



ARSENAL SUPPORTERS' TRUST

THE ARSENAL SUPPORTERS' SOCIETY LIMITED

Trading as

THE ARSENAL SUPPORTERS' TRUST

Registered in England and Wales as an
Industrial and Provident Society
number 29545R

Revenue Account and Balance Sheet
as at
31 October 2013

THE ARSENAL SUPPORTERS' SOCIETY LIMITED
Trading as the Arsenal Supporters' Trust

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THE ARSENAL SUPPORTERS' SOCIETY LIMITED
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Society Information

Society Board Members:	Glyn Taylor Tim Payton Nigel Phillips Mark Brindle Stephen Cooper Simon Hill Jeffrey Freeman Emma Shepherd Phil Wall
Secretary:	Stephen Cooper
Company Number:	29545R
Registered Office:	19 Copper Ridge Chalfont St Peter Gerrards Cross Buckinghamshire SL9 0NF
Postal Address:	Arsenal Supporters' Trust PO Box 3188 Gerrards Cross Buckinghamshire SL9 0WY
Auditor:	Colin Eastaugh BSc
Bankers:	The Co-operative Bank plc

THE ARSENAL SUPPORTERS' SOCIETY LIMITED

Trading as the Arsenal Supporters' Trust

SOCIETY BOARD MEMBERS' REPORT

The Society Board members present their report and financial statements for the period from 1 November 2012 to 31 October 2013.

Principal activity and review of the business

The Society Board members who served during the year are set out on the Society Information page. No Society Board member has received any fee from the Trust during the financial year.

2013 was again a very busy one for the Arsenal Supporters' Trust (AST), focused around; analysing the financial progress of Arsenal; reviewing the Club's corporate governance arrangements; working hard to keep the Arsenal Fanshare Scheme viable; holding monthly meetings; and undertaking campaigning activity related to delivering our main objectives to:

- Facilitate wider supporter involvement in Arsenal
- Facilitate and promote mutual supporter ownership of the club

The AST has also continued to support and develop Arsenal Fanshare, a scheme designed to allow more supporters a chance to own part shares in Arsenal. Almost 2,000 supporters are now members of Arsenal Fanshare.

The Kroenke Sports Enterprises Inc. ("**KSE**") takeover of Arsenal and the subsequent reduction in share liquidity has made running the Fanshare scheme a challenge, but at present Arsenal Fanshare is up to date with subscription purchases and now owns 116 shares, making this group of Arsenal supporters the third largest shareholder in the club.

Arsenal Fanshare has to date received certain financial contributions in accordance with the terms of a services agreement with Arsenal Overseas Limited. ("**AOL**") This agreement with AOL will expire in August 2014 and AOL has confirmed that it will not be renewed.

Accordingly the Arsenal Fanshare Society Board ("**AFS Board**") is looking for alternative financial support but in any event, to make the scheme self financing in the immediate future is intending to alter its financial model to move to a scheme valued by reference to its net assets. This change is also dependent on the AFS Board finding an appropriate administrator to run the scheme. Talks in this regard are continuing. In the event that an administrator cannot be found it is likely that the AFS Board will have no option other than to offer for sale the Fanshare scheme assets and return the net proceeds to Fanshare members.

The AST would like to thank members who continue to invest significant time and effort in running the Arsenal Fanshare scheme: Glyn Taylor, Martha Silcott, Steve Cooper, Tim Payton, Juraj Pekar and Peter Drew.

Our website, www.arsenaltrust.org, sets out the range of activities we are involved in.

Some particular AST highlights during this year included successful campaigning for the introduction of the Young Guns scheme at Arsenal which makes tickets available at £10 for supporters under 16. We also worked closely with other Supporter Groups at Arsenal and National Bodies such as Supporters' Direct and the Football Supporters Federation to raise

the issue of ticket pricing on a national stage. We are disappointed Arsenal have chosen to increase ticket prices for next season and will continue to campaign for more affordable and better ticketing arrangements at Arsenal games and more widely across football.

The AST also commissioned and published two independent reports into the Boardroom structure, corporate governance and supporter engagement arrangements at Arsenal Football Club.

Historically Arsenal has had a strong reputation for its conduct as a football club and for having in place a Board that contains people who understood the importance of running the club as custodians, maintaining a good dialogue with supporters, and driving the club forward through success on and off the pitch.

Given the recent changes to the Boardroom, with notable key departures, and a subsequent takeover by now majority owner Stan Kroenke (via his company, KSE), who unlike almost all previous Board members is not a lifelong Arsenal fan, the AST felt it important that we commissioned these reports so that a debate could take place on ensuring Arsenal keep up to date with best practice in its governance and stewardship of the club, and because we felt it was likely that new appointees could strengthen the Board.

One report was produced by TrioPlus. It focused on comparing Arsenal with best practice governance in the sports world and how the club could further strengthen its Boardroom, especially as a representative body to supporters.

The other report was produced by Corporate Governance Limited. It focused on the way that the Arsenal Board is structured and run in the context of modern corporate governance best practice. Five key areas were examined. These were; Board composition, Conflicts of Interest, Shareholder Accountability, Power and Accountability of the Manager, Strategy.

These reports are detailed pieces of work and we continue to hope that they will be given serious consideration by the club.

The AST continued to provide detailed financial assessment of Arsenal Holdings plc's Report and Accounts at half year and full year reporting. We thank Nigel Phillips and Simon Hill for their detailed work in on this subject.

As part of our regular programme of activity, the Trust continued to offer its members the opportunity to meet with Arsenal's senior management. This included the annual Q&A held in pre-season with Ivan Gazidis and the Christmas drinks held at the Emirates.

There was a record attendance of Fanshare and AST members at the club's AGM in October 2013. This was another opportunity for members to directly pose their questions and concerns to the club's owner and board. The AST asked questions relating to ticket prices, commercial income, Fanshare, and the importance of not taking dividends out of the club.

It is important that the AST has a good understanding of our members' views so that these can be conveyed to the club and used to shape our policy and decision making. Throughout the year the AST used supporters' meetings and events to discuss views on the big issues facing Arsenal. Our annual end of season survey was again a focal point, capturing views about the club both on and off the pitch and we will repeat that this year.

The Trust continues to invite journalists, commentators and experts on the business of football to speak and join discussions at monthly meetings. This year our speakers included John Cross of the Daily Mirror, Matt Law of the Daily Telegraph, Amy Lawrence of the

Guardian, Ian Lynam from Charles Russell, French journalist and broadcaster Philip Auclair and Daniel Geey on Financial Fair Play. We are very grateful to all guests who take the time to meet with the Trust.

The AST has continued to seek, without success, a meeting with majority owner Stan Kroenke. We feel it is important that owners engage with supporters and explains his vision as he committed to do in the formal takeover documents:

"Mr Kroenke has made it a priority to meet with supporters and fan groups in formal and informal settings. He recognises that fans are at the heart of the Club. Their opinions and involvement are important to him. Mr Kroenke fully expects himself, the Arsenal Directors and Club executives to continue to engage with supporters for the long-term good of the Club".

Despite the above commitment, since the takeover, Mr Kroenke has not been willing to meet with the AST. We believe this is a great shame and contrary to the policies of previous owners.

Financial Reporting

Membership during the year grew from 1,030 members to 1,098 members, with 17 new life members. As at 31 October 2013 there were 190 life members and 121 members based outside the UK.

The Society Board members feel that the Trust is a going concern based on the continuing support of its members. The level of cash reserves are regularly reviewed by the Society Board and are deemed prudent given unforeseen costs that may need to be incurred in the future.

The principal assets held by the AST, other than cash, are three shares in Arsenal Holdings plc and a copy of the limited edition Arsenal Opus Classic (which was generously donated to the AST). The three shares represent almost 40 per cent of the net assets and members should remember that share prices can go down as well as up.

Principal expenditures relate to the reports commissioned (as mentioned above) communication activities with members and hosting events. We see the revamped website, eNewsletters and the annual survey as important means of understanding views of members, which is essential given the increasingly divergent views of the supporter base.

The Trust also benefits from low running costs due to the generosity of Society Board members and other members, who give their professional time free and provide the free use of meeting rooms and catering facilities for many AST meetings. The Trust would like to place on record its gratitude for such valuable contributions. In addition, the Society Board, on behalf of all members, would like to thank our membership secretary, Carmen Taylor, for her fantastic efforts on our behalf in keeping our back office running so smoothly. Thanks are also due to Colin Eastaugh who undertakes our end of year audit.

The Society Board members who served during the year are set out on the Society Information page. No Society Board member has received any fee from the Trust during the financial year.

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I report on the accounts of the Society for the 12 month period ended 31 October 2013.

Respective responsibilities of the Society Board Members and the Auditor

The Society Board is responsible for the preparation of the accounts in accordance with Section 1 (1) of the Friendly and Industrial and Provident Societies Act 1968 (the 1968 Act).

It is my responsibility to:

- examine the accounts (under section 9 (2) of the 1968 Act)
- follow procedures laid down in section 9 (4) of the 1968 Act
- state whether particular matters have come to my attention.

1. BASIS OF THE AUDITOR'S REPORT

My audit was carried out in accordance with the guidance provided under section 9 (2) of the 1968 Act. The audit includes a review of the accounting records kept by the Society and a comparison of the accounts with those records. It also includes considering any unusual items or disclosures in the accounts and seeking explanations from the Society Board members concerning any such matters.

2. AUDIT OPINION

In my opinion, in accordance with Section 9 (2) of the 1968 Act:

- the Revenue Account gives a true and fair view of the income and expenditure of the Society for the period ended 31 October 2013;
- the Balance Sheet gives a true and fair view of the assets and current liabilities of the Society and the resulting balances of its funds as at 31 October 2013; and
- the Revenue Account and Balance Sheet comply with the requirements of the Industrial and Provident Societies Act 1965 and the 1968 Act.

No matters have come to my attention in relation to compliance with Section 1 (1)(a) or (b) of the 1968 Act.

Colin Eastaugh BSc
4 April 2014

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STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 October 2013

	NOTE	2013	2012
INCOMING RESOURCES		£	£
Membership subscriptions	2	27,259	27,337
Donations/Sundry income	3	0	358
Interest		251	185
<i>TOTAL INCOMING RESOURCES</i>		27,510	27,880
 RESOURCES EXPENDED			
Management and Administration	4	(15,613)	(13,383)
<i>TOTAL RESOURCES EXPENDED</i>		(15,613)	(13,383)
 Revaluation adjustment	5	(2,850)	9,000
NET INCOMING RESOURCES		9,047	23,497
OPENING BALANCES		108,009	84,512
BALANCES CARRIED FORWARD AT 31 OCTOBER 2013		117,056	108,009

THE ARSENAL SUPPORTERS' SOCIETY LIMITED
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NOTES TO THE ACCOUNTS

Period ended 31 October 2013

1 ACCOUNTING POLICIES

Basis of accounting

The Society was registered under the Industrial and Provident Societies Act 1965 on 4 March 2003.

The accounts have been prepared under the historic cost convention and are for the 12 months to 31 October 2013, the comparatives are for the 12 month period to 31 October 2012.

The accounts have been prepared in accordance with CRED14 Supervision, Annex 1 of the FSA Handbook, Release 026, December 2003.

Investments are stated at market value at the balance sheet date.

2 MEMBERSHIP SUBSCRIPTIONS

	31.10.13	31.10.12
	No.	No.
Members (net) joining during the year	66	61
	£	£
Opening debtors/creditors	3,125	3,125
Subscriptions paid	26,259	27,337
Less monies paid in advance	(2,125)	(3,125)
	27,259	27,337

3 INCOMING RESOURCES

Donations/Sundry income

Individual donations	0	0
Sundry income	0	358
	0	358

4 RESOURCES EXPENDED

Management and Administration

Marketing and display materials	3,311	2,027
AST Commissioned Reports	8,350	0
Printing, postage and mailings	1,156	6,759
Licences (SD and FSA)	424	492
Web – design and maintenance	720	1,271
Professional Indemnity Insurance	485	685
Online membership joining costs	186	335
Others including annual survey costs	960	1,814
	15,613	13,383

5 INVESTMENTS

Opening balance	51,250	42,250
Cost	0	0
Revaluation adjustment	(2,850)	9,000
Market value	48,400	51,250

Market value at 31st October 2013 £16,050 per share (£17,000)

A. Purchase of one ordinary £1 share in Arsenal Holdings plc on 27th October 2003 at £1,638 inclusive of £38 dealing costs

B. Purchase of one ordinary £1 share in Arsenal Holdings plc on 4th October 2006 at £1,865 inclusive of £10 stamp duty

C. Purchase of one ordinary £1 share in Arsenal Holdings plc on 28th November 2006 at £1 “the orphan share” – subject to a “lock-up” agreement with Arsenal Holdings plc dated 16th November 2006

D. One limited edition Opus Classic (one of 1500) donated to the Trust in 2008 and valued for balance sheet purposes at £250

6 CASH AT BANK

The Co-operative Bank Community Account	71,877	30,914
Co-op three month fixed term deposit	0	30,000
	71,877	60,914

7 SHARE CAPITAL

Opening balance	1,030	969
Share capital issued (net) in the year	66	61
Closing balance	1,096	1,030

8 NET INCOME

Opening balance	108,009	84,512
Net income generated in the year	9,047	23,497
Closing balance	117,056	108,009

Related Party Transactions

The AST entered into a Loan Agreement with Arsenal Fanshare Society Limited (AFS) in November 2012 for an amount not to exceed £35,000. This request was made by the AFS to assist it with purchasing shares in Arsenal Holdings plc when they became available to the extent that AFS did not at that particular time have funds to purchase all shares available. The AST Board considered the request and deemed it a positive use of AST funds.

The first drawing under the loan was made on 12th February 2013 for £31,000. The terms of the loan are that it is interest free and whilst it is repayable on demand by the AST there is no fixed maturity or repayment schedule. AFS is to use "its reasonable endeavours to repay the Loan as its cashflow situation will allow."

£15,500 of this loan was repaid on 24th April 2013 and the remaining £15,500 was repaid on 1st October 2013. There have been no further drawings since this date and whilst the loan agreement is still in place as at the date these accounts were signed, the outstanding loan balance was nil.

The AFS is an independent and provident society established by the AST to allow supporters to buy their own share in the ownership of Arsenal. Please see www.arsenalfanshare.com for more details.

FIVE YEAR SUMMARY

	2013	2012	2011	2010	2009
	£	£	£	£	£
FIXED ASSETS					
Investments	48,400	51,250	42,250	32,650	20,950
CURRENT ASSETS					
Cash at Bank	71,877	60,914	46,356	38,320	29,167
NET ASSETS	118,152	109,039	85,481	66,220	49,992
Members	1,096	1,030	969	853	707