

Fulham Football Leisure Limited

Annual Report 30 June 2012



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Fulham Football Leisure Limited Offices and Advisors

For the year ended 30 June 2012

Registered Office:

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

Auditor.

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

Bankers

Santander UK Plc
Santander House
100 Ludgate Hill
London
EC4M 7RE

Solicitor:

Squire Sanders
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH



Fulham Football Leisure Limited

Directors' Report

For the year ended 30 June 2012

The Directors present their report and the accounts for the year ended 30 June 2012, which show the state of the Group's affairs

Principal activities

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

Review of the business

The Group has a successful year both on and off the field, with a 9th place Premier League finish and participation in Europe. Off the field, the Group continued to develop the business both commercially and with regard to the facilities and infrastructure required to enable it to remain in the Premier League. Commercial activities continue to grow as does the commitment to establishing a long term youth policy via the Football Academy and continued support of the Fulham Football Club Foundation.

During the year to 30 June 2012, the group saw the following changes in the key indicators of financial and non-financial performance

<u>Indicator</u>	<u>Year to 30 June</u>			
	<u>2012</u>	<u>2011</u>	<u>+/- change</u>	<u>%</u>
Gross revenues (£m)	79.3	77.1	2.2	2.9
Turnover (£m)	78.7	76.4	2.3	3.0
Turnover excluding Europa League (£m)	75.3	75.9	(0.6)	(0.8)
Total staff costs (£m)	62.3	57.7	4.6	8.0
Staff costs as % of revenues	78.6%	74.8%	-	3.8
Net operating profit before dep'n, amort'n & impairment (£m)	1.2	5.2	(4.0)	(76.9)
Final position in Premier League (PL)	9 th	8 th	(1)	-
Total PL attendances	480,567	477,523	3,044	0.6
Average PL attendance per game	25,293	25,133	160	0.6

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 group.

Results and dividends

The loss for the financial period amounted to £18,315,000 (2011 profit £4,792,000) which has been transferred to reserves. Increased amortization of intangible fixed assets and reduced profits from player trading were the key factors behind this change in financial performance. The Directors do not recommend payment of a dividend (2011 £nil).



Fulham Football Leisure Limited

Directors' Report (continued)

For the year ended 30 June 2012

Future developments

The Group continues to seek to develop the match-day experience for spectators to promote the long-term aim of growing and retaining a large and loyal fan base. Fulham Stadium Limited has a rolling program of increasing and improving facilities at the Craven Cottage stadium, including the proposed redevelopment of the Riverside stand, which enables the Group to plan for steady increases in attendance and an increase in total seating areas and lounge facilities, which support match-day packages.

The Group will continue to invest in the playing squad to maintain and improve on the results achieved during the playing season.

Financial instruments and risks

Most of the Group's transactions are in Sterling, although from time to time certain transactions involving the acquisition and disposal of overseas players may be in Euros. In these cases, the Group'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 Group's main sources of finance, for operating losses, working capital and capital expenditure (including player transfers), in excess of funds generated internally, are interest-free loans and equity injections from its parent company together with loans from third party lenders. During the year £212m of parent and former parent company debt was converted into share capital thereby significantly increasing the net assets of the Group. The Group has received assurances from the Directors of the parent company that no repayment demand will be made which would either cause the repayments to be a preference of a creditor or which would cause the Group to become technically insolvent. The parent company has also provided comfort that if further funds are needed to meet creditors as they fall due, these will be made available.

The Group's main commercial risk is that associated with potential failure to retain membership of the Football Association Premier League ("FAPL"). Of the Group's total revenues in the year to 30 June 2012, 64% came from sources controlled by the FAPL (2011: 66%). In the event of relegation from the FAPL, the Group's revenues would fall in the next two years to a level which would not finance ongoing contractual commitments, and the Group would therefore have to take action to significantly reduce operating costs. Such action could prevent the maintenance of a playing squad capable of gaining promotion back to the FAPL. Therefore the Company's main aim is to prevent this risk becoming a reality.

Post balance sheet events

Since the year-end the Group has acquired and disposed of a number of player registrations. The net proceeds from these transactions is £14.0m. On 26th July 2012, planning permission was granted by Hammersmith and Fulham Council for the redevelopment of the Riverside stand at Craven Cottage.

Directors

The Directors who served during the year are as follows -

M Al Fayed

M A E Collins

A J Mackintosh

4 Fulham Football Leisure Limited



Fulham Football Leisure Limited Directors' Report (continued)

For the year ended 30 June 2012

Disclosure of information to auditors

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

The environment

The Group 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 Group'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 Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. The Group took an average of 29 days to pay its creditors (2011: 29).

Charitable donations

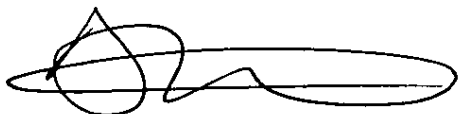
During the year, the Group donated £85,000 (2011: £85,000) to the Fulham Football Club Foundation.

Policy on disabled persons

It is the Group's policy to provide full and fair consideration of applications, continuing employment and training while employed for disabled persons 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 Group'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 Group.



By order of the Board

D Preston

Secretary

10 December 2012



Fulham Football Leisure Limited

Statement of Directors' Responsibilities

For the year ended 30 June 2012

The Directors are responsible for preparing 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the group and of the profit or loss of the group for that period. In preparing these financial statements the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 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.



Independent Auditor's Report

To the Members of Fulham Football Leisure Limited

We have audited the financial statements of Fulham Football Leisure Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report

To the Members of Fulham Football Leisure Limited (Continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in 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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

PKF(UK) LLP

Stuart Barnsdall (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor,
London

14 December 2012



Fulham Football Leisure Limited

Consolidated Profit and Loss Account

For the year ended 30 June 2012

		2012	2011
	Notes	£'000	£'000
Turnover	2	78,652	76,405
Other operating income		664	704
		79,316	77,109
Operating expenses before depreciation, amortisation and impairment	3	(78,123)	(71,940)
Operating profit before depreciation, amortisation and impairment		1,193	5,169
Depreciation and amortisation	3	(20,413)	(13,448)
Exceptional Impairment	4	(2,942)	-
		(23,355)	(13,448)
Operating loss after depreciation, amortisation and impairment		(22,162)	(8,279)
Profit on disposal of players' registrations		4,131	13,665
Profit on disposal of other assets		27	2
(Loss)/profit before interest and taxation		(18,004)	5,388
Net interest payable	7	(311)	(596)
(Loss)/profit on ordinary activities before taxation		(18,315)	4,792
Taxation of (loss)/profit on ordinary activities	8	-	-
(Loss)/profit for the year		(18,315)	4,792

All amounts relate to continuing operations

The group has no recognised gains or losses other than the loss for the year

The notes on pages 13 to 29 form part of these accounts



Fulham Football Leisure Limited
Consolidated Balance Sheet
Company number 3374347
As at 30 June 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	9	16,681	18,930
Tangible assets	10	<u>21,024</u>	<u>19,928</u>
		37,705	38,858
Current assets			
Stocks		167	300
Debtors	12	5,975	6,348
Cash at bank and in hand		<u>4,317</u>	<u>9,283</u>
		10,459	15,931
Creditors amounts falling due within one year	13	<u>(20,347)</u>	<u>(24,409)</u>
Net current liabilities		<u>(9,888)</u>	<u>(8,478)</u>
Total assets less current liabilities		27,817	30,380
Creditors: amounts falling due after more than one year	13	(3,424)	(200,049)
Deferred income	14	(8,626)	(8,308)
Net assets / (liabilities)		<u>15,767</u>	<u>(177,977)</u>
Capital and reserves			
Called up share capital	15	218,059	6,000
Profit and loss account	16	<u>(202,292)</u>	<u>(183,977)</u>
Shareholders' funds	17	<u>15,767</u>	<u>(177,977)</u>

The notes on pages 13 to 29 form part of these accounts

Approved and authorised for issue by the board on 10 December 2012



A J Mackintosh
Director



M A E Collins
Director



Fulham Football Leisure Limited
Company Balance Sheet

Company number 3374347

As at 30 June 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	11	-	-
Current assets			
Debtors	12	19,649	15,791
Cash at bank and in hand		-	9
		<u>19,649</u>	<u>15,800</u>
Creditors amounts falling due within one year	13	<u>(19)</u>	<u>(23)</u>
Net current liabilities		<u>19,630</u>	<u>15,777</u>
Total assets less current liabilities		19,630	15,777
Creditors amounts falling due after more than one year	13	-	(199,619)
Net assets / (liabilities)		<u>19,630</u>	<u>(183,842)</u>
Capital and reserves			
Called up share capital	15	218,059	6,000
Profit and loss account	16	<u>(198,429)</u>	<u>(189,842)</u>
Shareholders' funds	17	<u>19,630</u>	<u>(183,842)</u>

The notes on pages 13 to 29 form part of these accounts

Approved and authorised for issue by the board on 10 December 2012



A J Mackintosh
 Director



M A E Collins
 Director



Fulham Football Leisure Limited

Consolidated Cash Flow Statement

For the year ended 30 June 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	18	888	3,592
Returns on investment and servicing of finance	19	(311)	(596)
Net cash outflow from purchase and disposal of tangible and intangible fixed assets	19	(15,339)	(5,695)
Net cash outflow before management of liquid resources and financing		(14,762)	(2,699)
Management of liquid resources	19	-	-
Net cash inflow / (outflow) from financing	19	9,796	(2,500)
Decrease in cash in the year		(4,966)	(5,199)

Reconciliation Of Net Cash Flow To Movement In Net Funds / (Debt)

Decrease in cash in the year	(4,966)	(5,199)
Cash (inflow) / outflow from (increase) / decrease in debt & lease financing	(9,796)	2,500
Cash outflow from decrease in liquid resources	-	-
Change in net funds / (debt) resulting from cash flows	(14,762)	(2,699)
Non-cash changes	211,998	-
Movement in net funds / (debt) in the year	197,236	(2,699)
Net (debt) at 1 July 2011	(192,947)	(190,248)
Net funds / (debt) at 30 June 2012	19 4,289	(192,947)



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements

For the year ended 30 June 2012

1 Accounting policies

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

(b) Going concern

Following the issue of new shares in June 2012 (details of which are included at note 15), the group has a surplus of shareholders' funds at 30 June 2012. However, cash flow forecasts for the next two financial years indicate that the Group will continue to require financial support to enable it to carry out its business operations and meet its liabilities as they fall due.

The financial statements have been prepared on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future. The Directors are aware of their duty to present a balanced assessment of the group'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 continue to take action to improve the cashflow position of the group.

They have also had regard to the written indications received from AIT Leisure Enterprises Limited, the parent company, from Mr M Al Fayed and the trust company that controls the Al Fayed family trust and their corporate interests, that continued funding will be made available, if required, to finance the group's working capital requirements for the foreseeable future, irrespective as to whether Fulham Football Club retains membership of the Premier League at the end of the 2012/13 season or not. Although there is no legal obligation for either AIT Leisure Enterprises Limited, Mr M Al Fayed or the trust company to provide this continued support, the Directors are confident that such funding, if required, will be forthcoming.

Should the Club be relegated at the end of the 2012/13 season, then the Group's revenues would fall. The Group would therefore have to take action to significantly reduce operating costs, which the Directors are confident could be achieved, such that additional parent company funding would not be required.

(c) Basis of consolidation

The results of subsidiaries are consolidated from the date of acquisition. The financial statements incorporate the audited assets and liabilities and results of subsidiary undertakings for the year. Goodwill arising on consolidation of subsidiaries is capitalised and written off on a straight-line basis over its estimated useful life.

No profit and loss account is presented for Fulham Football Leisure Limited in accordance with the exemption provided by Section 408 of the Companies Act 2006. The Company's loss for the year amounted to £8,587,008 (2011: £17,977,669).

(d) 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.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

1 Accounting policies (continued)

(e) Deferred Income

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

(f) Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The depreciation rates are as follows

Stands, fixtures, fittings and equipment	- 10% – 25% per annum
Leasehold improvements	- Over period of lease
Motor vehicles	- 25% per annum

Depreciation is only charged on assets brought into use during the year

The group evaluates its fixed assets for financial impairment where events or circumstances indicate that the carrying value of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value an impairment is recorded

(g) Stocks

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

(h) 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

(i) Leasing and hire purchase

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

(j) Pension costs

The cost of defined contribution pensions represents the contributions payable by the group during the year



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

1 Accounting policies (continued)

(k) 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

(l) Signing on fees

Signing on fees relating to players' contracts are charged to the profit and loss account on a payable basis. Signing on fees are considered to be part of players' emoluments packages and are included in the accounts as part of staff costs

(m) 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. The 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.

(n) Player Trading

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

(o) Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. 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.



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

For the year ended 30 June 2012

2 Turnover

	2012	2011
	£'000	£'000
Gate Receipts	11,354	11,240
Europa League	3,352	498
Central Awards	45,195	44,822
Broadcasting	5,867	5,747
Compensation	994	2,791
Sponsorship and other Commercial Activities	11,890	11,307
	<u>78,652</u>	<u>76,405</u>

3 Operating expenses

	2012	2011
	£'000	£'000
Auditors' remuneration for audit services		
- Company	21	15
- Subsidiaries	43	40
Auditors' remuneration for audit related assurance services	13	10
Staff costs	62,257	57,672
Amounts paid under operating leases		
- Plant and machinery	44	55
- Land and buildings	33	36
Other external charges	15,712	14,112
	<u>78,123</u>	<u>71,940</u>
Depreciation		
- Owned fixed assets	2,686	2,486
- Assets under finance leases	37	79
Amortisation of player registrations	17,690	10,883
	<u>20,413</u>	<u>13,448</u>
	<u>98,536</u>	<u>85,388</u>

4 Exceptional item

	2012	2011
	£'000	£'000
Impairment loss	2,942	-

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 Leisure Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

5 Staff costs

Group staff costs during the year (including directors' emoluments) amounted to

	2012 £'000	2011 £'000
Wages and salaries	54,691	50,330
Social security costs	7,221	6,174
Pension costs	345	1,168
	<u>62,257</u>	<u>57,672</u>

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

	2012 Number	2011 Number
Administrative and ground staff	170	170
Players	64	58
	<u>234</u>	<u>228</u>
Part-time staff for match days	<u>706</u>	<u>612</u>

The Company had no staff costs during the year (2011 £Nil)

6 Directors' emoluments

Aggregate Directors' emoluments during the year totalled £687,057 (2011 £671,018) excluding pension contributions of £38,262 (2011 £42,522). The highest paid Director's emoluments totalled £665,390 (2011 £615,000) excluding pension contributions of £38,262 (2011 £42,252).

7 Net interest payable

	2012 £'000	2011 £'000
Interest receivable on deposits:		
Bank interest	<u>3</u>	<u>3</u>
Interest payable on borrowings repayable within five years		
Bank and loan interest	-	(119)
Hire and lease purchase obligations	(3)	(19)
Other charges	<u>(311)</u>	<u>(461)</u>
	<u>(314)</u>	<u>(599)</u>
Net interest payable	<u>(311)</u>	<u>(596)</u>



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

For the year ended 30 June 2012

8 Tax on loss on ordinary activities

	2012 £'000	2011 £'000
<i>(a) The tax for the year comprises</i>		
Current tax charge	-	-
Total current tax (note 8 (b))	<u>-</u>	<u>-</u>

(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

Profit / (loss) on ordinary activities before tax	<u>(18,315)</u>	<u>4,792</u>
Profit / (loss) on ordinary activities at standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	(4,670)	1,318
Effects of		
Expenses not deductible for tax purposes - fixed assets	395	398
Expenses not allowable for tax purposes	32	11
Depreciation in excess of / (less than) capital allowances	322	(7)
Rolled over gains on player registrations	-	(1,712)
Other short-term timing differences	(44)	(8)
Group relief claimed	(1)	-
Amortisation reduction due to reinvestment relief	746	-
Losses in the year carried forward	<u>3,220</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

At the year end, the group has an unrecognised deferred tax asset of approximately £42.4m (2011: £43.2m), 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.



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

For the year ended 30 June 2012

8 Tax on loss on ordinary activities (continued)

The potential deferred tax asset is analysed below

	2012	2011
	£'000	£'000
Depreciation in excess of capital allowances	1,504	1,017
Short term timing differences	358	440
Tax losses carried forward	41,569	41,772
Rollover relief	(1,058)	-
	<u>42,373</u>	<u>43,229</u>

9 Intangible fixed assets

	Goodwill	Player registrations	Total
	£'000	£'000	£'000
Cost			
1 July 2011	2,940	65,135	68,075
Additions	-	21,355	21,355
Disposals	-	(23,304)	(23,304)
30 June 2012	<u>2,940</u>	<u>63,186</u>	<u>66,126</u>
Amortisation			
1 July 2011	2,940	46,205	49,145
Disposals	-	(20,332)	(20,332)
Impairment loss	-	2,942	2,942
Charge for year	-	17,690	17,690
30 June 2012	<u>2,940</u>	<u>46,505</u>	<u>49,445</u>
Net book amount			
30 June 2012	<u>-</u>	<u>16,681</u>	<u>16,681</u>
1 July 2011	<u>-</u>	<u>18,930</u>	<u>18,930</u>



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

10 Tangible fixed assets

	Freehold Land £'000	Motor Vehicles £'000	Stands, Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost					
1 July 2011	9,209	39	33,994	-	43,242
Additions	-	-	1,387	2,561	3,948
Disposals	-	-	(157)	-	(157)
30 June 2012	<u>9,209</u>	<u>39</u>	<u>35,224</u>	<u>2,561</u>	<u>47,033</u>
Depreciation					
1 July 2011	-	39	23,275	-	23,314
Disposals	-	-	(27)	-	(27)
Charge for year	-	-	2,722	-	2,722
30 June 2012	<u>-</u>	<u>39</u>	<u>25,970</u>	<u>-</u>	<u>26,009</u>
Net book amount					
30 June 2012	<u>9,209</u>	<u>-</u>	<u>9,254</u>	<u>2,561</u>	<u>21,024</u>
1 July 2011	<u>9,209</u>	<u>-</u>	<u>10,719</u>	<u>-</u>	<u>19,928</u>

The net book value of fixed assets above includes an amount of £35,060 (2011 £95,972) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets was £37,094 (2011 £78,056).

Assets under construction are comprised primarily of preliminary works for the redevelopment of the Riverside stand, along with works to replace the roof of the Johnny Haynes stand and property developments at the Motspur Park training ground.



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

For the year ended 30 June 2012

11 Fixed asset investments

Company

Investments in subsidiary undertakings

	Cost	Provision	Net
	£'000	£'000	£'000
At 1 July 2011 and 30 June 2012	<u>11,999</u>	<u>(11,999)</u>	<u>-</u>

At 30 June 2012, the Group owned the following principal subsidiaries all of which are incorporated in Great Britain and operate in the United Kingdom

Interest in Company	Principal Activity	Ordinary shares
Fulham Football Club (1987) Limited	Operation of a professional football club	100%
Fulham Stadium Limited	Football stadium development	100%
FL Property Management Limited*	Training ground development	100%
Fulhamfc.co.uk Limited	Dormant	100%
Fulham Football Club Limited	Dormant	100%

* Owned via Fulham Stadium Limited



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

For the year ended 30 June 2012

12 Debtors

	Group	Group	Company	Company
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Trade debtors	1,267	1,706	-	-
Player transfer debtors	3,208	4,309	-	-
Other debtors	106	60	-	-
Amounts due from group undertakings	-	-	18,851	14,856
Other taxes and social security	-	-	798	935
Amounts due from related parties	-	12	-	-
Prepayments and accrued income	1,394	261	-	-
	5,975	6,348	19,649	15,791

13 Creditors

	Group	Group	Company	Company
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Due within one year				
Hire and lease purchase obligations	15	52	-	-
Trade creditors	4,029	4,370	-	-
Player transfer creditors	4,697	6,638	-	-
Amounts due to related parties	1	-	-	-
Taxes and other social security	6,902	6,005	-	-
Other creditors	-	2,547	-	-
Accruals	4,703	4,797	19	-
Amounts owed to former parent companies	-	-	-	23
	20,347	24,409	19	23



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

For the year ended 30 June 2012

13 Creditors (continued)

	Group	Group	Company	Company
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Due after more than one year:				
Player transfer creditors	3,424	418	-	-
Hire and lease purchase obligations	-	12	-	-
Amounts owed to group companies	-	25,773	-	25,773
Amounts owed to former parent companies	-	173,846	-	173,846
	<u>3,424</u>	<u>200,049</u>	<u>-</u>	<u>199,619</u>

Amounts owed to group and former parent companies at 30 June 2011 and due after more than one year were interest free and unsecured and were provided for funding purposes £19,142,000 was due to AIT Leisure Holdings Limited and £25,773,000 was due to AIT Leisure Enterprises Limited. The remaining balance of £154,704,000 was due to Fulham Leisure Holdings Limited.

Additional funding of £12,380,000 was provided during the year through the AIT Leisure Enterprises Limited loan.

On 15 June 2012, following assignment of all loans to AIT Leisure Enterprises Limited, these loans were cancelled by way of consideration for the issue of 212,059,353 new ordinary shares of £1 each. Further information on this transaction is provided in note 15.

The amounts owed to group companies and former parent company are repayable as follows:

	Group	Group	Company	Company
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Between one and two years	-	10,000	-	10,000
Between two and five years	-	40,000	-	40,000
In more than five years	-	149,619	-	149,619
	<u>-</u>	<u>199,619</u>	<u>-</u>	<u>199,619</u>



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

For the year ended 30 June 2012

14 Deferred income

	Group 2012 £'000	Group 2011 £'000
Season ticket sales in advance	5,511	5,304
Commercial income and sponsorship	3,115	3,004
	<u>8,626</u>	<u>8,308</u>

15 Share capital

	2012 Number	2011 Number
Alloted, called up and fully paid		
Ordinary A shares of £1 each	<u>218,059</u>	<u>6,000</u>
	<u>218,059</u>	<u>6,000</u>

Issue of share capital

On 15 June 2012, 212,059,353 new A ordinary shares of £1 each were issued to AIT Leisure Enterprises Limited as part of a financial restructuring. In consideration for these shares, AIT Leisure Enterprises Limited cancelled loans to the Company of the same value. This included loans that had been assigned to AIT Leisure Enterprises Limited by AIT Leisure Holdings Limited and Fulham Leisure Holdings Limited. There has been no change in the ultimate parent company or controlling party as a result of this restructuring.

16 Profit and loss account

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
1 July 2011	(183,977)	(188,769)	(189,842)	(171,864)
(Loss) / profit for the period	<u>(18,315)</u>	<u>4,792</u>	<u>(8,587)</u>	<u>(17,978)</u>
30 June 2012	<u>(202,292)</u>	<u>(183,977)</u>	<u>(198,429)</u>	<u>(189,842)</u>



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

For the year ended 30 June 2012

17 Shareholders' funds

The reconciliation of movements in equity shareholders' funds is as follows

	Group	Group	Company	Company
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
1 July 2011	(177,977)	(182,769)	(183,842)	(165,864)
(Loss) / profit for the period	(18,315)	4,792	(8,587)	(17,978)
Issue of new share capital	212,059	-	212,059	-
30 June 2012	<u>15,767</u>	<u>(177,977)</u>	<u>19,630</u>	<u>(183,842)</u>

18 Reconciliation of operating loss to operating cash flows

	2012	2011
	£'000	£'000
Operating loss after depreciation, amortisation and impairment	(22,162)	(8,279)
Depreciation charges	2,723	2,565
Amortisation of players registrations	17,690	10,883
Impairment of players registrations	2,942	-
Decrease / (increase) in stocks	133	(97)
(Increase) / decrease in debtors	(740)	1,141
Increase / decrease in creditors	683	3,129
Unrealised exchange gain on transfer creditors	(699)	-
Increase in deferred income	318	(5,750)
Net cash inflow from operating activities	<u>888</u>	<u>3,592</u>



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

For the year ended 30 June 2012

19 Analysis of cash flows for headings netted in the cash flow statement

	2012 £'000	2011 £'000
Returns on investment and servicing of finance		
Interest received	3	3
Interest paid	(311)	(580)
Interest element of finance lease rental payments	(3)	(19)
Net cash outflow from returns on investment and servicing of finance	<u>(311)</u>	<u>(596)</u>
Net cash (outflow)/inflow from purchase and disposal of tangible and intangible fixed assets		
Purchase of players' registrations	(19,595)	(15,899)
Sale of players' registrations	8,204	11,626
Sale of tangible fixed assets	-	16
Purchase of tangible fixed assets	(3,948)	(1,438)
Net cash outflow for capital expenditure	<u>(15,339)</u>	<u>(5,695)</u>
Financing		
Debt due within one year		
- finance lease repayments	(36)	15
- non-bank loans repayments	-	(12,871)
- other creditors (secured)	(2,548)	(2,632)
- advance from group companies	12,380	-
- advance from/(repayment) to related parties	12	(12)
	<u>9,808</u>	<u>(15,500)</u>
Debt due after one year		
- advance from former parent company	-	13,000
- finance lease repayments	(12)	-
Net cash inflow from financing	<u>9,796</u>	<u>(2,500)</u>



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

20 Analysis of changes in net (debt) / funds

	2011 £'000	Cash flows £'000	Non-cash changes £'000	2012 £'000
Cash at bank and in hand	9,283	(4,966)		4,317
Debt due within a year	(2,548)	(9,832)	12,380	-
Debt due after one year	(199,618)	-	199,618	-
Finance leases	(64)	36	-	(28)
	<u>(192,947)</u>	<u>(14,762)</u>	<u>211,998</u>	<u>4,289</u>

Non-cash changes relate to the cancellation of intragroup debt in consideration for the issue of new shares. Further details are provided in Note 15.

21 Financial commitments

a) Operating leases

At 30 June 2012, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Operating leases which expire				
Within one year	81	2	14	4
In the second to fifth years inclusive	31	49	-	4
	<u>112</u>	<u>51</u>	<u>14</u>	<u>8</u>

b) Other commitments

The estimated commitment for additional transfer fees payable in respect of future possible appearances amounts to £1,629,000 (2011: £725,000). These amounts have not been included in the financial statements.

c) Future receipts

In the course of normal business the group enters into contracts that include clauses contingent upon future events. The Directors have assessed such contracts and the Group can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £1,702,907 (2011: £97,000). These amounts have not been included in the financial statements.



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

For the year ended 30 June 2012

21 Financial commitments (continued)

d) Capital commitments

Amounts contracted for but not provided for in the accounts amounted to £628,600 (2011 £530,000)

22 Related party transactions

At the balance sheet date there were arm's length agreements between the group and various related companies to provide management, security and maintenance services. These companies were under the control of the company's ultimate controlling party. The value of these transactions during the period was

	2012	2012	2011	2011
	Purchases	Sales	Purchases	Sales
	£'000	£'000	£'000	£'000
Liberty Publishing and Media Ltd	24	-	24	-
Hyde Park Residence Ltd	32	-	-	-
Total	56	-	24	-

Balances with related parties as at 30 June 2012 are as follows

	2012	2012	2011	2011
	Due To	Due From	Due To	Due From
	£'000	£'000	£'000	£'000
Hyde Park Residence Ltd	1	-	-	-
Fulham Football Club Foundation	21	-	-	-
Total	22	-	-	-

During the year, the group donated £85,000 (2011 £85,000) to the Fulham Football Club Foundation

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



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2012

23 Pension scheme

Payments are made into a number of defined contribution schemes. Total contributions paid during the year amounted to £345,358 (2011: £239,405).

24 Post balance sheet events

Since the year-end the Company has acquired and disposed of a number of player registrations. The net proceeds from these transactions is £14.0m.

25 Ultimate parent company and controlling party

The Company's immediate parent undertaking is AIT Leisure Enterprises Limited, a company incorporated in Bermuda.

The ultimate parent company is Mafco Holdings Limited, a company incorporated in Bermuda. All interests in the company continue to be held for the benefit of the Fayed family.

