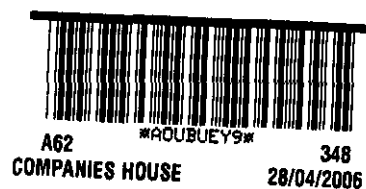


Fulham Football Club (1987) Limited

Annual Report 30 June 2005

Registered number: 2114486



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Offices and Advisors

For the year ended 30 June 2005

Registered Office:

Motspur Park
New Malden
Surrey
KT3 6PT

Auditors:

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Bankers:

National Westminster Bank Plc
City of London Office
1 Princes Street
London
EC2R 8PA

Solicitors:

Hammond Suddards Edge
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Chairman's statement

For the year ended 30 June 2005

Our fourth season in the F.A Premier League began with much promise following our highest ever league finish of 9th the previous campaign. It was also an exciting time, with a return to Craven Cottage, following our two year sabbatical at Loftus Road. Although the final league finish of 13th was not as elevated as Chris Coleman's first full season at the helm, we retained vital Premier League status, and a Carling Cup Quarter Final against Chelsea provided a mid season boost.

Revenues decreased by 9% to £38.6m, primarily as a result of the finishing position of 13th. Our operating expenses grew by £3.3m, largely due to the increased costs of operating Craven Cottage stadium. This resulted in an operating loss (before player trading and amortisation) of £6.2m, compared to a profit of £2.1m the previous year. However, I was delighted that non broadcasting revenues increased by 7% to £12.7m from the previous figure of £11.9m.

The sale of Sean Davis in the summer 2004, and Edwin Van der Sar at the end of the 04/05 season, made sound business sense for the Club and largely contributed to the £3.7m profit on disposal of players, £10.6m the previous season which had been principally due to the sale of Louis Saha during the January transfer window. We took the opportunity to review player values and I am very pleased that this only required us to write down the value of the remaining squad by £1.0m.

During the 2004 summer transfer window investment was made to the squad with the addition of four players providing additional strength and depth.

Overall the Club posted a loss of £12.3m for the season 2004/2005, but I remain encouraged by those figures, as they show a pattern of continuing improvement season-by-season. We continue to control costs and steadily increase revenues by improving and enhancing the facilities at Craven Cottage and remain on course for the long term aim of financial independence for the Club.

There is still much to do. Whilst I will maintain my commitment to the investment and development of Fulham Football Club both on and off the pitch, I urge the supporters to continue their commitment and loyalty by filling the vastly improved stadium to capacity at all games throughout the season.

Directors' report

For the year ended 30 June 2005

Financial statements

The directors present their report and financial statements for the year ended 30 June 2005

Review of the business

A review of the company's business is contained in the Chairman's statement.

Principal activity

The company's principal activity is the operation of a professional Football Club.

Results and dividends

The company made a loss after tax of £12,303,118 (2004: profit £508,259) which has been transferred to reserves.

The directors are unable to recommend the payment of a dividend (2004: £Nil).

Future developments

The directors continue to actively plan for the future development of the club. Improvements continue to be made to the Training Ground facilities at Motspur Park.

The environment

The company has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

Policy on payment of creditors

It is the company's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers.

The company takes an average 26 days to pay its creditors (2004: 39 days).

Policy on disabled persons

It is the company's policy to provide opportunities for disabled persons to have meaningful employment in the business and to make our facilities available to disabled supporters as far as is possible within the constraints of a concern for the health and safety of all of our staff and customers.

Policy on employee involvement

It is the company's policy to keep all staff informed as to the development of the business and to encourage them to contribute their ideas, criticisms and comments through a management process which recognises and rewards genuine involvement in the success of the company.

Directors' report (continued)

For the year ended 30 June 2005

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

Post balance sheet events

Since the year end, the company has acquired the registrations of Heider Helguson, Ahmad Elrich, Niclas Jenson, Phillippe Christanval, Simon Elliott, Jaroslav Drobný, Antti Niemi, Michael Brown and Tony Warner. In addition, the company has disposed of the registrations of Elvis Hammond and Steve Marlet. The net outflow from player trading is approximately £5.6million.

On 25 November 2005, the company entered into a loan agreement with Harrods (UK) Limited for £36.6million secured by fixed and floating charges over Fulham Stadium Limited's rights to and title of the whole of its property, assets, rights and revenues.

Directors' report (continued)

For the year ended 30 June 2005

Directors

The directors who served during the year were as follows:

| | |
|-----------------|---------------------------|
| M Al Fayed | (Chairman) |
| K Fayed | Appointed 4 February 2005 |
| O Fayed | Appointed 4 February 2005 |
| S H Benson | |
| M A E Collins | |
| Mr I J W McLeod | |
| D P McNally | Appointed 14 April 2005 |
| C L Hoos | Resigned 30 March 2006 |
| A J Ambler | Resigned 28 March 2006 |
| Mr J P Hone | Resigned 10 October 2005 |

Directors' shareholdings in Fulham Football Leisure Limited, the parent undertaking, are shown in that company's accounts.

By order of the Board

A handwritten signature in black ink, appearing to read 'S H Benson', with a large, stylized flourish above the name.

S H Benson

Secretary

26 April 2006

Independent Auditors' report to the Members of Fulham Football Club (1987) Limited

We have audited the financial statements of Fulham Football Club (1987) Limited for the year ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the trading performance and the cash flows of the company, the continuing financial support that has been indicated by the parent company and the ultimate controlling party and the consequent adoption of the going concern basis for the preparation of the accounts. In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK

27 April 2006

PKF(UK)LLP

PKF (UK) LLP

Registered Auditors

Profit and loss account

For the year ended 30 June 2005

| | | 2005 | | | 2004 |
|---|-------|--|--------------------|---------------------|--------------------|
| | | Operations excluding player trading | Player trading | Total | Total |
| | Notes | £ | £ | £ | £ |
| Turnover | 3 | 36,206,623 | - | 36,206,623 | 39,082,087 |
| Other operating income | | 2,388,230 | - | 2,388,230 | 3,137,855 |
| | | <u>38,594,853</u> | <u>-</u> | <u>38,594,853</u> | <u>42,219,942</u> |
| Operating expenses | 4 | (44,763,494) | (7,549,223) | (52,312,717) | (48,974,604) |
| Exceptional item | 6 | - | (1,000,000) | (1,000,000) | (1,996,536) |
| Operating loss | | <u>(6,168,641)</u> | <u>(8,549,223)</u> | <u>(14,717,864)</u> | <u>(8,751,198)</u> |
| Profit on disposal of players' registrations | | - | 3,726,193 | 3,726,193 | 10,551,991 |
| (Loss)/profit before interest and taxation | | <u>(6,168,641)</u> | <u>(4,823,030)</u> | <u>(10,991,671)</u> | <u>1,800,793</u> |
| Net interest payable | 7 | | | (1,311,447) | (1,292,534) |
| (Loss)/profit on ordinary activities before taxation | | | | <u>(12,303,118)</u> | <u>508,259</u> |
| Taxation of (loss)/profit on ordinary activities | 8 | | | - | - |
| Retained (loss)/profit for the year | 16 | | | <u>(12,303,118)</u> | <u>508,259</u> |

Statement of total recognised gains and losses

There are no recognised gains or losses other than the amounts included in the profit and loss account.

Continuing operations

All of the above results derive from continuing activities.

The notes on pages 10 to 22 form a part of these financial statements.

Balance Sheet

As at 30 June 2005

| | Notes | 2005 | 2004 |
|--|-------|----------------------|----------------------|
| | | £ | £ |
| Fixed assets | | | |
| Intangible assets | 9 | 10,600,000 | 13,158,163 |
| Tangible assets | 10 | <u>1,092,584</u> | <u>909,234</u> |
| | | 11,692,584 | 14,067,397 |
| Current assets | | | |
| Stocks | | 88,833 | 363,185 |
| Debtors | 11 | 2,777,773 | 3,047,520 |
| Cash at bank and in hand | | <u>2,620,557</u> | <u>458,211</u> |
| | | 5,487,163 | 3,868,916 |
| Creditors: amounts falling due within one year | 12 | <u>(37,163,130)</u> | <u>(28,249,046)</u> |
| Net current liabilities | | <u>(31,675,967)</u> | <u>(24,380,130)</u> |
| Total assets less current liabilities | | (19,983,383) | (10,312,733) |
| Creditors: amounts falling due after more than one year | 13 | (95,484,549) | (92,950,000) |
| Deferred income | 14 | <u>(3,488,148)</u> | <u>(3,390,229)</u> |
| Net Liabilities | | <u>(118,956,080)</u> | <u>(106,652,962)</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 2 | 2 |
| Profit and loss account | 16 | <u>(118,956,082)</u> | <u>(106,652,964)</u> |
| Shareholders' funds | 17 | <u>(118,956,080)</u> | <u>(106,652,962)</u> |

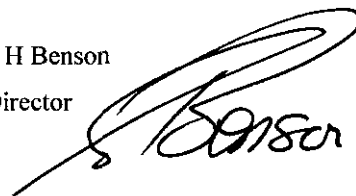
The notes on pages 10 to 22 form part of these financial statements.

The financial statements on pages 8 to 22 were approved by the Board on 26 April 2006.



M A E Collins
Director

S H Benson
Director



Notes to the financial statements

For the year ended 30 June 2005

1 Basis of preparation of financial statements

The Company has a deficit of shareholders' funds at 30 June 2005. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors are aware of their duty to present a balanced assessment of the Company's financial position and prospects and in concluding that it is appropriate to adopt the going concern basis they have had regard to the trading performance and cashflows since the year end. They are continuing to take action to improve the cashflow position of the Company.

They have also had regard to the written indications received from the ultimate parent company, Fulham Leisure Holdings Limited and from the ultimate controlling party, Mr M Al Fayed, that continued funding will be made available to finance the company's working capital requirements for the foreseeable future. Although there is no legal obligation for either Fulham Leisure Holdings Limited or Mr M Al Fayed to provide this continued support, the Directors are confident that such funding will be forthcoming.

2 Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Financial Reporting Guidance for Football Clubs (Issued February 2003).

b) Turnover

Turnover represents match receipts and all other income associated with the principal activity of running a professional football club and excludes value added tax. Season ticket and other revenues relating to future periods are recognised in the period to which they relate.

c) Grants

Grants receivable in respect of ground safety and maintenance are credited to the profit and loss account in the same period as the expenditure is incurred.

Grants receivable in respect of fixed assets are credited to deferred income and released to the profit and loss account over the asset's useful economic life.

d) Signing on fees

Signing on fees relating to players' contracts are charged to the profit and loss account in the period in which they become due. Signing on fees are considered to be part of players' emoluments packages and are included in these financial statements as part of staff costs.

Notes to the financial statements (continued)

For the year ended 30 June 2005

2 Accounting policies continued

e) Transfer fees

Fees payable to other football clubs on the transfer of players' registrations, including agents' fees and league levies, are recorded as intangible fixed assets. Any other associated costs are dealt with through the profit and loss account in the year in which the transfer takes place.

Fees payable which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is more likely than not to occur during the life of the player's contract. Fees contingent on a future event which has a material uncertainty are only brought into intangible fixed assets when the event actually occurs.

Player registration costs are amortised over the life of the players' contract with the club. These intangible assets are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Fees receivable which are contingent on certain performance criteria are not recognised as revenue until the relevant criteria have been met.

Player trading comprises amortisation of players' registrations and profit/losses on sales of players' registrations.

f) Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, which is reviewed annually. The depreciation rates used are as follows:

| | |
|--------------------------------|------------------------|
| Ground equipment and furniture | - 10% - 25% per annum |
| Motor vehicles | - 25% per annum |
| Computer equipment | - 25% per annum |
| Leasehold improvements | - Over period of lease |

g) Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the profit and loss account as incurred.

h) Stocks

Stocks, which comprise of goods held for resale, are valued at the lower of cost and net realisable value.

Notes to the financial statements (continued)

For the year ended 30 June 2005

2 Accounting policies *continued*

i) *Pensions*

The pension cost charged in the year represents contributions payable by the company to a number of defined contribution schemes.

j) *Deferred taxation*

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No. 19 "Deferred Tax". Deferred tax assets are only recognised when they arise from timing differences where their recoverability is regarded as more likely than not. Deferred tax balances are not discounted.

k) *Foreign Currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

3 Turnover

| | 2005 | 2004 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Match Day | 8,201,290 | 7,602,738 |
| Broadcasting | 23,492,588 | 27,158,857 |
| Commercial activities | <u>4,512,745</u> | <u>4,320,492</u> |
| | <u>36,206,623</u> | <u>39,082,087</u> |

Notes to the financial statement (continued)

For the year ended 30 June 2005

4 Operating expenses

| | 2005 | 2004 |
|---|-------------------|-------------------|
| | £ | £ |
| Auditors' remuneration for audit services | 18,750 | 17,750 |
| Auditors' remuneration for non-audit services | 1,090 | 23,515 |
| Staff costs (Note 5) | 33,135,540 | 30,268,008 |
| Depreciation | | |
| - Owned fixed assets | 268,980 | 330,303 |
| - Assets under finance leases | 13,710 | 12,755 |
| - Amortisation of owned player registrations | 6,389,281 | 7,257,578 |
| - Amortisation of player registrations under finance leases | 1,159,942 | 1,611,427 |
| Amounts paid under operating leases: | | |
| - Land and Buildings | 2,268,813 | 1,196,742 |
| - Other | 49,632 | 62,051 |
| Other external charges | <u>9,006,979</u> | <u>8,194,475</u> |
| | 52,312,717 | 48,974,604 |
| Exceptional impairment loss | <u>1,000,000</u> | <u>1,996,536</u> |
| | <u>53,312,717</u> | <u>50,971,140</u> |

5 Staff numbers and costs

Staff costs during the year (including directors emoluments) amounted to:

| | 2005 | 2004 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 29,641,697 | 26,926,887 |
| Social security costs | 3,342,522 | 3,178,616 |
| Pension costs | <u>151,321</u> | <u>162,505</u> |
| | <u>33,135,540</u> | <u>30,268,008</u> |

The average monthly number of employees during the year was 580 (2004: 278) made up as follows:

| | Number | Number |
|----------------------------------|------------|------------|
| Administrative and ground staff | 124 | 113 |
| Players (including Ladies squad) | <u>60</u> | <u>71</u> |
| | 184 | 184 |
| Part-time staff | <u>396</u> | <u>94</u> |
| | <u>580</u> | <u>278</u> |

Aggregate directors emoluments during the year totalled £540,440 (2004: £571,646) including pension contributions of £50,928 (2004: £53,020). The highest paid director's emoluments totalled £180,648 (2004: £205,605) including pension contributions of £15,233 (2004: £10,167). Contributions were made to a related company's pension scheme in respect of 1 director (2004: 1).

Payments to a former director previously provided for amounted to £2,555,000 (2004: £Nil).

Notes to the financial statement (continued)

For the year ended 30 June 2005

6 Exceptional item

| | 2005 | 2004 |
|-----------------|------------------|------------------|
| | £ | £ |
| Impairment loss | <u>1,000,000</u> | <u>1,996,536</u> |

The impairment loss in the year arises from a directors' review of the carrying value of players' registrations.

7 Net interest payable

| | 2005 | 2004 |
|--|--------------------|--------------------|
| | £ | £ |
| Interest receivable on deposits: | | |
| Bank interest | 80,769 | 62,591 |
| Amounts receivable from related parties | - | 112,584 |
| Interest payable on borrowings repayable within five years: | | |
| Loan | - | (41,987) |
| Other interest payable | (317,238) | (260,069) |
| Hire and lease purchase obligations | (118,480) | (499,619) |
| Amounts payable to related parties | <u>(956,498)</u> | <u>(666,034)</u> |
| | <u>(1,392,216)</u> | <u>(1,467,709)</u> |
| Net interest payable | <u>(1,311,447)</u> | <u>(1,292,534)</u> |

Notes to the financial statements (continued)

For the year ended 30 June 2005

8 Taxation

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| (a) The tax for the year comprises: | | |
| Current tax: | | |
| Corporation tax at 30% (2004 : 30%) | - | - |
| | <hr/> | <hr/> |
| Total current tax (note 8(b)) | - | - |
| | <hr/> | <hr/> |

| (b) Factors affecting tax charge for the year | £ | £ |
|---|--------------|-----------|
| The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below: | | |
| (Loss)/profit on ordinary activities before tax | (12,303,118) | 508,259 |
| | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities at standard rate of corporation tax in the UK of 30% (2004 : 30%) | (3,690,935) | 152,478 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 32,422 | 24,256 |
| Depreciation less than capital allowances | (31,853) | (10,351) |
| Short term timing differences | (624,945) | (140,522) |
| Group relief received | - | (25,861) |
| Losses in year carried forward | 4,315,311 | - |
| | <hr/> | <hr/> |
| Current tax charge for the year (note 8(a)) | - | - |
| | <hr/> | <hr/> |

(c) Factors that may affect future tax charges

At the year end the company has an unprovided deferred tax asset of approximately £35.7m (2004: £32.1m), as analysed below. This asset has not been recognised as the company is currently incurring operating losses and recoverability is dependent on there being future taxable trading profits against which to offset the asset.

The potential deferred tax asset is analysed below:

| | 2005 £ | 2004 £ restated |
|--|------------|-----------------------|
| Depreciation in excess of capital allowances | 60,000 | 92,000 |
| Short term timing differences | 2,000 | 627,000 |
| Tax losses carried forward | 35,673,000 | 31,358,000 |
| | <hr/> | <hr/> |
| | 35,735,000 | 32,077,000 |
| | <hr/> | <hr/> |

Notes to the financial statements (continued)

For the year ended 30 June 2005

9 Intangible fixed assets

Player registrations

| Cost | £ |
|------------------------|---------------------|
| 1 July 2004 | 47,781,786 |
| Additions | 6,566,705 |
| Disposals | <u>(12,655,284)</u> |
| 30 June 2005 | <u>41,693,207</u> |
| Amortisation | |
| 1 July 2004 | 34,623,623 |
| Disposals | <u>(12,079,639)</u> |
| Impairment loss | 1,000,000 |
| Charge for the year | <u>7,549,223</u> |
| 30 June 2005 | <u>31,093,207</u> |
| Net Book Amount | |
| 30 June 2005 | <u>10,600,000</u> |
| 30 June 2004 | <u>13,158,163</u> |

The net book value of player registrations above includes £Nil (2004: £2,276,638) in respect of registrations held under finance leases and hire purchase contracts.

The impairment loss in the year arises from the directors' review of the carrying value of players' registrations.

Notes to the financial statements (continued)

For the year ended 30 June 2005

10 Tangible fixed assets

| | Leasehold improvements | Motor vehicles | Equipment | Total |
|------------------------|---------------------------|-------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| 1 July 2004 | 934,101 | 5,750 | 2,328,815 | 3,268,666 |
| Additions | - | 33,048 | 433,212 | 466,260 |
| Disposals | - | - | (220) | (220) |
| 30 June 2005 | <u>934,101</u> | <u>38,798</u> | <u>2,761,807</u> | <u>3,734,706</u> |
| Depreciation | | | | |
| 1 July 2004 | 737,925 | 5,750 | 1,615,757 | 2,359,432 |
| Charge for the year | <u>35,112</u> | - | <u>247,578</u> | <u>282,690</u> |
| 30 June 2005 | <u>773,037</u> | <u>5,750</u> | <u>1,863,335</u> | <u>2,642,122</u> |
| Net book amount | | | | |
| 30 June 2005 | <u>161,064</u> | <u>33,048</u> | <u>898,472</u> | <u>1,092,584</u> |
| 30 June 2004 | <u>196,176</u> | - | <u>713,058</u> | <u>909,234</u> |

The net book amount of fixed assets includes an amount of £52,668 (2004: £21,258) in respect of Equipment assets held under hire and lease purchase contracts.

Notes to the financial statements (continued)

For the year ended 30 June 2005

| 11 Debtors | 2005 | 2004 |
|--------------------------------|-------------------------|------------------|
| | £ | £ |
| Trade debtors | 1,505,414 | 639,546 |
| Other debtors | 23,996 | 18,822 |
| Prepayments and accrued income | <u>1,248,363</u> | <u>2,389,152</u> |
| | <u>2,777,773</u> | <u>3,047,520</u> |

12 Creditors: amounts falling due within one year

| | | |
|---|--------------------------|-------------------|
| | 2005 | 2004 |
| | £ | £ |
| Hire and lease purchase obligations (note 18) | 49,264 | 3,009,341 |
| Trade creditors | 6,266,497 | 7,759,047 |
| Amounts due to related parties (note 21) | 24,909,189 | 10,671,588 |
| Other taxes and social security | 2,962,688 | 3,558,766 |
| Accruals and deferred income | <u>2,975,492</u> | <u>3,250,304</u> |
| | <u>37,163,130</u> | <u>28,249,046</u> |

At the year end, the amount due to related parties was unsecured and attracted interest at a commercial rate of 7.11% per annum. Since the year end it has been formalised in a secured loan (see note 22).

The hire purchase and lease obligations are secured upon certain equipment assets (2004: player registrations).

13 Creditors: amounts falling due after more than one year

| | | |
|----------------------------------|--------------------------|-------------------|
| | 2005 | 2004 |
| | £ | £ |
| Amounts due to group undertaking | <u>95,484,549</u> | <u>92,950,000</u> |
| | <u>95,484,549</u> | <u>92,950,000</u> |

Amounts due to group undertakings are unsecured, interest free and there is no fixed repayment timetable.

Notes to the financial statements (continued)

For the year ended 30 June 2005

14 Deferred income

| | 2005 | 2004 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Season ticket sales in advance | 2,344,192 | 2,648,298 |
| Commercial income and sponsorship | <u>1,143,956</u> | <u>741,931</u> |
| | <u>3,488,148</u> | <u>3,390,229</u> |

15 Share capital

| | 2005 | 2004 |
|---|--------------|--------------|
| | Number | Number |
| Authorised | £ | £ |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Allotted, called up and fully paid | £ | £ |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |

16 Profit and loss account

| | 2005 |
|-------------------|----------------------|
| | £ |
| 1 July 2004 | (106,652,964) |
| Loss for the year | <u>(12,303,118)</u> |
| 30 June 2005 | <u>(118,956,082)</u> |

17 Reconciliation of movements in shareholders' funds

| | 2005 | 2004 |
|--------------------------------------|----------------------|----------------------|
| | £ | £ |
| Opening shareholders' funds | (106,652,962) | (107,161,221) |
| (Loss)/profit for the financial year | <u>(12,303,118)</u> | <u>508,529</u> |
| Closing shareholders' funds | <u>(118,956,080)</u> | <u>(106,652,962)</u> |

Notes to the financial statements (continued)

For the year ended 30 June 2005

18 Loans and hire and lease purchase obligations

i) Obligations under finance leases and hire purchase contracts are as follows:

| | 2005 | 2004 |
|-----------------------------------|---------------|------------------|
| | £ | £ |
| Amounts payable: | | |
| In one year or less, or on demand | <u>49,264</u> | <u>3,009,341</u> |

19 Financial commitments

a) *Annual commitments under non-cancellable operating leases*

| | 2005 | | 2004 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within one year | - | 7,236 | | 1,580 |
| In the second to fifth years inclusive | 2,025,500 | 28,600 | 25,500 | 43,993 |
| Over five years | 245,998 | - | 243,468 | - |
| | <u>2,271,498</u> | <u>35,836</u> | <u>268,968</u> | <u>45,573</u> |

b) *Other commitments*

Signing on fees of £2,830,000 (2004: £3,457,500) will become payable to players in future periods under existing contracts of employment.

The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £1,850,000 (2004: £2,150,000).

c) *Future receipts*

In the course of normal business the company enters into contracts that include clauses contingent upon future events.

The directors have assessed such contracts and Fulham Football Club (1987) Ltd can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £750,000 (2004: £1,250,000).

Notes to the financial statements (continued)

For the year ended 30 June 2005

20 Pension scheme

Payments are made into a number of defined contribution schemes. Total contributions charged during the year amounted to £151,321 (2004: £162,505).

21 Related party information

At the balance sheet date there were arm's length agreements between the company and various related companies to provide management, security and maintenance services. These companies are under the control of the company's ultimate controlling party. The value of these transactions during the year to 30 June 2005 is as follows:

| | 2005 | 2005 | 2004 | 2004 |
|---------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Purchases | Sales | Purchases | Sales |
| | £ | £ | £ | £ |
| Genavco Insurance Ltd | 69,471 | - | 121,658 | - |
| Harrods Estates Ltd | 33,183 | 7,502 | 817 | - |
| Harrods (UK) Ltd | 268,438 | - | 277,923 | - |
| Harrods Ltd | 67,902 | 12,729 | (41,024) | 26,087 |
| Harrods International Ltd | 4,018 | - | - | - |
| Kurt Geiger Ltd | 51 | - | 269 | - |
| Harrods Aviation Ltd | 1,543 | - | 3,310 | - |
| Liberty Publishing Ltd | 64 | - | 18 | - |
| Hyde Park Residence | - | - | 1,389 | - |
| Total | <u>444,670</u> | <u>20,231</u> | <u>364,360</u> | <u>26,087</u> |

During the year to 30 June 2005, Harrods (UK) Ltd recharged payroll services and payroll costs of £32,536,233 (2004: £29,000,967). These costs are included within staff costs in note 5.

As at 30 June 2005 a total of £24,870,778 (2004: £10,671,588) was owed to Harrods (UK) Ltd, £7,056 (2004: £Nil) was due to Harrods Ltd, £28,313 (2004: £Nil) was owed to Harrods Estates Ltd and £3,042 (2004: £Nil) was due to Harrods International Limited. In addition an amount of £60 (2004: £244) was due from Harrods Ltd.

During the year to 30 June 2005, interest charges of £955,355 (2004: £662,867) were payable to Harrods (UK) Ltd, £1,127 (2004: £3,167) were payable to Harrods Ltd and £16 (2004: £Nil) were payable to Harrods International Ltd. In addition, interest of £NIL (2004: £112,584) was received from Fulham Leisure Holdings Limited.

No disclosure has been made of any transactions within these financial statements with the immediate parent company or fellow subsidiaries in accordance with the exemptions allowed under Financial Reporting Standard No. 8.

Notes to the financial statements (continued)

For the year ended 30 June 2005

22 Post Balance Sheet Events

Since the year end, the company has acquired the registrations of Heider Helguson, Ahmad Elrich, Niclas Jenson, Phillippe Christanval, Simon Elliott, Jaroslav Drobný, Antti Niemi, Michael Brown and Tony Warner. In addition, the company has disposed of the registrations of Elvis Hammond and Steve Marlet. The net outflow from player trading is approximately £5.6million.

On 25 November 2005, the company entered into a loan agreement with Harrods (UK) Limited, a related party, for £36.6million secured by a fixed and floating third charge over Fulham Stadium Limited's rights to and title of the whole of its property, assets, rights and revenues.

23 Parent Undertaking

The company's immediate parent undertaking is Fulham Football Leisure Limited, a company registered in England and Wales which is the ultimate UK parent undertaking, being both the smallest and largest group which consolidates the results of the company. The accounts for Fulham Football Leisure Limited are available from Companies House.

The ultimate parent undertaking is Fulham Leisure Holdings Limited, a company incorporated in the British Virgin Islands which is under the control and held for the benefit of Mr Mohamed Al Fayed and his family, the ultimate controlling party.