 31 May 2017	<u>26,699</u>

25. PROFIT AND LOSS ACCOUNT

	Group Profit and loss account £'000	Company Profit and loss account £'000
Balance at 1 June 2016	271,303	119,128
Profit for the year	35,286	25
Exchange difference	<u>21</u>	-
Balance at 31 May 2017	<u>306,610</u>	<u>119,153</u>

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2017 £'000	2016 £'000
Operating profit	51,986	13,189
Amortisation of player registrations	77,126	59,257
Impairment of player registrations	-	-
Amortisation of goodwill	416	416
Profit on disposal of tangible fixed assets	(16)	(72)
Depreciation (net of grant amortisation)	<u>14,972</u>	<u>14,258</u>
Operating cash flow before working capital	144,484	87,048
Increase in stock	(3,675)	(1,711)
(Increase)/decrease in debtors	(5,036)	9,707
Decrease in creditors	<u>(26,728)</u>	<u>(1,203)</u>
Net cash inflow from operating activities	<u>109,045</u>	<u>93,841</u>

Notes to the Accounts
For the year ended 31 May 2017



Notes to the Accounts

For the year ended 31 May 2017

	At 1 June 2016 £'000	Non cash changes £'000	Cash flows £'000	At 31 May 2017 £'000
(b) Analysis of changes in net debt				
Cash at bank and in hand	117,622	-	(13,939)	103,683
Cash equivalents	108,837	-	(32,404)	76,433
	226,459	-	(46,343)	180,116
Debt due within one year (bonds)	(7,557)	(8,545)	8,084	(8,018)
Debt due after more than one year (bonds)	(186,441)	8,018	-	(178,423)
Derivative financial instruments	(24,411)	(2,019)	-	(26,430)
Debt due after more than one year (debentures)	(14,197)	(400)	-	(14,597)
Net debt	(6,147)	(2,946)	(38,259)	(47,352)

Non cash changes represent £527,000 in respect of the amortisation of costs of raising finance, £398,000 in respect of rolled up, unpaid debenture interest, £2,000 in respect of the change in fair value of the Group's A and B debentures and £2,019,000 in respect of the change in fair value of the Group's interest rate swaps.

	2017 £'000	2016 £'000
(c) Gross cash flows		
Player registrations		
Payments for purchase of players	(111,460)	(66,833)
Receipts from sale of players	8,936	12,643
	(102,524)	(54,190)

27. LEASING COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017		2016	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
One year or less	376	67	772	235
Two to five years	613	18	859	38
Over five years	518	-	643	-
	1,507	85	2,274	273

28. COMMITMENTS AND CONTINGENT LIABILITIES

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or in the event of certain other future events specified in the transfer agreements. In accordance with the Group's accounting policy for transfer fees, any additional fees which may be payable under these agreements, will be accounted for in the year that it becomes probable



that the number of appearances will be achieved or the specified future events will occur. The maximum potential liability not provided for, in respect of contracts in force at the year end date, is £6.3 million (2016 - £8.7 million).

29. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the year:-

a) The Group had the following transactions with Arsenal Broadband Limited:-

	2017 Income/ (charge) £'000	2016 Income/ (charge) £'000
Provision of office services	291	337
Merchandising and advertising sales	(2,380)	(2,080)
Arsenal TV	<u>(1,216)</u>	<u>(1,158)</u>

At 31 May 2017 the balance owing from the Group to Arsenal Broadband Limited was £10.7 million (2016 - £9.7 million).

30. PENSIONS

a) Defined contribution schemes

Total contributions charged to the profit and loss account during the year amounted to £2,190,000 (2016 - £2,256,000).

b) Defined benefit scheme

	2017 £'000	2016 £'000
Provision at start of year	1,140	1,571
Payments in year	(430)	(431)
Increase in provision	<u>-</u>	<u>-</u>
Provision at end of year	<u>710</u>	<u>1,140</u>

The Group is advised of its share of the deficit in the Scheme (Note 1 (Q)). The most recent actuarial valuation of the Scheme was as at August 2014 and indicated that the contribution required from the Group towards making good this deficit was £1.9 million at 1 September 2014 (the total deficit in the Scheme at this date was £21.8 million). The Group's share of the deficit is being paid off over a period of five and a half years commencing September 2014. Additional contributions are being charged to the profit and loss account over the remaining service life of those Arsenal employees who are members of the Scheme. The amount attributable to employees who have already retired or who have left the Group has been charged in full to the profit and loss account. Payments for the year amounted to £0.4 million (2016 - £0.4 million) and the profit and loss account charge was £21,000 (2016 - £21,000).

31. POST BALANCE SHEET EVENTS

Player transactions

Since the end of the financial year a subsidiary company, Arsenal Football Club plc, has contracted for the purchase and sale of various players. The net receipt resulting from these transfers, taking into account the applicable levies, is £15.0 million (2016 – net payment of £87.3 million). These transfers will be accounted for in the year ending 31 May 2018.

32. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is KSE UK Inc., which owns 67.05% of the share capital of the Company. KSE UK Inc. is incorporated in the State of Delaware, USA, and is wholly-owned and controlled by Mr E.S. Kroenke.



Five Year Summary

Unaudited

	2013	2014	2015	2016	2017
	£'000	£'000	£'000	£'000	£'000
Profit and Loss Account					
Group Turnover	280,374	301,872	344,524	353,539	423,957
Operating profit before player trading and exceptional costs	17,108	49,613	62,273	69,216	122,180
Operating expenses - player registrations	(45,423)	(39,559)	(54,560)	(56,027)	(70,194)
Operating (loss)/profit	(28,315)	10,054	7,713	13,189	51,986
Share of results of joint venture	945	710	762	1,004	598
Profit on disposal of player registrations	46,986	6,912	28,944	2,047	6,760
Net interest	(14,193)	(11,797)	(19,227)	(13,373)	(14,737)
Profit before tax	5,423	5,879	18,192	2,867	44,607
Profit after tax	4,869	8,239	14,816	1,649	35,286
Earnings per share	£78.26	£132.42	£238.13	£26.50	£567.14
Balance Sheet					
Tangible assets	424,570	424,973	423,354	426,036	436,417
Intangible assets	98,494	116,484	172,740	146,671	182,279
Net current assets	114,505	89,580	47,939	64,861	51,837
Long term creditors and provisions	(334,679)	(319,549)	(318,722)	(309,507)	(307,165)
Net assets	302,890	311,488	325,311	328,061	363,368
Share capital	62	62	62	62	62
Share premium account	29,997	29,997	29,997	29,997	29,997
Reserves	272,832	281,429	295,252	298,002	333,309
Shareholders' funds	302,891	311,488	325,311	328,061	363,368
Net assets per share	£4,868.30	£5,006.48	£5,228.65	£5,272.85	£5,840.33
Playing record					
Premier League	4th	4th	3rd	2nd	5th
FA Challenge Cup	5th round	Winners	Winners	Quarter final	Winners
Europe	1st k/o round Champions League				





