

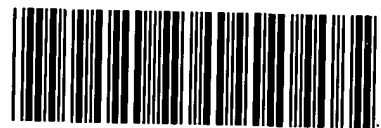
Company Registration No. 4250459

ARSENAL HOLDINGS LIMITED

Annual Report and Financial Statements

31 May 2024

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ARSENAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2024

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E.S. Kroenke
J.W. Kroenke
T.J. Lewis
Lord Harris of Peckham

COMPANY SECRETARY

S. W. Wisely

COMPANY NUMBER

4250459

REGISTERED OFFICE

Highbury House
75 Drayton Park
London
N5 1BU

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

ARSENAL HOLDINGS LIMITED STRATEGIC REPORT

The directors present their strategic report for the year ended 31 May 2024.

Principal Activity and Strategy

The principal activity of the Group is that of a professional football club playing in the Premier League (men's) and Women's Super League (WSL) (women's). The Group is also engaged in a number of property developments.

The Board's long term strategy is to continue to develop Arsenal Football Club (the Club) as a leading club on both the domestic and global stages. The Board are committed to a business model which invests the funds generated by the business back into the Club with the aim of achieving an increased level of on-field success with the ultimate goal of winning trophies and using that on-field success to increase and further engage the Club's worldwide fan base.

Results for the year

The overall loss for the year was £17.7 million (2023 - £52.1 million). There were no exceptional items impacting the loss for the 2023/24 year whereas the prior year included £18.1 million of exceptional costs relating to impairment of player registrations.

The improvement in underlying result reflects a return to playing in the UEFA Champions League, where the Club reached the Quarter Finals, and a strong performance in the Premier League, where the Club led the table for much of the season, eventually finishing in second place. This football performance combined with the Club's commercial strategy to enable a significant growth in revenue. Revenue for the year was a record level of £616.6 million (2023 - £466.7 million).

During 2023/24 and subsequently during the summer 2024 transfer window the Club has again invested strongly in the development of its Men's First Team playing resources. This investment recognises that qualification for UEFA competition represents a pre-requisite to re-establishing a self-sufficient financial base. This investment would not have been possible without the support and commitment of the Club's ownership, Kroenke Sports & Entertainment.

A second season of qualification for the UEFA Champions League, in its new format for 2024/25, represents a strong continuation of the transformation which the Club is undergoing and can be viewed alongside the start to the 2024/25 season which has so far been very positive.

We have also continued to invest strongly in Arsenal Women and we aim to remain very much at the forefront as the women's game continues to experience significant growth in interest and support. Arsenal Women finished the 2024/25 season in third place in the WSL and won the League Cup. Six games were played at the Emirates and we established a new record for WSL attendance selling 60,160 seats for the Manchester United fixture in February.

Review of the business

The result for the year can be broken down into the following key components:-

	2024 £m	2023 £m
Adjusted operating profit from football (see note 2 on page 30)	138.2	116.1
Exceptional costs (player impairment)	-	(18.1)
Amortisation and impairment of player registrations (non-exceptional)	(171.1)	(139.1)
Profit on sale of player registrations / Loan of players	52.4	12.2
Property trading profits	1.3	0.8
Net interest costs	(18.4)	(6.2)
Other	(20.1)	(17.8)
Loss before tax	(17.7)	(52.1)
Loss before tax (excluding exceptional costs)	(17.7)	(34.0)

ARSENAL HOLDINGS LIMITED STRATEGIC REPORT

Review of the business (continued)

Football revenue for the year was £613.5 million (2023 - £464.6 million) with increases from all our main revenue streams.

The return of Champions League football meant there were 25 home fixtures and match day revenue increased to £131.7 million compared to £102.6 million in the prior year. Across all men's home fixtures the average attendance was 60,095 (2023 - 60,082).

Broadcasting revenues rose to £262.3 million (2023 - £191.2 million). The reason for this being principally the higher levels of UEFA distribution from Champions League as compared Europa League in the previous season.

Commercial performance, in the second year of a new commercial strategy, was strong across the board and revenues were significantly improved to £218.3 million (2023 - £169.3 million). The renewal and extension of our agreement with Emirates led the way on partnerships but was supported by the naming rights deal for the Sobha Realty Training Centre and an increased number of secondary deals at improved valuations. The Club's retail operations provided another highlight with significant year on year growth to outperform an ambitious growth plan and our summer 2023 US tour also delivered improved revenues. Commercial performance was supported throughout by strong delivery from fan focused marketing campaigns aligned to the development of the Club's global brand.

Wage costs increased significantly to £327.8 million (2023 - £234.8 million). The increase was mainly driven by investment in player wages in both men's and women's teams. There was also an impact from increased commercial and operational headcount.

The total profit on sale of player registrations was £51.1 million (2023 - £10.7 million) and player loans amounted to £1.4 million (2023 - £1.5 million). Player trading profits continue to have a significant impact on overall profitability and the Club's ability to realise profits during 2023/24 was again adversely impacted by market conditions with reduced overall liquidity as clubs' acquisition budgets continued to be impacted by financial pressures.

During the year there was limited activity in the Group's property development business where revenue was £3.0 million (2023 - £2.1 million).

Net finance charges were increased to £18.4 million (2023 - £6.2 million). This increase reflects a combination of higher borrowings and higher market interest rates. The accounting requirement to apply a notional interest rate where player transfers are being paid on instalments had an impact of £6.5 million (2023 - £Nil).

Balance Sheet

Following additions to player registrations at a cost of £255.7 million and amortisation charges, the book value of intangible fixed assets (player registrations) was increased to £486.6 million (2023 - £417.0 million).

The year end cash position was £66.8 million (2023 - £42.8 million). The renewal of season tickets for the 2024/25 season was again very strong but the timing of renewal meant that the cash impact of this was partly deferred until June. The levels of debtors and creditors were influenced by the Club's transfer activity, both inbound and outbound, with instalments of the transfer fees being payable and receivable over time and mainly over the next two years.

Funding

Funding is provided mainly by the ultimate parent company, KSE UK Inc., which is wholly owned by the ultimate controlling party, Mr. E. S. Kroenke. During the year KSE UK Inc. provided funds both to underpin the Club's transfer activities and for working capital purposes as required.

The Group reviews and updates its forecasts on a regular basis and keeps its parent company and ultimate controlling party fully aware of its financial commitments going forward.

In addition, the Group has a £100 million working capital facility with Barclays Bank.

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The Club's cashflows vary across the year and loans have been used from both Barclays and KSE UK Inc. to manage the overall position throughout the year.

Key performance indicators

Non- financial:

- Premier League 2nd place (2023 – 2nd place);
- Ticket sales average (men's team – Emirates) 60,095 (2023 – 60,082);
- Ticket sales average (women's team – Emirates) 52,076 (2023 – n/a);
- UEFA Champions League QF (2023 – UEFA Europa League R16).

Financial

- Cash flow;
- Revenue;
- Payroll costs;
- Operating profits/EBITDA (before player trading);
- Player trading (acquisitions/sales);
- Property profits;
- Compliance with applicable financial regulations including UEFA and Premier League financial sustainability rules.

Quantitative disclosures in respect of financial key performance indicators are included in the financial statements.

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 is in contact regularly throughout the year and monitors these risks on a continual basis. In addition, the management of day to day operational risk is delegated to the Group Executive management team.

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

- the performance and popularity of the Men's 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;
- the rates of UK taxation applicable to the Group and its key employees; 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 Men's First Team and significant sources of revenue are derived from strong performances in the Premier League and UEFA European competitions. In addition, match day and commercial revenue from Arsenal Women continues to develop. 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.

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The Club is regulated by the rules of the FA, Premier League, WSL, UEFA and FIFA. Any change to FA, Premier League, WSL, 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 sustainability tests, 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 largely secured its TV rights sales for the four year cycle ending season 2028/29, 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 in the medium term, the renewal of existing contracts and / or acquisition of new partnerships cannot be guaranteed.

The Club's participation in European competition (subject to the usual qualification criteria) is expected to continue and the Club expects to be able to continue to recruit overseas players suitable to the development of the Club's playing squad. There has been no measurable adverse impact from the UK's departure from the EU or from conflicts abroad.

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

Financial risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern. The Directors review financial reports on a regular basis and the Group's finance team monitor working capital and liquidity on a continuous basis. The nature of the Group's activities mean that the most significant areas of financial risk relate to cash flow, credit, currency and interest rates. The Group uses financial derivatives, in line with policies approved by the Board, to manage these risks. The Group does not use financial derivatives for speculative purposes.

The Group addresses cash flow risk by carefully managing its working capital inflows and outflows. Forward looking forecasts are prepared, reviewed on a regular basis and subjected to appropriate stress testing.

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 exposure in its currency receivables and payables.

The Group monitors its compliance with the applicable terms of its bank facility on a continuous basis.

Credit checks and other appropriate financial due diligence are performed prior to the Group entering into new material contracts.

The Club continues to be compliant with applicable financial sustainability regulations put in place by UEFA and the Premier League.

Section 172 Statement

Section 172 of the Companies Act 2006 requires the Directors to take into consideration the interests of all stakeholders in promoting the success of the Company and the Group and, in so doing, to have regard to a range of matters, including:

- the long-term consequences;
- the interests of our people;
- the interests of other key stakeholders (including our supporters);
- the impact on our community and the environment; and
- the desirability of maintaining a reputation for high standards of business conduct.

Everyone at Arsenal recognises their responsibility as custodians of the club and the expectation to uphold our values.

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Supporters

We continue to deepen our connection with our supporters. This is fuelled by football performance and action which drives pride, inspiration and belonging for our supporters across the globe, with north London as our epicentre. The positive sentiment and atmosphere generated by our supporters continues to inspire winning performances and our connection between our team, culture and community grows ever stronger.

Another successful pre-season tour to the US for our men's team and an end of season trip to Australia for our women's team allowed us to connect personally with supporters across two continents. We are proud to be at the heart of growing the women's game across the world. Last season, we broke our own WSL attendance record in February at our game against Manchester United at Emirates Stadium with a crowd of 60,160.

In terms of formalised supporter engagement, our Arsenal Advisory Board (AAB) reached the end of its first term (three years) and will begin again with some new representatives for the 2024/25 season. Representatives from various supporter groups met with our Co-Chair, Josh Kroenke, our Executive Vice-Chair, Tim Lewis, our departing Chief Executive Vinai Venkatesham, incoming Managing Director, Richard Garlick and other senior executives five times (three in person and two online) during the 2023/24 season. The group discussed key issues such as ticketing, abuse and discrimination and sustainability.

The AAB works alongside our long-standing Arsenal Fans' Forum which meets three times a year and gives representatives the opportunity to put questions to senior club officials and discuss key issues. In addition, we keep in regular contact with our supporters through our social media content, membership schemes, our supporter services team and our network of supporters' clubs around the world.

A full Fan Engagement Report was filed on our website, Arsenal.com in September 2024.

Our People

Our people are critical to the success of Arsenal and we have in place a broad suite of programmes designed to help colleagues maximise their potential, promote health and safety and mental health and wellbeing.

We promote equality and equity in opportunity, pay and promotion decisions and comply with the legal requirement to publish our Gender Pay Gap report annually.

We are accredited by the London Living Wage Foundation, meaning we pay at least the London Living Wage hourly rate of pay to all direct employees and casual workers and only work with third-party suppliers who adopt the same approach to ensure we remain an employer of choice.

We offer a number of initiatives to support our people, including value added healthcare services with access to GPs online, mental health first aiders and a variety of wellbeing resources.

In November 2023, we undertook a full internal employee survey to monitor all aspects of engagement with a focus on inclusion. This was also followed up with employee listening sessions in order to form a comprehensive action plan and gather insights to evolve our equality, diversity and inclusion strategy.

Equality, Diversity, and Inclusion (ED&I)

We ensure that equality, diversity and inclusion is at the heart of Arsenal and is a strategic priority.

Building a diverse and inclusive club

We are committed to celebrating the diversity of our Arsenal family and ensuring that everyone associated with Arsenal – our people, supporters, our local community and the wider Arsenal family - feels an equal sense of belonging and can engage with the club in a way that is fair and free from any form of discrimination. During our 2023/24 season, 24 supporters were banned from our stadium for between one to three years for discriminatory and abusive behaviour.

To celebrate our diverse community and to educate others, events in this period included an 'antisemitism in football' workshop for staff at Emirates Stadium to deepen our understanding of how antisemitism manifests and to hear lived experiences of our supporters and the wider Jewish community and their relationship with football. The outcome from the day was action to tackle and eradicate antisemitism.

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We commemorated Black History Month in October 2023 by sharing stories of protagonists who have shaped our unique history and relationship with our Black community. Over the course of the month, we lifted voices from the Arsenal family and beyond, including iconic men's and women's players, supporters, employees and academics among many others.

During Ramadan, our community team and Finsbury Park Mosque came together to host a vibrant community Iftar at Emirates Stadium. The gathering brought together members of our local community - both Muslim and non-Muslim - to celebrate, learn and show mutual respect.

Additionally, alongside our supporters club, Gay Gooners, we marched in London Pride to celebrate our LGBTQ+ community. Our customised double-decker bus shared our message of solidarity: 'One family. One Arsenal.'

An additional training opportunity as part of our extensive learning and development programme was a 'neurodiversity in the workplace' workshop. The aim was to encourage employees to understand neurodiversity and provide practical tips to support our neurodivergent colleagues.

In December 2023, we celebrated International Day Of Persons With Disabilities, with the launch of '[See Sport Differently](#)', the RNIB (Royal National Institute of Blind People) and British Blind Sport's new guidance on making the match day experience accessible for spectators with sight loss.

Arsenal led club-contribution to this research, having been identified by the Pan-Disability Sport Charity, Level-Playing Field as an example of Best Practice in the way in which we already support our blind and partially-sighted supporters.

Our contribution to this body of work builds into our long-term strategy around inclusive matchdays and builds on full integration of British Sign Language into our matchdays.

Arsenal in the Community

The club's commitment to its local and global community through project delivery is channelled through Arsenal in the Community and The Arsenal Foundation.

Our Arsenal in the Community team continues to deliver sport, social and education programmes to over 5,000 people each week in Islington, Hackney and Camden – helping to positively change the lives of people in our local community.

With a variety of partnerships, we are able to achieve more for our community than might be possible on our own. Our No More Red initiative, in partnership with adidas is in its third year and aims to protect young people from knife crime and youth violence by providing safe spaces, mentoring opportunities in the creative industry and rewarding positive community role models.

The Arsenal Foundation supports a wide range of charitable initiatives both locally and across the world and has a well-established partnership with Save the Children which has delivered large scale infrastructure and support projects through its Coaching for Life programme. Coaching for Life uses the power of football to build a sense of belonging and improve the physical, mental, and emotional wellbeing of children. Our flagship programme in Za'atari refugee camp in Jordan continues to have a profoundly positive impact on young refugees.

Notable events in the 2023/24 season included engagement of our supporters, players and staff to bring them closer to this project and give an opportunity to fundraise for this vital work. Our supporters from north London and across the world came together in April 2024 to raise an extraordinary £484,000 through popular podcast, Arsenal Vision. Players had the opportunity to donate a day's salary with Leah Williamson going further and using her profile and platform to raise awareness of the project and its impact. Leah spoke at the United Nations General Assembly in New York in December 2023, creating heightened interest, engagement and admiration for our contribution to acting for a winning community in a distinctively Arsenal way.

As part of The Arsenal Foundation, we also have the Gunners' Fund which is a small grants scheme for the local charity, community and voluntary sector. This is a way to engage our employees in charitable giving by volunteering to sit on the grant making committee.

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Climate Related Financial Disclosures

We recognise our operations have an impact on the environment and are at risk from the effects of climate change. We are committed to reducing our impact and adapting to build resilience for the future.

We are now in scope to complete a mandatory Climate-related Financial Disclosure (CFD) report that is aligned to the UK Companies Act legislation. Arsenal have met the requirements of CFD and where practical has also sought to voluntarily incorporate elements of the Taskforce on Climate related Financial Disclosures (TCFD), which have recently been adopted into the International Sustainability Standards Board's (ISSB) IFRS S2 framework.

This report presents Arsenal's greenhouse gas (GHG) emissions profile, covering our scope 1, 2 and 3 emissions, and our strategy to identify, assess and manage our climate-related risks and opportunities. The Group's governance around risk identification, prioritisation and management is also presented, together with a description of Arsenal's emission reduction targets as validated by the Science Based Target initiative (SBTi).

Climate change related risks and opportunities are an important focus for the business over the coming years and we are resolved to meet the challenges presented by climate change in the management of our global operations and through engagement with suppliers, partners and supporters. Guided by our Net-Zero goal (42% reduction by 2030 in Scope 1 & 2 moving to a 90% reduction by 2040 from our 2021/22 baseline financial year), we will reduce our carbon footprint and build resilience to climate change across all our assets, whilst continuing to provide training facilities and a stadium appropriate to our status as a leading football club.

Governance

Arsenal has established a clear process of governance for environmental risks and opportunities. Climate change is recognised as a key operational and business risk for the Club.

Board oversight

The identification, assessment and management of risk (including climate risk) is overseen by the Operational Governance Committee. The role of the Operational Governance Committee is to assist the Board and the Executive Management Team to fulfil their responsibility for risk management by overseeing the effectiveness of the Club's Risk Management Framework and ensuring alignment with strategic goals and regulatory/legal requirements. The Committee also assists the Board and Executive Team to fulfil their responsibility for voluntary and mandatory reporting.

The Operational Governance Committee meets on a quarterly basis and is constituted as a sub-Committee of the Executive Committee of Arsenal with three Executive Team members - the Chief Operations Officer (COO), the Chief Financial Officer and the General Counsel. The Director of ESG (Environment, Social and Governance) is responsible for reporting to the Committee on risks, controls and assurance activities.

This structure ensures continuous review and reports to the Board Directors.

Management's role in assessing and managing climate-related risks and opportunities

The COO is the Executive responsible for climate risk and opportunity through the dedicated role of Director of ESG. The Director of ESG is responsible for:

- Defining, implementing and monitoring Arsenal's overall strategic direction and delivery of its ESG ambitions and commitments
- Mobilising a cross-organisational programme of change and providing effective governance to achieve our goals and targets
- Assessing and managing ESG risks and opportunities across the club and identifying new initiatives to deliver maximum impact
- Developing, maintaining and executing a regular cadence of ESG reporting, both internal and external, including production of an annual ESG Report, and other reporting products as needed to maintain relevant accreditation

The COO and Director of ESG meet on a regular basis. Day to day management of climate risks and opportunities are covered at these meetings and referred to the Operational Governance Committee on a quarterly basis.

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Risk Governance structure:

Strategic oversight	Board Directors
	Managing Director
	Operational Governance Committee
Management level	Chief Operations Officer
	Director of ESG
	Executive Committee

Risk Management

Climate-related risks are identified by consulting national and international resources that predict the frequency and intensity of extreme weather events (physical risks) and the probability and impact of carbon-related policies, taxes, cost and insurance changes and stakeholder values (transitional risks) taking into account both stringent and intermediate climate scenarios.

Each risk is assessed on a gross, net and target basis using appropriate risk assessment criteria. This allows us to prioritise our risks and measures the effects of current controls and planned further action on the management of the risk.

Climate-related risks and opportunities

We have divided our risks and opportunities in line with the recommendations of TCFD and their relevance to our operations. The Club is managing its risks and actions based on the 1.5-degree temperature increase scenario (as adopted by SBTi) but also considers the 2-degree and 4-degree scenarios. The strategic and financial implications of each risk have been considered as part of the risk assessment.

The levels of likelihood, impact and immediacy in the tables below highlight the comparative impact of climate-related risks. Short term is defined as being within the next 3 years, medium term in 3-5 years and long term beyond the next 5 years.

The costs of managing climate-related risks and opportunities are currently embedded in the Club's annual ESG budget, in the procurement budgets of operational functions and in the Group's capital expenditure plans.

Risk Category		Risk Title	Risk Description	Gross risk (before consideration of existing controls)		
				Likelihood	Impact	Immediacy
Physical Risk	Acute	Extreme weather impacting operations	Shifting weather patterns, increased risk of flooding, drought, fires, extreme heat and other changes resulting from climate change may impact our operations, facilities and player performance, causing significant business disruption and leading to financial loss.	3 Possible	4 Major	Short/medium

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Risk Category		Risk Title	Risk Description	Gross risk (before consideration of existing controls)		
				Likelihood	Impact	Immediacy
Transitional Risk	Policy and Legal	Non-compliance with environmental regulation or policy	Arsenal need to understand and comply with all relevant mandatory regulations in the industry and jurisdictions within which we operate. As the club grows and expands into new territories new regulations may become applicable (e.g. CSRD and other non-UK required disclosures). There is also the possibilities of changes to climate-related regulations or requirements by the government or governing bodies including UEFA and the Premier League. Non-compliance may result in fines, reputational damage and impact to our licence to operate.	3 Possible	3 Moderate	Short
Transitional Risk	Policy and Legal	Risk of Carbon Taxation/ Emissions Trading Scheme	GovUK modelling suggests traded carbon values in the UK could reach £87/tCo2e on a Net-Zero aligned pathway. If applied to Arsenal this could result in financial impact.	2 Remote	3 Moderate	Medium
Transitional Risk	Market Risk	Rise in fuel and energy-related costs	Volatile energy markets, a roll-back of schemes and grants for low emission energy and increased use of the stadium could increase the consumption and/or price of energy for the club.	5 Highly Probable	3 Moderate	Short
Transitional Risk	Market Risk	Negative perception of offsets	Arsenal do not participate in the use of offsets. This is following SBTi recommendation to calculate a full emissions baseline year, reduce emissions, and then offset residual emissions where operations cannot be decarbonised. However, we do invest in forestry projects. Even though these are not offset projects, they must be monitored to avoid potential reputational damage.	3 Possible	2 Minor	Short/ Medium

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Risk Category		Risk Title	Risk Description	Gross risk (before consideration of existing controls)		
				Likelihood	Impact	Immediacy
Transitional Risk	Reputational Risk	Failure to achieve publicly disclosed targets	Arsenal's failure to show progress towards our 2030 and 2040 reduction and Net Zero targets for both SBTi and UN Sports Climate Action may result in reputational impact.	2 Remote	3 Moderate	Short/ Medium
Transitional Risk	Reputational Risk	Suppliers not aligned with sustainability goals	Risk of Arsenal's major suppliers not reducing their emissions which would impact our ability to achieve our net-zero goals as one of the largest categories of emissions in our baseline.	3 Possible	2 Minor	Medium/ Long

Resilience of Strategy

Physical risks such as extreme weather have the potential to impact the Club by disrupting operations - damaging assets, prohibiting attendances and events to proceed, increasing operational costs whilst adding financial and other burdens of recovery, repair and lost income. These events can also impact across our supply chains but can also create possible opportunities for greater active engagement of all parties in the Club's pathway to Net Zero.

Examples of initiatives already delivered to build resilience to climate risks include:

- The Group maintains an appropriate level of business interruption insurance
- More than 29,000 trees have been planted at Arsenal's Training Centre in London Colney
- The Club procures only 100% renewable electricity
- Over 8,000 lights at Emirates stadium and Sobha Realty Training Centre have been upgraded to LED
- Hand sorting matchday waste after every game significantly improves the Club's recycling rates
- A water tank at the Arsenal's training ground collects 2 million litres of water from the pitch irrigation as well as rainwater from the buildings to be re-used on the pitches.
- Tree-planting of over 33 acres, equalling 20 football pitches, in Arsenal Forest (Bore, Kenya).

The Group considers it currently has sufficient resilience to manage its operations against the short term level of climate risk.

Targets

Arsenal have committed to short and long term Net Zero targets that have been reviewed and validated against the Science Based Targets initiative (SBTi). Our targets are aligned with the most ambitious pathway to mitigate the worst impacts of climate change (1.5 degree pathway). Although we are aware that achieving the Paris Agreement's <1.5°C target is no longer a realistic global pathway, alignment to this target remains a primary goal for our business.

Our targets have been validated by SBTi and include Scope 3 impacts arising from the sale of our replica shirts by third party vendors, end of life disposal of goods and impacts from use of sold products.

Short-term SBTi Targets

Arsenal is committed to making significant strides in reducing our greenhouse gas (GHG) emissions over the next decade. Specifically, the Club aims to reduce absolute Scope 1 and 2 GHG emissions by 42% by the fiscal year 2030, using the fiscal year 2021 as the base year. Additionally, Arsenal commits to a 52% reduction in Scope 3 GHG emissions per million GBP revenue within the same timeframe.

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Long-term SBTi Targets

Looking further ahead, we have set ambitious long-term targets to significantly cut our GHG emissions by 2040. The Club plans to reduce absolute scope 1 and 2 GHG emissions by 90% from the fiscal year 2021 baseline. Furthermore, there is a commitment to reduce scope 3 GHG emissions by 97% per million GBP revenue within the same period.

Streamlined Energy and Carbon Reporting Disclosure (SECR)

The SECR disclosure presents our carbon footprint within the United Kingdom for Scope 1, 2 and 3 emissions based on SECR Legislation, an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and an energy efficiency actions summary taken during the financial year. Data collection and analysis has strictly followed the GHG Protocol Corporate Accounting and Reporting Standard (GHGP). UK Government's 2023 emission factors, generated by DEFRA, have been used to quantify all emissions.

It is not mandatory to report Scope 3 (indirect emissions from all other operational activity) under SECR, other than third-party vehicle impact. However, Arsenal have voluntarily included key Scope 3 emission categories, most significantly including fan travel. This has resulted in an update to the prior year comparatives to provide a more complete picture.

		2024 GHG Emissions (tCO₂e)	2023 GHG Emissions (tCO₂e)	% Change in Emissions
Scope 1	Stationary combustion	1,474.20	1,304.53	+13%
	Mobile combustion	177.98	165.18	+8%
	Fugitive emissions	662.48	1,015.67	-35%
	Process emissions	-	-	-
Scope 2	Electricity, heat, steam, and cooling emissions	2,956.22	2,136.23	+38%
Scope 3	Mobile combustion	70.31	69.07	+2%
	Other emissions	16,746.84	16,131.53	+4%
Total Emissions		22,088.03	20,822.22	+6%

Arsenal emitted a total of 22,088.03 tonnes of CO₂e for all scopes (including Scope 3 reporting which is not mandatory). Scope 3 accounted for 76.1% of the total emissions, Scope 2 for 13.4% and Scope 1 for 10.5%

Overall, approximately 65% of Arsenal's total emissions were generated based on estimation (14,400 tCO₂e). This is almost entirely due to emissions being fully estimated for fan travel, employee commuting, supply chain, and e-commerce freight (totalling 14,204.46 cumulatively). Emissions from these sources are likely to remain estimated in the future unless 100% data completeness and availability from fans, employees, suppliers and freight providers is achieved.

Two intensity metrics have been calculated for Arsenal's emissions, based on full-time equivalent employees (FTE) and revenue.

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Streamlined Energy and Carbon Reporting Disclosure (SECR) (continued)

	FY23-24	FY22-23	% Change
Revenue (£m)	616.60	464.6	32.72%
FTE	826	723	14.25%
Carbon Intensity per £100,000 (tCO ₂ e/£100,000)	3.61	4.48	-19.51%
Carbon Intensity per FTE (tCO ₂ e/FTE)	26.93	28.80	-6.50%

Baseline Year

The Club has chosen to use financial year 2021-22 as its reporting baseline year.

Energy Efficiency Actions

Arsenal has implemented several measures to increase the energy efficiency of its operations. These include, but are not limited to, the following:

- Further LED lighting replacements (8,000 lights were replaced with efficient LED alternatives at the Emirates Stadium, where automated controls were also installed, and lighting within the Sohba Realty Media building was also upgraded to be fully LED with automated controls)
- Replacement of diesel leased vehicles with electric alternatives.
- Installation of more efficient covers to spa and ice pools at the Sohba Realty Training Centre.
- Installation of covers to valves and pipework in the Sohba Realty Training Centre plant rooms to reduce heat loss.

In addition to these energy efficiency actions, Arsenal have also worked on initiatives to reduce waste, save water (e.g., water reuse system for pitch irrigation at Sohba Realty Training Centre), and to engage with fans and community to promote climate education and action (e.g., Islington Net Zero festival).

Commercial Partners

We have continued to develop our commercial partnerships and to deliver on our contractual commitments. This has involved creative use of players from our men's and women's teams and other assets through content creation designed to engage our fans globally and help our partners meet their objectives.

Suppliers

The Club recognises the importance of its suppliers and has many longstanding contractual relationships in place. The Club monitors its payments to suppliers on a continual basis and seeks to ensure it complies with applicable contractual terms.

Business Conduct

The Group has appropriate policies in place to manage its obligations with regard to employment law and employee matters, environmental issues, anti-corruption / anti-bribery and social matters (including modern slavery and human rights), but does not consider that these are areas of significant strategic risk to its operations.

The Group is committed to paying the right amount of taxes, in the right place, at the right time in accordance with applicable tax laws and regulations. The tax contribution paid by the Group and by its players is substantial and transparent.

ARSENAL HOLDINGS LIMITED STRATEGIC REPORT

Future developments

The 2024/25 season is ongoing and the Club has made a satisfactory start in all competitions – Premier League, the new format UEFA Champions League and Women's Super League. During the summer 2024 transfer window Arsenal has again invested in the development of its Men's and Women's First Team playing resources. Off the field commercial performance continues to be strong.

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



S. W. Wisely
Company Secretary
16 October 2024

ARSENAL HOLDINGS LIMITED DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 May 2024.

Principal activities

The principal activity of the Group is that of a professional football club playing in the Premier League. The Group is also engaged in a number of property developments.

Profits and dividends

The results for the year are set out on page 21. The Directors do not recommend the payment of a dividend for the year (2023 - £Nil).

Going concern

The Group is reliant on its ultimate parent undertaking, KSE UK Inc., for its continued financial support (see note (1) (c)). The Group has received confirmation from KSE UK Inc. that sufficient funds will be provided to finance the business for a period of at least 12 months from the date of this report. The Directors have therefore continued to adopt the going concern basis in preparing the annual financial statements.

Events after the Balance Sheet Date

Details of significant events since the balance sheet date are included in note 26 to the financial statements.

Future developments

Details of future developments can be found in the Strategic Report.

Directors

The Directors of the company, all of whom served throughout the year unless where stated otherwise, are set out below:

E.S. Kroenke
J.W. Kroenke
T.J. Lewis
Lord Harris of Peckham

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.

Statements on Employee Engagement

Employee Consultation

Within the bounds of commercial confidentiality, the Directors endeavour 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 has multiple staff working groups which meet on a regular basis, with representation from across the Club, ensuring that staff are consulted regularly on a wide range of matters which affect their current and future interests. The Group regularly surveys its people via standard engagement surveys, putting in action plans based on employee feedback.

Equality, Diversity and Inclusion

The Group's aim is to ensure that equality, diversity and inclusion is at the heart of Arsenal as a priority. This objective is pursued under the banner of Arsenal Acts, our overarching ESG strategy. We endeavour to ensure that everyone associated with the Club – employees, supporters, local community and the wider Arsenal family - feels an equal sense of belonging and can interact with the Club in a manner which is equitable and free from any form of discrimination.

ARSENAL HOLDINGS LIMITED DIRECTORS' REPORT

Employees with a disability

The Club has been registered as a Disability Confident employer since November 2017 and therefore offers a guaranteed interview to any candidate with a disability and meets minimum selection standards for any vacancy, where this has been requested. Candidates with a disability 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. It is Group policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Matters included in the Strategic Report

In accordance with the s414(c)(ii) of the Companies Act included in the Strategic Report is information relating to carbon emissions, business relationships, financial risk management and future developments which would otherwise be required to be contained in the Directors' Report.

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 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 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.

The auditor, Deloitte LLP, is deemed to be reappointed pursuant to Section 487 of the Companies Act 2006.

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



S. W. Wisely
Company Secretary
16 October 2024

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

ARSENAL HOLDINGS LIMITED

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 of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and the dissemination of financial statements may differ from legislation in other jurisdictions.

ARSENAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Arsenal Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 27.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

ARSENAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL HOLDINGS LIMITED (continued)

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included FA, Premier League, UEFA and FIFA regulations, FA Third Party Interest in Player Regulations, employment legislation, GDPR and health & safety legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- The carrying amounts of player-related intangible assets may be misstated due to unrecognised impairments or inappropriate judgements around contingent payments: To address this risk we challenged the estimates and assumptions used in management's impairment review and contingent payment assessment, reviewed their modelling of these estimates and their assumptions for consistency with internal and external data sources, considered sales post-year end against the player carrying values and considered any players who sit outside the main squad, such as through career-threatening injury.

ARSENAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARSENAL HOLDINGS LIMITED (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters 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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Paul Schofield FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 October 2024

ARSENAL HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2024

	Note	2024			2023		
		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		615,793	1,374	617,167	465,698	1,457	467,155
Share of turnover of joint venture		(587)	-	(587)	(470)	-	(470)
Group turnover	3	615,206	1,374	616,580	465,228	1,457	466,685
Operating expenses	4	(493,875)	(171,099)	(664,974)	(364,778)	(157,151)	(521,929)
Operating profit/(loss)		121,331	(169,725)	(48,394)	100,450	(155,694)	(55,244)
Share of joint venture operating loss		(1,934)	-	(1,934)	(1,390)	-	(1,390)
Profit on disposal of player registrations		-	51,073	51,073	-	10,732	10,732
Profit/(loss) before net finance charges		119,397	(118,652)	745	99,060	(144,962)	(45,902)
Net finance charges	5			(18,432)			(6,222)
(Loss) before taxation				(17,687)			(52,124)
Tax on loss	8			-			-
(Loss) for the financial year				(17,687)			(52,124)

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 2024

	2024 £'000	2023 £'000
Loss after taxation	(17,687)	(52,124)
Exchange differences	(1)	2
Total comprehensive expense	(17,688)	(52,122)

ARSENAL HOLDINGS LIMITED

BALANCE SHEET

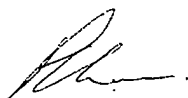
As at 31 May 2024

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Tangible assets	9	388,874	388,644	-	-
Intangible assets	10	486,643	417,044	-	-
Investments	11	-	750	30,059	30,059
		<u>875,517</u>	<u>806,438</u>	<u>30,059</u>	<u>30,059</u>
Current assets					
Stock - development properties	12	7,355	10,068	-	-
Stock - retail merchandise		11,546	11,498	-	-
Debtors - due within one year	13	71,314	72,207	136,924	136,515
- due after one year	13	17,046	11,916	-	-
Cash at bank and in hand	14	66,819	42,769	30	30
		<u>174,080</u>	<u>148,458</u>	<u>136,954</u>	<u>136,545</u>
Creditors: amounts falling due within one year	15	<u>(418,041)</u>	<u>(374,135)</u>	<u>(1,816)</u>	<u>(1,829)</u>
Net current (liabilities)/assets		<u>(243,961)</u>	<u>(225,677)</u>	<u>135,138</u>	<u>134,716</u>
Total assets less current liabilities		631,556	580,761	165,197	164,775
Creditors: amounts falling due after more than one year	16	(455,772)	(374,361)	(17,677)	(17,195)
Provisions for liabilities	19	<u>(47,932)</u>	<u>(60,860)</u>	<u>-</u>	<u>-</u>
Net assets		<u>127,852</u>	<u>145,540</u>	<u>147,520</u>	<u>147,580</u>
Capital and reserves					
Called up share capital	20	62	62	62	62
Share premium account		29,997	29,997	29,997	29,997
Capital contribution		5,369	5,369	-	-
Merger reserve		26,699	26,699	-	-
Profit and loss account		65,725	83,413	117,461	117,521
Shareholders' funds		<u>127,852</u>	<u>145,540</u>	<u>147,520</u>	<u>147,580</u>

The loss for the financial year dealt with in the financial statements of the Group's parent company, Arsenal Holdings Limited, was £60,000 (2023 – loss of £33,000).

These financial statements of Arsenal Holdings Limited (registered number 4250459) were approved and authorised for issue by the Board of Directors on 16 October 2024.

Signed on behalf of the Board of Directors



Lord Harris of Peckham
Director

ARSENAL HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 May 2024

Group	Share Capital £'000	Capital Contribution £'000	Share Premium £'000	Merger Reserve £'000	Profit and Loss £'000	Total £'000
At 1 June 2022	62	-	29,997	26,699	135,535	192,293
Capital contribution for year ended 31 May 2023	-	5,369	-	-	-	5,369
Total comprehensive expense for year ended 31 May 2023	-	-	-	-	(52,122)	(52,122)
At 31 May 2023	62	5,369	29,997	26,699	83,413	145,540
Total comprehensive expense for the year ended 31 May 2024	-	-	-	-	(17,688)	(17,688)
As at 31 May 2024	62	5,369	29,997	26,699	65,725	127,852

Note: the capital contribution derived from funding received from the ultimate parent undertaking, KSE UK Inc. – see note (1) (h) (i).

Company	Share Capital £'000	Share Premium £'000	Profit and Loss £'000	Total £'000
At 1 June 2022	62	29,997	117,554	147,613
Total comprehensive expense for year ended 31 May 2023	-	-	(33)	(33)
At 31 May 2023	62	29,997	117,521	147,580
Total comprehensive expense for the year ended 31 May 2024	-	-	(60)	(60)
As at 31 May 2024	62	29,997	117,461	147,520

ARSENAL HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 May 2024

	Note	2024 £'000	2023 £'000
Net cash inflow from operating activities	21a	176,057	136,936
Taxation received/(paid)		-	760
Cash flow from investing activities			
Interest received		298	74
Proceeds from sale of fixed assets		-	-
Purchase of fixed assets		(12,687)	(16,867)
Player registrations	21c	(193,394)	(149,449)
Net cash flow from investing activities		<u>(205,783)</u>	<u>(166,242)</u>
Cash flow from financing activities			
Finance charges paid		(8,115)	(4,359)
New debt issued		80,000	63,000
Repayment of debt		(18,109)	(17,282)
Net cash flow from financing activities		<u>53,776</u>	<u>41,359</u>
Increase in cash and cash equivalents		24,050	12,813
Cash and cash equivalents at start of year		42,769	29,956
Cash and cash equivalents at end of year	14	<u><u>66,819</u></u>	<u><u>42,769</u></u>

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

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 Limited is a private company limited by shares, incorporated in the UK, and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 9.

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 Limited 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 2024. 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 Directors have recently undertaken a thorough review of the Group's financial projections, budgets and forecasts. This financial assessment takes into account prudent assumptions with regard to on-field performance, the Club's key revenue streams, operating costs and cash-flows. The Group's financial projections also take account of reasonably possible changes in trading performance. The financial projections have been stress tested to ensure that the financial position remains robust in reasonable worst case scenarios. The Directors have also considered a number of actions that they could take in order to further mitigate any potential adverse circumstances.

The Group currently meets its day to day working capital requirements through a combination of its own financial resources, which include a loan from its ultimate parent company and bank facilities. The Group is reliant on the continued financial support of its ultimate parent company, KSE UK Inc., which has provided loans to enable the refinancing and to support working capital requirements as they arise. KSE UK Inc. has confirmed that its financial support will continue for a period of at least 12 months from the date of this report.

The Group's bank facilities are due for renewal by September 2025 and the Group has held discussions 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 given careful consideration to the sufficiency of the financial resources which have been confirmed as available to the Group through loan funding from its ultimate parent company, both now and as required to finance the business for the foreseeable future. On this basis the Directors have a reasonable expectation that the Group and the Company will have adequate financial resources and, accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

1. Accounting policies (continued)

(d) Joint venture and subsidiary undertakings

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. 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. Investments in subsidiary undertakings are included in the Company's financial statements at cost less provisions for impairment.

(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 have been accounted for based on the known amount at the end of the season pro-rated for games played to the balance sheet date. 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 (as player trading income) 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 and improvements	2% to 10% 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.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

1. Accounting policies (continued)

(g) Finance costs (continued)

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. Loans from parent undertaking

Loans from the Group's parent undertaking are recorded at their fair value based on the expected net present value of future cashflows and using a market rate of interest as an appropriate discount factor. Where the actual rate of interest applicable to the loan is below market rate the excess of cash received over the fair accounting value of the loan is booked as a capital contribution within Equity Capital and Reserves.

ii. Financial liabilities

Basic financial instruments (including 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.

iii. Derivative financial instruments

The Group uses derivative financial instruments mainly to reduce its exposure to foreign exchange risk. 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.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

1. Accounting policies (continued)

(j) Grants (continued)

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.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

1. Accounting policies (continued)

(n) Foreign currencies (continued)

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 2024/25 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 (the "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 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.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

1. Accounting policies (continued)

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 sources 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.

Claim in respect of historic property developments

A subsidiary company is monitoring certain historic property matters to determine the basis of any responsibility and whether they will give rise to any costs. As such any obligation cannot be measured with sufficient reliability.

2. Segmental analysis

Class of business:-	Football		Property development		Group	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Turnover	613,546	464,557	3,034	2,128	616,580	466,685
Segment operating (loss)/profit	(49,729)	(56,063)	1,335	819	(48,394)	(55,244)
Share of operating loss of joint venture	(1,934)	(1,390)	-	-	(1,934)	(1,390)
Profit on disposal of player registrations	51,073	10,732	-	-	51,073	10,732
Net finance charges	(18,278)	(6,075)	(154)	(147)	(18,432)	(6,222)
(Loss)/profit before taxation	(18,868)	(52,796)	1,181	672	(17,687)	(52,124)
Segment net assets	65,238	84,133	62,614	61,407	127,852	145,540

Adjusted operating profit from football amounted to £138.2 million (2023 - £116.1 million); being calculated as segment operating loss (as above) of £49.7 million (2023 - £56.1 million), adding back depreciation (net of grant amortisation) of £18.2 million (2023 - £16.5 million), operating loss from player trading of £169.7 million (2023 - £155.7 million) inclusive of exceptional costs of £Nil million (2023 - £18.1 million).

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

2. Segmental analysis (continued)

Exceptional items

Included in the results for the period are the following items which are classed as exceptional.

	2024 £'000	2023 £'000
Impairment of player registrations	-	18,091

The exceptional impairment loss reflected the write down of certain intangible assets – player registrations – to the value realised on their disposal subsequent to the balance sheet date.

3. Group turnover

	2024 £'000	2023 £'000
Turnover, all of which originates in the UK, comprises the following:		
Gate and other match day revenues	131,652	102,604
Broadcasting	262,252	191,194
Commercial	218,268	169,302
Property development	3,034	2,128
Player trading	1,374	1,457
	<u>616,580</u>	<u>466,685</u>

Broadcasting revenue includes UEFA distributions in respect of participation in the UEFA Champions League of £80.4 million (2023 - £22.0 million – UEFA Europa League).

4. Operating expenses

	2024 £'000	2023 £'000
Operating expenses comprise:		
Amortisation of player registrations	171,099	139,060
Impairment of player registrations (see note 2)	-	18,091
Depreciation and impairment charges (less amortisation of grants)	18,161	16,983
Total depreciation, amortisation and impairment	<u>189,260</u>	<u>174,134</u>
Staff costs (see note 6)	327,822	234,766
Cost of property sales	1,118	472
Other operating charges	146,774	112,557
Total operating expenses	<u>664,974</u>	<u>521,929</u>

Included in other operating charges is £27.4 million (2023 - £19.7 million) in respect of costs of goods sold for the Group's online and stores retail operations.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

4. Operating expenses (continued)

	2024 £'000	2023 £'000
Total operating expenses include:		
Auditor's remuneration		
- audit of the company's annual accounts	40	32
- audit of the subsidiaries pursuant to legislation	157	130
Total audit fees	197	162
- assurance services other than auditing of company's accounts	60	62
- tax compliance services	55	49
- other tax advisory services	53	29
Total non-audit fees	168	140
Operating lease rentals	62	40
Loss on disposal of tangible fixed assets/investments	25	-

5. Net finance charges

	2024 £'000	2023 £'000
Interest payable and similar charges:		
Bank loans and overdrafts	3,160	1,506
Notional interest expense on deferred payments for player registrations	6,524	-
Other	7,800	3,355
Costs of raising long term finance	1,291	1,435
Total interest payable and similar charges	18,775	6,296
Interest receivable	(343)	(74)
Net finance charges	18,432	6,222

6. Employees

The average monthly number of persons employed by the Group during the year was:

	2024 Number	2023 Number
Playing staff	117	115
Training staff	84	74
Commercial and Administrative staff	513	426
Ground staff	112	108
	826	723

In addition, the Group used on average 1,196 temporary staff each month (2023 – 1,016). The Company had no employees in either year.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

6. Employees (continued)

	2024 £'000	2023 £'000
Staff costs:		
Wages and salaries	286,960	204,648
Social security costs	38,133	28,569
Other pension costs	2,729	1,549
	<u>327,822</u>	<u>234,766</u>

7. Directors' remuneration

	2024 £'000	2023 £'000
Remuneration for services	2,440	1,856
	<u>2,440</u>	<u>1,856</u>
The number of directors who were:-		
Members of a defined benefit pension scheme	-	-
	<u>-</u>	<u>-</u>
Remuneration of the highest paid director:-	£'000	£'000
Emoluments	2,000	1,366
	<u>2,000</u>	<u>1,366</u>
Remuneration of key management personnel	7,341	6,624
	<u>7,341</u>	<u>6,624</u>

The Group's key management personnel comprised of the Board of Directors, the Chief Executive Officer and the Sporting Director.

Included in the above amounts are fees paid to Harris Ventures Limited in respect of services provided by Lord Harris of Peckham and, in the prior year only, fees paid to TJL Ventures Limited in respect of services provided by T. J. Lewis.

8. Tax on loss

	2024 £'000	2023 £'000
UK corporation tax at 25% (2023 – 20%)	-	-
Overseas tax	-	-
Total current taxation	<u>-</u>	<u>-</u>
Deferred taxation (see note 19)		
Total deferred taxation	-	-
Total tax charge/(credit) on loss	<u>-</u>	<u>-</u>

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

8. Tax on loss (continued)

The Group's deferred tax liabilities have been valued based on the tax rates that are expected to apply in the future periods in which the underlying timing differences are predicted to reverse. The main rate of UK corporation tax increased from 19% to 25% effective from April 2023. Corporation tax losses (including excess corporate interest charges) have been valued for deferred tax purposes up to the limit of the Group's deferred tax liabilities.

	2024 £'000	2023 £'000
The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows:		
Group loss before tax	<u>(17,687)</u>	<u>(52,124)</u>
Tax on Group loss before tax at standard UK corporation tax rate of 25% (2023 – 20%)	(4,422)	(10,425)
Effects of:		
Expenses not deductible	1,822	1,281
Overseas tax	-	-
Impact of tax losses on deferred tax	<u>2,600</u>	<u>9,144</u>
Group total tax charge/(credit) for the year	<u>-</u>	<u>-</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 19). There is no expiry date on any timing differences.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

9. Tangible assets

	Freehold properties £'000	Long Leasehold properties £'000	Plant and equipment £'000	Total £'000
Group Cost				
At 1 June 2023	422,146	22,133	175,369	619,648
Foreign exchange	-	-	-	-
Additions	584	-	15,214	15,798
Disposals	-	-	-	-
Transfers	3,497	(804)	(9)	2,684
At 31 May 2024	426,227	21,329	190,574	638,130
Depreciation				
At 1 June 2023	98,350	9,423	123,231	231,004
Foreign exchange	-	-	1	1
Charge for the year	6,165	681	11,405	18,251
Disposals	-	-	-	-
Transfers	426	(423)	(3)	-
At 31 May 2024	104,941	9,681	134,634	249,256
Net book value				
At 31 May 2024	321,286	11,648	55,940	388,874
At 31 May 2023	323,796	12,710	52,138	388,644

At 31 May 2024 the Group had contracted capital commitments of £3.3 million (2023 - £1.2 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.

A freehold property previously held in development property stocks has been reclassified to fixed assets as the Group now expects to retain ownership for the longer term.

10. Intangible assets

	£'000
Cost of player registrations	
At 1 June 2023	773,673
Additions	255,663
Disposals	(146,919)
At 31 May 2024	882,417
Amortisation of player registrations	
At 1 June 2023	356,629
Charge for the year	171,099
Impairment	-
Disposals	(131,954)
At 31 May 2024	395,774

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

10. Intangible assets (continued)

Net book value

At 31 May 2024	486,643
At 31 May 2023	417,044

The figures for cost of player registrations are historic figures for the costs 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.

11. Investments

	Group	
	2024	2023
	£'000	£'000
Accumulated share of (losses)/profit of joint venture (see note 19)	(1,209)	725
Other investments	-	25
	(1,209)	750

The joint venture represents an interest in Arsenal Broadband Limited, a company incorporated in the UK 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. The Group's share of the net assets included in the balance sheet of Arsenal Broadband Limited for the year ended 31 May 2024 is as follows:

	2024	2023
	£'000	£'000
Fixed assets	1,505	496
Current assets	488	625
Liabilities	(3,202)	(396)
	(1,209)	725

Investments in subsidiary undertakings

	Company £'000
Balance at 1 June 2023 and 31 May 2024	30,059

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

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

11. Investments (continued)

Investments in subsidiary undertakings (continued)

	Country of incorporation	Proportion of ordinary shares owned	Principal activity
Arsenal (AFC Holdings) Limited	Great Britain	100%	Share holding
The Arsenal Football Club Limited*	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 Securities Limited*	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%	Women's football
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 and the joint venture company is as for the Company and as stated in the Directors' Report except for AOH-USA LLC (Suite 620, 954 W. Washington Blvd, Chicago, IL 60607).

12. 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.

13. Debtors

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts recoverable within one year				
Trade debtors	18,332	37,169	-	-
Other debtors	25,429	18,085	-	-
Amounts due from group undertakings	-	-	136,924	136,515
Prepayments and accrued income	22,997	16,953	-	-
Amount due from joint venture	4,556	-	-	-
	<u>71,314</u>	<u>72,207</u>	<u>136,924</u>	<u>136,515</u>
Amounts recoverable in more than one year				
Other debtors	16,563	11,230	-	-
Prepayments and accrued income	483	686	-	-
	<u>17,046</u>	<u>11,916</u>	<u>-</u>	<u>-</u>

Other debtors include £38.5 million in respect of player transfers (2023 - £26.7 million).

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

14. Cash at bank and in hand

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	66,819	42,769	-	30
Cash equivalents (short-term deposits)	-	-	-	-
	<u>66,819</u>	<u>42,769</u>	<u>-</u>	<u>30</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade creditors	19,446	13,175	-	-
Other tax and social security	35,659	28,934	-	-
Amounts due to group undertakings	-	-	1,786	1,786
Other creditors	171,138	155,491	10	10
Accruals and deferred income	191,798	176,535	20	33
	<u>418,041</u>	<u>374,135</u>	<u>1,816</u>	<u>1,829</u>

Other creditors, above and as disclosed in note 16, include £267.8 million (2023 - £239.5 million) in respect of player transfers.

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance due to parent undertaking	324,062	258,937	-	-
Debenture loans	17,722	17,238	17,677	17,195
Other creditors	103,907	89,189	-	-
Grants	2,895	2,985	-	-
Accruals and deferred income	7,186	6,012	-	-
	<u>455,772</u>	<u>374,361</u>	<u>17,677</u>	<u>17,195</u>
Debenture loans comprise:				
Par value of debentures plus accumulated interest	32,415	31,933	17,988	17,506
Costs of raising finance	(311)	(311)	(311)	(311)
Fair value adjustment	(14,382)	(14,384)	-	-
	<u>17,722</u>	<u>17,238</u>	<u>17,677</u>	<u>17,195</u>

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

16. Creditors: amounts falling due after more than one year (continued)

Under the issue terms A and B debentures with a par value of £14,427,000 are repayable at par after 119 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 4 years and carry cumulative compound interest at 2.75% per annum.

The balance due to the parent undertaking, KSE UK Inc., comprises of a loan which is repayable on two years notice. No such notice has been received and therefore the balance is shown within amounts falling due after more than one year.

The costs of raising debt finance is amortised to the profit and loss account over the term of the underlying debt. The amortisation charge for the year was £704,000 (2023 - £1,013,000).

	2024 £'000	2023 £'000
The Group's financial liabilities/debt are repayable as follows:		
After five years	17,722	17,238
Total debt	<u>17,722</u>	<u>17,238</u>

17. Financial instruments

The Group's financial instruments comprise mainly of cash and bank balances, 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:-

	2024 £'000	2023 £'000
Financial Assets		
<i>Measured at undiscounted amount receivable:</i>		
Cash at bank	66,819	42,769
Trade and other debtors	60,324	66,484
	<u>127,143</u>	<u>109,253</u>
Financial Liabilities		
<i>Measured at amortised cost:</i>		
C & D Debentures	(17,677)	(17,195)
Balance due to parent undertaking	(324,062)	(258,937)
<i>Measured at fair value through profit and loss:</i>		
A & B Debentures	(45)	(43)
Other creditors (see note 1(g))	(97,687)	-
<i>Measured at undiscounted amount payable:</i>		
Trade and other creditors	(196,804)	(257,855)
	<u>(636,275)</u>	<u>(534,030)</u>

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

17. Financial instruments (continued)

Financial Liabilities (continued)

The Group's cash and bank deposits earn interest at rates linked to UK base rates. The Group's other financial assets do not earn interest. The interest rates attaching the Group's debentures are detailed in note 16. Total interest income for the year is shown in note 5.

18. Financial Derivatives

Borrowing facilities

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

	2024 £'000	2023 £'000
Expiring in:		
Less than one year	100,000	70,000

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 UEFA competitions and from contracted player transfers.

There were no foreign currency contracts in place at the balance sheet date.

Included in cash and cash equivalents are amounts of £1.3 million (2023 - £0.4 million) denominated in Euros, £0.9 million (2023 - £0.2 million) denominated in US dollars and £0.1 million (2023 - £Nil) denominated in Australian dollars.

Included in trade debtors are amounts of £1.8 million (2023 - £2.3 million) denominated in US dollars. Included in other debtors are amounts of £28.3 million (2023 - £16.1 million) denominated in Euros and £0.2 million (2023 - £Nil) denominated in US dollars.

Included in prepayments and accrued income are amounts of £9.1 million (2023 - £5.6 million) denominated in Euros and £Nil million (2023 - £2.2 million) denominated in US dollars.

Included in deferred income is £1.0 million (2023 - £4.0 million) denominated in US dollars.

Included in other creditors are amounts of £46.7 million (2023 - £62.6 million) denominated in Euros and £Nil million denominated in US dollars (2023 - £2.4 million). Included in provisions are amounts of £8.5 million (2023 - £10.1 million) denominated in Euros.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

19. Provisions for liabilities

	Group	
	2024	2023
	£'000	£'000
Pensions provision (see note 25 (b))	1,122	739
Deferred taxation	-	-
Transfers	45,601	60,121
Losses of joint venture (see note 11)	1,209	-
	<u>47,932</u>	<u>60,860</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 £22.4 million were made during the year, £28.0 million of provisions were reclassified as creditors and £8.9 million of provisions were cancelled as no longer required.

The deferred tax charge/credit for the year was £Nil million (see note 8) (2023 – £Nil million).

	Group	
	2024	2023
	£'000	£'000
Deferred tax provision		
Tax losses (including excess corporate interest)	(19,744)	(20,991)
Accelerated capital allowances	8,543	6,325
Capitalised interest	7,355	7,510
Rollover relief on player registrations	3,822	6,676
Other timing differences	24	480
	<u>-</u>	<u>-</u>
Total provision for deferred taxation	-	-

The Group has estimated corporation tax losses (including excess corporate interest) carried forward, on which no value has been placed, of £128 million. These tax losses do not have an expiry date.

20. Called up share capital

	2024	2023
	£	£
Allotted, 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.

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

21. Notes to the consolidated cash flow statement

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

	2024 £'000	2023 £'000
Operating loss	(48,394)	(55,244)
Amortisation of player registrations	171,099	139,060
Impairment of player registrations	-	18,091
Loss on disposal of investments	25	-
Depreciation (net of grant amortisation)	18,161	16,983
Operating cash flow before working capital	140,891	118,890
(Increase) in stock	(19)	(8,225)
Decrease/(Increase) in debtors	7,590	(33,462)
Increase in creditors	27,595	59,733
Net cash inflow from operating activities	176,057	136,936

(b) Analysis of changes in net debt

	At 1 June 2023 £'000	Non cash changes £'000	Cash flows £'000	At 31 May 2024 £'000
Cash at bank and in hand	42,769	-	24,050	66,819
Cash equivalents	-	-	-	-
	42,769	-	24,050	66,819
Debentures	(17,238)	(484)	-	(17,722)
Balance due to parent undertaking	(258,937)	(3,234)	(61,891)	(324,062)
Net (debt)	(233,406)	(3,718)	(37,841)	(274,965)

Non cash changes represent £704,000 in respect of the amortisation of costs of raising finance, £3,012,000 in respect of accrued, unpaid interest and £2,000 in respect of the change in fair value of the Group's A and B debentures.

(c) Gross cash flows

	2024 £'000	2023 £'000
Player registrations		
Payments for purchase of players	(247,650)	(184,299)
Receipts from sale of players	54,256	34,850
	(193,394)	(149,449)

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS For the year ended 31 May 2024

22. Leasing commitments

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

	2024 £'000	2023 £'000
Group		
One year or less	50	37
Two to five years	33	37
Over five years	76	78
	<u>159</u>	<u>152</u>

23. 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 £19.5 million (2023 - £18.6 million).

The Group continues to monitor certain ongoing matters relating to the closure of the European Super League project; if any additional costs arise as a consequence, these additional costs would be fully recharged to the parent entity, KSE UK Inc.

A subsidiary company is monitoring certain historic property matters to determine the basis of any responsibility and whether they will give rise to any costs. As such any obligation cannot be measured with sufficient reliability.

A subsidiary company has received a claim for fees from a former contractor. The Group believe the claim is without merit, but are currently reviewing it, to determine the existence of, and to quantify, any potential obligation.

24. Related party transactions

At 31 May 2024 the balance owing from Arsenal Broadband Limited to the Group was £4.6 million (2023 - £0.1 million owed by the Group to Arsenal Broadband Limited).

25. Pensions

a) Defined contribution schemes

Total contributions charged to the profit and loss account during the year amounted to £1,776,000 (2023 - £1,549,000).

b) Defined benefit scheme

	2024 £'000	2023 £'000
Provision at start of year	739	1,282
Payments in year	(570)	(543)
Increase in provision	953	-
Provision at end of year	<u>1,122</u>	<u>739</u>

ARSENAL HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 May 2024

25. Pensions (continued)

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 2023 and indicated that the contribution required from the Group towards making good this deficit was £1.5 million at 1 September 2023 (the total deficit in the Scheme at this date was £20.6 million). The Group's share of the deficit is being paid off over a period of three years and two months commencing September 2023.

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 £0.6 million (2023 - £0.5 million) and the profit and loss account charge was £1.0 million (2023 - £Nil).

26. Post balance sheet events

Player transactions

Since the end of the financial year a subsidiary company, Arsenal Football Club Limited, has contracted for the purchase and sale of various players. The net payment resulting from these transfers, taking into account the applicable levies, is £20.9 million (2023 – net payment of £155.9 million). These transfers will be accounted for in the year ending 31 May 2025.

27. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is KSE UK Inc., which owns 100% 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.