

Fulham Football Club Limited

Annual Report and Financial Statements

30 June 2016



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Fulham Football Club Limited

Offices and Advisors

For the year ended 30 June 2016

Registered Office:

Fulham Football Club Training Ground
Motspur Park
New Malden
Surrey
KT3 6PT

Auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers:

Metro Bank Plc
One Southampton Row
London
WC1B 5HA

Solicitor:

Squire Patton Boggs (UK) LLP
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH



Fulham Football Club Limited

Strategic Report

For the year ended 30 June 2016

Review of the business

The 2015/16 financial year provided many challenges as the Club continued to adapt to competing in the Football League Championship. Despite a disappointing league finish, the Company benefited from increased profits from player sales and reduced contract amortisation which helped to compensate for a reduction in Premier League parachute distributions. As a result, the Company's loss for the year was significantly reduced from £27.8m in 2014/15 to £12.9m in 2015/16.

The Club has continued to invest in playing and management staff during the year and this has left the Club in a strong position to deliver a more fruitful 2016/17 Championship campaign and further the Club's overriding aim of achieving promotion back to the Premier League at the earliest opportunity.

It has also continued to explore opportunities for the redevelopment of its Craven Cottage home and, in conjunction with its group companies Fulham Stadium Limited and FL Property Management Limited, has commenced a significant refurbishment of the listed Craven Cottage and turnstile buildings and an extensive development programme at the Motspur Park training ground. This includes the provision of new floodlit indoor and outdoor artificial pitches, the extension of existing buildings and improvements to natural playing surfaces, drainage and irrigation. These works will provide the facilities to support the Club's promotion ambitions and its EPPP category 1 Academy.

During the year to 30 June 2016, the Company saw the following changes in the key indicators of financial and non-financial performance:

Indicator	2016	Year to 30 June		%
		2015	+/- change	
Turnover (£m)	36.0	43.3	(7.3)	(16.9)
Total staff costs (£m)	36.1	37.0	(0.9)	(2.4)
Staff costs as % of revenues	100.3%	85.5%	14.8%	17.3
Net operating (loss) / profit before depreciation, amortisation & impairment (£m)	(13.4)	(9.2)	(4.2)	(45.7)
Final position in Championship	20 th	17 th	-	-
Total Championship attendances	404,023	418,761	(14,738)	(3.5)
Average Championship attendance per game	17,566	18,207	(641)	(3.5)

The Directors consider these to be the most useful measures of performance, as they link on-field performance by the team to financial results achieved by the Company.



Fulham Football Club Limited

Strategic Report (continued)

For the year ended 30 June 2016

Principal risks and uncertainties

The principal risk affecting the Company is its exposure to the financial impacts of changes in on the pitch performance of the Club. As experienced over recent seasons, the Club's league status has a significant impact on its revenue generating capacity, with broadcasting, sponsorship and other revenues being significantly reduced whilst playing in the Football League Championship as compared to the Premier League.

To mitigate this risk, the Directors have taken steps to reduce the Company's cost base, most notably its player payroll expenditure (although staff costs as % of revenues have increased), and continue to monitor financial and footballing performance so that further adjustments can be made as necessary.

In recent years and in line with forecast financial performance in coming seasons, the Company has been and will continue to be reliant on the ongoing support of its Chairman and ultimate controlling party, Mr Shahid R Khan. The Directors work closely with the Chairman to keep him informed of the financial performance and position of the business and agree future funding requirements in advance in order to ensure the ongoing viability of the Company. The Chairman and the Company's immediate parent company, Fulham Football Leisure Limited, have provided written assurances that future funding will be forthcoming in accordance with agreed forecasts.

The Directors are also mindful of financial fair play regulations imposed by the Football League and other footballing bodies when preparing future operating budgets.

From time to time the Club engages in transactions in foreign currencies. This includes significant player transfer agreements denominated in Euros which may include provisions for deferred settlements. In these cases, the Company's policy is to accept the risk of a movement in the exchange rate to Sterling. No forward purchases of currency are made, nor does the Group use hedging instruments.

The Directors are aware of the uncertainty created by the upcoming departure of the United Kingdom from the European Union and will continue to monitor developments in this area over the coming year to ensure that the Company is able to mitigate any negative impacts whilst maximizing any opportunities arising.

Post balance sheet events

Since the year-end the Company has acquired and disposed of a number of player registrations. The net committed expenditure from these transactions is £1.3m (2015: £1.9m)



By order of the Board

A J Mackintosh

Chief Executive

29 November 2016

4 Fulham Football Club Limited



Fulham Football Club Limited

Directors' Report

For the year ended 30 June 2016

The Directors present their report and the accounts for the year ended 30 June 2016.

Principal activities

The Company's principal activity during the period was the operation of a professional football club.

Financial Instruments

The Company does not routinely engage in complex financial instruments in the operation of its business. The Company receives funding from its parent entity under undocumented loan facilities that are deemed to be repayable on demand and do not bear interest.

From time to time, the Company issues new equity shares to its parent entity in exchange for the cancellation of loan balances outstanding in order to improve the financial position of the Company. However, there is no pre-existing right or obligation to do so attached to any of the loan facilities in place.

The Company enters into contracts for the purchase and sale of player registrations which may provide for the deferred payment or receipt of transfer fee installments. Such installments are measured at amortised cost using the effective interest rate method where this value is materially different to the transaction price.

Further explanation of the accounting for financial instruments is included in the accounting policies on page 12 of these financial statements.

Directors

The Directors who served during the year and up to the signing date of these financial statements are as follows:-

S R Khan

M Lamping

A J Mackintosh

S E O'Loughlin

D Daly (Appointed 15 August 2016)

Charitable donations

During the year, the Company donated £15,000 (2015: £15,000) to the Fulham Football Club Foundation.

Political donations

The Company made no political donations and did not incur any political expenditure during the year.

Employees

The Directors believe that all persons, regardless of age, race, religion, sex, sexuality or disability should have equal opportunities to work and are committed to the promotion of equal opportunities within the Company.

It is the Company's policy to keep all staff informed as to the development of the business and 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.



Fulham Football Club Limited

Directors' Report (continued)

For the year ended 30 June 2016

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Dividends

The Directors do not recommend the payment of a dividend (2015: £nil).

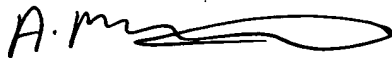
Disclosure of information to auditor

Each of the Directors has confirmed that:

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



By order of the Board

A J Mackintosh

Chief Executive

29 November 2016.



Fulham Football Club Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and Financial Statements

For the year ended 30 June 2016

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent Auditor's Report to the Members of Fulham Football Club Limited

We have audited the financial statements of Fulham Football Club Limited for the year ended 30 June 2016 set out on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Andrew Turner (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

30 November 2016.

Fulham Football Club Limited

Profit and Loss Account and Other Comprehensive Income

For the year ended 30 June 2016

		2016	2015
	Notes	£'000	£'000
Turnover	2	35,992	43,342
Operating expenses before depreciation, amortisation & impairment	3	(49,423)	(52,551)
Operating loss before depreciation, amortisation & impairment		(13,431)	(9,209)
Depreciation and amortisation	3	(6,788)	(11,467)
Impairment	4	-	(11,256)
Operating loss after depreciation, amortisation and impairment		(20,219)	(31,932)
Profit on disposal of players' registrations		7,273	4,245
Profit on disposal of other assets		1	4
Loss before interest and taxation		(12,945)	(27,683)
Net interest receivable / (payable)	7	3	(164)
Loss on ordinary activities before taxation		(12,942)	(27,847)
Taxation of loss on ordinary activities	8	-	-
Loss for the year		(12,942)	(27,847)
Total comprehensive loss for the year		(12,942)	(27,847)

All amounts relate to continuing operations.

The notes on pages 12 to 33 form part of these financial statements.



Fulham Football Club Limited

Balance Sheet

Company number: 2114486

As at 30 June 2016

	Notes	2016	2015
		£'000	£'000
Fixed assets			
Intangible assets	9	12,781	11,296
Tangible assets	10	847	926
		<u>13,628</u>	<u>12,222</u>
Current assets			
Stocks		256	295
Debtors	11	2,608	2,283
Cash at bank and in hand		5,630	2,477
		<u>8,494</u>	<u>5,055</u>
Creditors: amounts falling due within one year	12	<u>(54,317)</u>	<u>(35,563)</u>
Net current liabilities		<u>(45,823)</u>	<u>(30,508)</u>
Total assets less current liabilities		(32,195)	(18,286)
Creditors: amounts falling due after more than one year	12	(330)	(488)
Deferred income	13	(2,590)	(3,399)
Net Liabilities		<u>(35,115)</u>	<u>(22,173)</u>
Capital and reserves			
Called up share capital	14	237,295	237,295
Profit and loss account	15	(272,410)	(259,468)
Shareholders' deficit		<u>(35,115)</u>	<u>(22,173)</u>

The notes on pages 12 to 33 form part of these financial statements.

These financial statements were approved by the board of directors on 29 November 2016 and signed on its behalf by:



A J Mackintosh
Director



Fulham Football Club Limited

Statement of Changes in Equity

For the year ended 30 June 2016

	Called up share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
Balance at 1 July 2014	187,518	(231,368)	(43,850)
Effect of change to FRS 102 (see note 24)	-	(253)	(253)
Balance at 1 July 2014 restated	187,518	(231,621)	(44,103)
Total comprehensive income for the period			
Profit or loss	-	(27,847)	(27,847)
Other comprehensive income	-	-	-
	-	(27,847)	(27,847)
Transactions with owners, recorded directly in equity			
Issue of shares	49,777	-	49,777
Total contributions by owners	49,777	-	49,777
Balance at 30 June 2015	237,295	(259,468)	(22,173)
	Called up share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
Balance at 1 July 2015	237,295	(259,468)	(22,173)
Total comprehensive income for the period			
Profit or loss	-	(12,942)	(12,942)
Other comprehensive income	-	-	-
	-	(12,942)	(12,942)
Balance at 30 June 2016	237,295	(272,410)	(35,115)



Fulham Football Club Limited

Accompanying Notes to the Financial Statements

For the year ended 30 June 2016

1 Accounting policies

Fulham Football Club Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 24.

The Company's parent undertaking, Fulham Football Leisure Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Fulham Football Leisure Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Cash Flow Statement and related notes

The Company is also included in the consolidated financial statements of Cougar Holdco London Limited. As these financial statements include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- Key Management Personnel compensation.
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 22.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Player registrations are carried at cost less impairment based on directors' assessment of net realisable value, taking into account current conditions in the transfer market.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.1 Measurement convention (continued)

- Deferred installments payable / receivable on player transfer contracts are carried at amortised cost using the effective interest rate method, where the difference between this measurement convention and the transaction price is material.
- Trade debtors are carried at transaction value less impairment provision where there is an indication that the debt may not be recoverable.

1.2 Going concern

The Company financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £45,823,000 (2015: £30,508,000), net liabilities of £35,115,000 (2015: £22,173,000) and a loss after tax for the year ended 30 June 2016 of £12,942,000 (2015: £27,847,000).

The Directors believe the use of the going concern basis to be appropriate, having received written indications from Mr Shahid Khan and Fulham Football Leisure Limited, the Company's immediate parent entity, that continued funding will be made available to finance the Company's working capital requirements throughout the 2016/17 & 2017/18 football seasons and for the foreseeable future, if required, irrespective as to which league Fulham Football Club is competing in during the 2017/18 season. Although there is no legal obligation for Mr Khan to provide this continued financial support, the Directors are confident that such funding, if required, will be forthcoming.

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. The Company does not hold any non-monetary assets or liabilities that are recorded in foreign currencies. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.4 Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Financial instruments

All of the entities financial instruments are classified as 'Basic Financial Instruments' as defined by FRS 102 Section 11.

1.5.1 Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1.5.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, current accounts and call deposits.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at note 1.13 below.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.6 Tangible fixed assets (continued)

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Leasehold improvements	Over the period of the lease
Plant, equipment, fixtures & fittings	3-25 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets

1.7.1 Player registrations

Fees payable in connection with the transfer of players' registrations, including transfer fees and compensation payable to other clubs, agents' fees and league levies, are recorded as intangible fixed assets and stated at cost less any accumulated amortisation and accumulated impairment losses. Fees payable which are contingent on a future event are recognised at fair value, taking into account the Director's assessment of the likelihood of that event occurring during the life of the players' employment contract. Only amounts in respect of contingent events that are considered probable to occur are recognised. The probability of such events occurring is reassessed at each balance sheet date.

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.

1.7.2 Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Player registrations	Over the life of the contract
----------------------	-------------------------------

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.9 Impairment excluding stocks and deferred tax assets

1.9.1 Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.9.2 Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.10 Employee benefits

1.10.1 Defined contribution plans and other long term employee benefits

The Company operates an optional contributory defined contribution pension plan for its employees. The Company pays fixed contributions on behalf of member employees to an external pension provider and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the scheme are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Professional football players employed by the Company are also members of the Professional Footballers Association pension scheme which is a non-contributory scheme funded out of transfer levy payments.

1.10.2 Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.11 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.12 Turnover

Turnover represents broadcasting, sponsorship, gate receipts, catering and hospitality and all other income associated with the principal activity of running a professional football club. Match related income is only recognised as revenue once the match is completed. Broadcasting and central sponsorship income is recognised in the financial year which contains the football season to which it relates. Other sponsorship income is recognised over the period of the underlying contract. Income from the loan of football players to other Clubs which is in excess of the wages paid to those players is recognised in turnover.

Income from season tickets, sponsorship, broadcasting and other commercial contracts, which has been received prior to the year end in respect of future football seasons, is treated as deferred income.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.13 Expenses

1.13.1 Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.13.2 Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.13.3 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.

1.13.4 Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions.

Interest receivable represents the return from on-demand deposit accounts and interest charges on the late payment of transfer fees receivable and other trade debtors.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

1.14 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

2 Turnover

	2016	2015
	£'000	£'000
Gate Receipts	5,676	7,035
Central Awards	24,343	29,198
Broadcasting	241	392
Compensation	-	151
Sponsorship and other Commercial Activities	4,691	5,214
Other operating income	1,041	1,352
	35,992	43,342

3 Operating expenses

	2016	2015
	£'000	£'000
Auditors' remuneration for audit services	25	24
Auditor's remuneration for audit related assurance services	11	13
Staff costs	36,132	37,025
Amounts paid under operating leases		
- Plant and machinery	82	48
- Land and buildings	2,186	2,220
Other external charges	10,987	13,221
	49,423	52,551
Depreciation		
- Owned fixed assets	512	734
- Assets under finance leases	8	4
Amortisation of player registrations	6,268	10,729
	6,788	11,467
	56,211	64,018

4 Impairment

	2016	2015
	£'000	£'000
Impairment loss	-	11,256

The impairment loss arose from a write down of certain players' registrations to reflect their estimated net realisable value. The revised carrying amounts are based on the Directors' assessments of achievable sale values, taking into account current conditions in the transfer market.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

5 Staff costs

Company staff costs during the year (including Directors' emoluments) amounted to:

	2016	2015
	£'000	£'000
Wages and salaries	31,470	32,085
Social security costs	4,345	4,612
Payments to defined contribution pension schemes	317	328
	<u>36,132</u>	<u>37,025</u>

The average monthly number of employees in the Company during the year was made up as follows:

	2016	2015
	Number	Number
Administrative and ground staff	137	143
Players	67	65
	<u>204</u>	<u>208</u>
Part-time staff for match days	<u>284</u>	<u>334</u>

6 Directors' remuneration

Aggregate Directors' remuneration during the year totalled £795,000 (2015: £747,000) excluding defined contribution pension contributions of £42,000 (2015: £56,000). The highest paid Director's emoluments totalled £582,000 (2015: £555,000) excluding pension contributions of £33,000 (2015: £43,000). Retirement benefits are accruing to 2 directors (2015: 2) under defined contribution schemes. No charge has been recognised for the services of Mr S R Khan and Mr M Lamping as this is immaterial.

7 Net interest receivable / (payable)

	2016	2015
	£'000	£'000
Interest receivable:		
Bank interest	4	1
Other interest receivable	-	23
	<u>4</u>	<u>24</u>
Interest payable on borrowings repayable within five years:		
Term loan interest – amounts due to group company	-	(183)
Other charges	(1)	(5)
	<u>(1)</u>	<u>(188)</u>
Net interest receivable / (payable)	<u>3</u>	<u>(164)</u>



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

8 Tax on loss on ordinary activities

	2016 £'000	2015 £'000
(a) The tax for the year comprises:		
Current tax charge	-	-
Total current tax (note 8 (b))	-	-
(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) on ordinary activities before tax	(12,942)	(27,847)
(Loss) on ordinary activities at standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	(2,588)	(5,778)
Effects of:		
Expenses not deductible for tax purposes	69	370
Tax exempt revenues	(20)	-
Group Relief surrendered	435	442
Losses in the year carried forward	2,104	4,966
Current tax charge for the year	-	-

(c) Factors that may affect future tax charges

At the year end, the Company has an unrecognised deferred tax asset of approximately £43,914,000 (2015: £46,761,000), as analysed overleaf. This asset has not been recognised as the Group is currently incurring operating losses and recoverability is dependent on there being future taxable trading profits against which to offset the asset.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The unrecognised deferred tax asset of £43,914,000 has been calculated based on these rates.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly and reduce the deferred tax asset by approximately £2,400,000.



Fulham Football Club Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

8 Tax on loss on ordinary activities (continued)

(c) Factors that may affect future tax charges (continued)

The unrecognised deferred tax asset is analysed below:

	2016	2015
	£'000	£'000
Depreciation in excess of capital allowances	1,199	1,077
Short term timing differences	196	250
Tax losses carried forward	42,519	45,434
	43,914	46,761

9 Intangible fixed assets

Player registrations
£'000

Cost

01 July 2015	66,879
Additions	7,943
Disposals	(18,047)
30 June 2016	56,775

Amortisation and impairment

01 July 2015	55,583
Charge for the year	6,268
Disposals	(17,857)
30 June 2016	43,994

Net book amount

30 June 2016	12,781
01 July 2015	11,296



Fulham Football Club Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings, plant & equipment	Total £'000
Cost			
01 July 2015	153	9,137	9,290
Additions	-	444	444
Disposals	-	(168)	(168)
30 June 2016	153	9,413	9,566
Depreciation			
01 July 2015	153	8,211	8,364
Disposals	-	(165)	(165)
Charge for the year	-	520	520
30 June 2016	153	8,566	8,719
Net book amount			
30 June 2016	-	847	847
01 July 2015	-	926	926

The net book value of fixed assets above includes an amount of £13,000 (2015: £20,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets was £8,000 (2015: £4,000).



Fulham Football Club Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

11 Debtors

	2016	2015
	£'000	£'000
Trade debtors	775	460
Player transfer debtors	565	952
Other debtors	16	12
Other taxes and social security	39	38
Prepayments and accrued income	1,213	821
	<u>2,608</u>	<u>2,283</u>
Due within one year	2,608	2,283
Due after more than one year	-	-
	<u>2,608</u>	<u>2,283</u>

12 Creditors

	2016	2015
	£'000	£'000
Due within one year:		
Hire and lease purchase obligations	9	10
Trade creditors	2,371	2,916
Player transfer creditors	1,507	9,605
Amounts due to related parties	252	387
Amounts due to immediate parent company	45,310	17,283
Other taxes and social security	2,982	2,239
Accruals	1,886	3,123
	<u>54,317</u>	<u>35,563</u>

Amounts due to the Company's immediate parent undertaking (Fulham Football Leisure Limited) represent unsecured loans which are repayable on demand. No interest is payable.

	2016	2015
	£'000	£'000
Due after more than one year:		
Trade creditors	320	469
Hire and lease purchase obligations	10	19
	<u>330</u>	<u>488</u>



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

13 Deferred income

	2016	2015
	£'000	£'000
Season ticket sales in advance	2,186	2,130
Commercial income and sponsorship	404	969
	<u>2,590</u>	<u>3,399</u>

14 Share capital

Ordinary shares of £1 each	2016	2015
Allotted, called up and fully paid	'000	'000
1 July	237,295	187,518
Issued in the period	-	49,777
30 June	<u>237,295</u>	<u>237,295</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Profit and loss account

	2016	2015
	£'000	£'000
1 July	(259,468)	(231,621)
Loss for the year	(12,942)	(27,847)
30 June	<u>(272,410)</u>	<u>(259,468)</u>



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

16 Operating leases

Non-cancellable operating lease rentals are payable by the Company as follows:

	2016 £'000	2015 £'000
Less than one year	2,238	2,421
Between one and five years	4,314	6,537
More than five years	32	-
	<u>6,584</u>	<u>8,958</u>

During the year £2,268,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £2,268,000).

The above amounts include amounts payable to other group companies for the use of Craven Cottage Stadium and Motspur Park Training Ground.

17 Capital commitments

Amounts contracted for by the Company but not provided for in the accounts in respect of tangible fixed assets amounted to £Nil (2015: £140,000).

18 Contingent transfer fees

The estimated commitment for additional transfer fees payable in respect of future possible appearances amounts to £310,000 (2015: £402,000). These amounts have not been included in the financial statements.

The Company has in place a number of transfer contracts that give rise to contingent receivables. The Directors have assessed such contracts and the Company can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £200,000 (2015: £216,000). These amounts have not been included in the financial statements.

19 Related party transactions

During the year there were arm's length trading transactions between the Company and Flex-N-Gate Corporation and Jacksonville Jaguars, companies incorporated in the USA and under the common control of the Group's current ultimate controlling party. The value of these transactions during the period is shown below:

	2016 Purchases £'000	2016 Sales £'000	2015 Purchases £'000	2015 Sales £'000
Flex-N-Gate Corporation	-	-	-	2
Jacksonville Jaguars	5	709	-	162
Total	<u>5</u>	<u>709</u>	<u>-</u>	<u>164</u>



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

19 Related party transactions (continued)

Balances with related parties as at 30 June 2016 are as follows:

	2016	2016	2015	2015
	Due To	Due From	Due To	Due From
	£'000	£'000	£'000	£'000
Flex-N-Gate Corporation	-	-	-	-
Fulham Football Club Foundation	252	-	387	-
Total	252	-	387	-

During the year, the Company donated £15,000 (2015: £15,000) to the Fulham Football Club Foundation. The balance outstanding as at 30 June 2016 represents donations from players received by the Company for the benefit of Fulham Football Club Foundation.

The Company received loans during the period totalling £28,027,000 (2015: £12,913,000) from Fulham Football Leisure Limited, the immediate parent company. Further information on this balance is provided in note 12.

No disclosure has been made of any transactions within these financial statements with fellow subsidiaries in accordance with the exemptions allowed under Section 33 Related Party Disclosures.

20 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Fulham Football Leisure Limited. The ultimate controlling party is Mr Shahid Khan.

The largest group in which the results of the Company are consolidated is that headed by Cougar Holdco London Limited, incorporated in the United Kingdom. The smallest group in which the results of the Company are consolidated is that headed by Fulham Football Leisure Limited. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

21 Subsequent events

Since the year-end the Company has acquired and disposed of a number of player registrations. The net expenditure from these transactions is £1.3m (2015: £1.9m).



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

22 Accounting estimates and judgements

The Directors assessment of the carrying amount of intangible fixed assets and any related impairment is a key area of estimation uncertainty in these financial statements. The valuation of player registrations is highly subjective and can be subject to frequent and sudden change dependant on individual player performance and the general conditions in the transfer market. To mitigate the risks arising from such uncertainty, the Directors adopt a prudent approach when conducting impairment reviews.

In light of the recurring trading losses experienced by the Company and the resulting reliance on funding from the Company's parent company and ultimate controlling party, the Company's status as a going concern is also an area of potential uncertainty. Further information about the Directors considerations in this area is provided in note 1.2.

23 Long term employee benefits

Payments are made into a number of defined contribution schemes. Total contributions paid during the year amounted to £317,000 (2015: £328,000). An amount of £59,000 (2015: £31,000) remained outstanding at the balance sheet date.

24 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015. In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting, UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.



Fulham Football Club Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

24.1 Impact on balance sheet

	1 July 2014				
	UK GAAP	Effect of transition to FRS 102			FRS 102
Note		24.2.1	24.2.2	24.2.3	
	£'000	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	12,177	-		263	12,440
Tangible assets	1,233	-		-	1,233
	13,410	-		263	13,673
Current assets					
Stocks	178	-		-	178
Debtors	4,635	-		-	4,635
Cash at bank and in hand	1,892	-		-	1,892
	6,705	-		-	6,705
Creditors: amounts falling due within one year	(48,421)	(253)	(4,370)	(263)	(53,307)
Net current liabilities	(41,716)	(253)	(4,370)	(263)	(46,602)
Total assets less current liabilities	(28,306)	(253)	(4,370)	-	(32,929)
Creditors: amounts falling due after more than one year	(10,460)	-	4,370	-	(6,090)
Deferred income	(5,084)	-	-	-	(5,084)
Net liabilities	(43,850)	(253)	-	-	(44,103)
Capital and reserves					
Called up share capital	187,518	-	-	-	187,518
Profit and loss account	(231,368)	(253)	-	-	(231,621)
Shareholders' deficit	(43,850)	(253)	-	-	(44,103)



Fulham Football Club Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

24.1 Impact on balance sheet (continued)

	30 June 2015				
	UK GAAP	Effect of transition to FRS 102			FRS 102
Note		24.2.1	24.2.2	24.2.3	
	£'000	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10,981	-	-	315	11,296
Tangible assets	926	-	-	-	926
	11,907	-	-	315	12,222
Current assets					
Stocks	295	-	-	-	295
Debtors	2,283	-	-	-	2,283
Cash at bank and in hand	2,477	-	-	-	2,477
	5,055	-	-	-	5,055
Creditors: amounts falling due within one year	(17,755)	(210)	(17,283)	(315)	(35,563)
Net current liabilities	(12,700)	(210)	(17,283)	(315)	(30,508)
Total assets less current liabilities	(793)	(210)	(17,283)	-	(18,286)
Creditors: amounts falling due after more than one year	(17,771)	-	17,283	-	(488)
Deferred income	(3,399)		-	-	(3,399)
Net liabilities	(21,963)	(210)	-	-	(22,173)
Capital and reserves					
Called up share capital	237,295	-	-	-	237,295
Profit and loss account	(259,258)	(210)	-	-	(259,468)
Shareholders' deficit	(21,963)	(210)	-	-	(22,173)

24.2 Notes to the reconciliation of equity

24.2.1 Short term employee benefits

An adjustment has been made at each year end to provide for the value of holiday leave accrued by employees but untaken at the balance sheet date. This has resulted in an increase in creditors falling due within one year of £210,000 at 30 June 2015 (1 July 2014: £253,000). There has been a corresponding increase in retained losses on the profit and loss account.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

24.2.2 Amounts due to parent entity

Amounts outstanding on the intercompany loan account with Fulham Football Leisure Limited, the Company's immediate parent entity have been reclassified from creditors due after more than one year to creditors due within one year. The directors have determined these to be deemed repayable on demand. The amount reclassified at 30 June 2015 is £17,283,000 (1 July 2014: £4,370,000).

24.2.3 Contingent transfer payables

The Company's accounting policy under UK GAAP was to recognise contingent transfer payables only when all conditions associated with the amount had been met. Under FRS 102, amounts have been recognised where, in the directors assessment, it is probable that the associated conditions will be met. This has resulted in certain amounts being recognised in intangible fixed assets at an earlier point than under the previous accounting policy. The effect of this change is to increase intangible fixed assets by £315,000 at 30 June 2015 (1 July 2014: £263,000). There is a corresponding increase in creditors due within one year.

24.3 Reconciliation of loss for the year ending 30 June 2015

	Year ended 30 June 2015		
	UK GAAP	Effect of transiton to FRS 102	FRS 102
	£'000	£'000	£'000
Turnover	43,342	-	43,342
Operating expenses before depreciation, amortisation and impairment	(52,594)	43	(52,551)
Operating loss before depreciation, amortisation and impairment	(9,252)	43	(9,209)
Depreciation and amortisation	(11,467)	-	(11,467)
Impairment	(11,256)	-	(11,256)
Operating loss after depreciation, amortisation and impairment	(31,975)	43	(31,932)
Profit on disposal of players' registrations	4,245	-	4,245
Profit on disposal of other assets	4	-	4
Loss before interest and taxation	(27,726)	43	(27,683)
Net interest payable	(164)	-	(164)
Loss on ordinary activities before taxation	(27,890)	43	(27,847)
Taxation of loss on ordinary activities	-	-	-
Loss for the year	(27,890)	43	(27,847)



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2016

24.4 Notes to the reconciliation of loss for the year ending 30 June 2015

24.4.1 Short term employee benefits

As a result of the recognition of an accrual for holiday pay accrued but not taken at 1 July 2014 and 30 June 2015, as described at note 24.2.1, there is a corresponding adjustment to operating expenses in the year ended 30 June 2015. This amounts to a reduction in expenses of £43,000 as the balance of untaken holiday decreased during the year.

