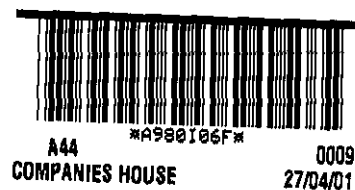


Fulham Football Club (1987) Limited

Annual Report 30 June 2000

Registered number: 2114486



I N D E X

	PAGE
1. OFFICES AND ADVISORS	2
2. DIRECTORS' REPORT	3
3. AUDITORS' REPORT	7
4. PROFIT & LOSS ACCOUNT	8
5. BALANCE SHEET	9
6. NOTES TO FINANCIAL STATEMENTS	10

Offices and Advisors

For the year ended 30 June 2000

Registered Office:

Craven Cottage
Stevenage Road
London
SW6 6HH

Auditors:

PKF
New Garden House
78 Hatton Garden
London
EC1N 8JA

Bankers:

HSBC plc
Poultry & Princes
27-32 Poultry
London
EC2P 2BX

Solicitors:

Townleys Solicitors
Dalby House
396-398 City Road
London
EC1V 2QA

Directors' report

For the year ended 30 June 2000

Financial statements

The directors present their report and financial statements for the year ended 30 June 2000.

Business review

The company continued its long-term development of the business and the expansion of activities both on and off the field. The 1999/2000 season was the first in Division One of the Football League for many years after the previous seasons promotion and resulted in a season of consolidation, finishing 9th in the league being 9 points away from a playoff place.

In order to achieve the next stage of the company's plans the directors decided to appoint a new manager and Mr Jean Tigana was appointed on the 1st July 2000. Further investment was made to acquire new players and as a result Fulham Football Club is currently top of the 1st Division and confident of securing promotion to the Premier League at the end of the season 2000/2001.

Commercial activities continue to grow with the on field success of the football club as does the commitment to establishing a long term youth policy via the Football Academy and continued support of the Football in The Community Scheme. The number of full time staff increased from 70 to 97 during the year and is set to increase further with the move towards Premier League Football and the need for a Premier League infrastructure.

Our fellow subsidiary company, Fulham Stadium Limited has successfully gained approval from the local council for its plans to build a 30,000 all seater stadium on the existing Craven Cottage site. This is vital to secure the long-term financial viability of the Football Club and provide enhanced facilities for players, staff and our supporters.

Post Balance Sheet events

With regard to Players Registrations the following material acquisitions and disposals have taken place since the 30th June 2000.

G Horsfield was sold to Birmingham City FC for £2m (rising to £2.25m on appearances) on the 10th July 2000.

J Collins was acquired from Everton FC on the 14th July 2000 for £1.9m. (rising to £2m if Fulham gain promotion to the Premier League).

A Stolcers was acquired from SC Shakhtar Donetsk on the 5th December 2000 for £2.3m.

A Goma was acquired from Newcastle Utd on the 16th March 2001 for £3m (rising to £4m on a specific bonus arrangement).

Directors' report (continued)

For the year ended 30 June 2000

The environment

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

Policy on payment of creditors

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

The company takes an average 41 days to pay its creditors (1999: 36 days).

Policy on disabled persons

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

Policy on employee involvement

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

Directors' report (continued)

For the year ended 30 June 2000

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enables them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

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

Results and dividends

The company made a loss after tax of £12,607,038, which has been transferred to reserves. The directors are unable to recommend the payment of a dividend (1999: £Nil).

Future developments

The directors continue to actively plan for the future development of the club. Approval to develop a 30,000 all seater stadium on the existing site has been successful and improvements continue to be made to the Training Ground facilities at Motspur Park.

Directors' report (continued)

For the year ended 30 June 2000

Directors

The directors who served during the year were as follows:

M Al Fayed	(Chairman)
WF Muddyman	(Vice Chairman)
AM Muddyman	
SH Benson	
JM Griffiths	
B T Delaney	
NJ Rodford	Resigned 05/02/2000
M J Fiddy	Appointed 24/02/2000
C L Hoos	Appointed 28/10/1999

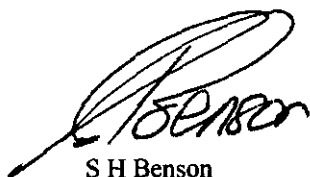
Mr A J Ambler and Mrs J M Slot were appointed to the board of directors on the 10/08/2000.

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

Auditors

Pannell Kerr Forster changed its name to PKF on 1 November 2000 and will sign its audit report in its new name. In accordance with Section 385 of the Companies Act 1985, a resolution concerning the reappointment of auditors of the company will be put to the Annual General Meeting.

By order of the Board



S H Benson

Secretary

16 April 2001

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

For the year ended 30 June 2000

We have audited the financial statements on pages 8 to 19 which have been prepared under the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continuing support that has been indicated by a fellow group company and the consequent adoption of the going concern basis for the preparation of the accounts.

In view of the significance of this matter we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2000 and the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

23 April 2001

PKF

PKF

Registered Auditors

Profit and loss account

For the year ended 30 June 2000

	Notes	2000	1999
		£	£
Turnover	3	7,560,119	6,372,017
Other operating income		-	500,000
		7,560,119	6,872,017
External charges		(5,511,858)	(5,454,255)
Staff costs	4	(10,917,166)	(7,569,299)
Depreciation		(236,493)	(150,904)
Amortisation of player registrations & associated items	5	<u>(3,789,758)</u>	<u>(2,828,021)</u>
Operating loss	6	(12,895,156)	(9,130,462)
Profit on disposal of player registrations		325,548	265,111
Net interest (payable)/receivable	7	<u>(37,430)</u>	<u>24,370</u>
Loss on ordinary activities before taxation		(12,607,038)	(8,840,981)
Tax on loss on ordinary activities	8	-	-
Loss for the year transferred to reserves	16	<u>(12,607,038)</u>	<u>(8,840,981)</u>

Statement of total recognised gains and losses

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

Continuing operations

All of the above results derive from continuing activities.

The notes on pages 10 to 19 form a part of these financial statements.


Balance Sheet

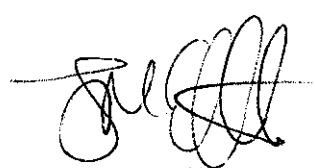
As at 30 June 2000

	Notes	2000	1999
		£	£
Fixed assets			
Tangible assets	9	942,990	782,712
Intangible assets	10	<u>10,319,073</u>	<u>6,538,528</u>
		11,262,063	7,321,240
Current assets			
Stocks		217,419	112,553
Debtors	11	543,766	632,016
Cash at bank and in hand		<u>1,192,553</u>	<u>682,523</u>
		1,953,738	1,427,092
Creditors: amounts falling due within one year	12	<u>(9,013,215)</u>	<u>(3,555,128)</u>
Net current liabilities		<u>(7,059,477)</u>	<u>(2,128,036)</u>
Total assets less current liabilities		4,202,586	5,193,204
Creditors: amounts falling due after more than one year	13	(33,682,597)	(22,201,152)
Deferred income	14	<u>(1,454,132)</u>	<u>(1,319,157)</u>
Net Liabilities		<u>(30,934,143)</u>	<u>(18,327,105)</u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account	16	<u>(30,934,145)</u>	<u>(18,327,107)</u>
Shareholders' funds	17	<u>(30,934,143)</u>	<u>(18,327,105)</u>

The notes on pages 10 to 19 form part of these financial statements.

The financial statements on pages 8 to 19 were approved by the Board on 16th April 2001


W F Muddyman
Director


J M Griffiths
Director

Notes to the financial statements

For the year ended 30 June 2000

1 Basis of preparation of financial statements

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year are set out below.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operating existence for the foreseeable future. In concluding that it was appropriate to adopt the going concern basis in preparing these financial statements the directors have had regard to the indications received from Fulham Leisure Holdings (BVI) Limited that continued funding will be made available to finance the company's working capital requirements for the foreseeable future. Although there is no legal obligation for Fulham Leisure Holdings (BVI) Limited to provide this continued support, the directors are confident that such funding will be forthcoming.

2 Accounting policies

a) Accounting convention

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

b) Turnover

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

c) Grants

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

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

d) Signing on fees

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

Notes to the financial statements (continued)

For the year ended 30 June 2000

2 Accounting policies *continued*

e) Transfer fees

Fees payable to other football clubs on the transfer of players' registrations 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.

Transfer fees which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is reasonably certain 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.

Transfer fees are amortised over the life of the players' contract with the club.

f) Tangible fixed assets and depreciation

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

Ground equipment and furniture	- 10% - 25% per annum
Motor vehicles	- 25% per annum
Computer equipment	- 25% per annum
Leasehold improvements	- 15 years

g) Leases and hire purchase contracts

Assets acquired under hire or lease purchase agreements are capitalised in the balance sheet as tangible fixed assets and are depreciated in accordance with their classification. The related finance charges are charged to the profit and loss account evenly over the term of the relevant agreement.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

h) Stocks

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

i) Pensions

The pension cost charged in the year represents contributions payable by the company to various pension schemes.

Notes to the financial statements (continued)

For the year ended 30 June 2000

j) *Deferred taxation*

Deferred taxation, calculated on the liability basis, is provided on timing differences to the extent that a liability for the payment of such taxation is expected to arise in the foreseeable future.

3 Turnover

	2000	1999
	£	£
Match receipts	3,270,138	2,925,355
Football League and Football Association distribution	981,619	561,620
Revenue from commercial activities	<u>3,308,362</u>	<u>2,885,042</u>
	<u>7,560,119</u>	<u>6,372,017</u>

Included within turnover is a grant of £69,000 (1999: £69,000) received from Sport England in respect of the Football Academy.

4 Staff numbers and costs

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

	2000	1999
	£	£
Wages and salaries	9,888,541	6,795,611
Social security costs	949,460	586,592
Pension costs	<u>79,165</u>	<u>187,096</u>
	<u>10,917,166</u>	<u>7,569,299</u>

The average monthly number of employees during the year was 310 (1999: 236) made up as follows:

	Number	Number
Administrative and ground staff	97	70
Players	<u>38</u>	<u>33</u>
	135	103
Part-time staff	<u>175</u>	<u>133</u>
	<u>310</u>	<u>236</u>

Aggregate directors emoluments during the year totalled £230,797 (1999: £110,294). The highest paid directors' emoluments totalled £157,139, including pension contributions of £4,997. Contributions were made to a related company's pension scheme in respect of 3 directors.

Notes to the financial statement (continued)

For the year ended 30 June 2000

5 Amortisation of player registrations and associated items

	2000	1999
	£	£
Amortisation of player registrations	3,463,375	2,725,345
Net transfer levies payable	<u>326,383</u>	<u>102,676</u>
	<u>3,789,758</u>	<u>2,828,021</u>

6 Operating loss

Is stated after charging/(crediting):

	2000	1999
	£	£
Amounts paid under operating leases:		
- Land and Buildings	80,000	51,356
- Other	106,285	47,192
Auditors' remuneration for audit services	10,200	9,750
Auditors' remuneration for non-audit services	3,730	2,950
Depreciation		
- Owned fixed assets	236,169	149,751
- Assets under finance leases	324	1,153
- Amortisation of player registrations	3,463,375	2,725,345
- Amortisation of grant	<u>(2,608)</u>	<u>(3,120)</u>

7 Net interest (payable)/receivable

	2000	1999
	£	£
Interest receivable on deposits:		
Bank interest	15,545	26,829
Other interest	<u>-</u>	<u>2,800</u>
	15,545	29,629
Interest payable on borrowings repayable within five years:		
Hire and lease purchase loans	(639)	(678)
Amounts payable to related parties	<u>(52,336)</u>	<u>(4,581)</u>
	<u>(52,975)</u>	<u>(5,259)</u>
Net interest (payable)/receivable	<u>(37,430)</u>	<u>24,370</u>

Notes to the financial statements (continued)

For the year ended 30 June 2000

8 Taxation

No tax arises on the results for the year (1999: Nil). The company has taxable losses available for offset against future taxable profits.

9 Tangible fixed assets

	Leasehold Improvements £	Motor vehicles £	Equipment £	Total £
Cost				
1 July 1999	302,987	18,100	788,743	1,109,830
Additions	32,065	-	359,483	391,548
Disposals	-	(18,100)	(9,735)	(27,835)
30 June 2000	<u>335,052</u>	<u>-</u>	<u>1,138,491</u>	<u>1,473,543</u>
Depreciation				
1 July 1999	22,934	15,813	288,371	327,118
Disposals	-	(16,829)	(16,229)	(33,058)
Charge for the year	<u>23,666</u>	<u>1,016</u>	<u>211,811</u>	<u>236,493</u>
30 June 2000	<u>46,600</u>	<u>-</u>	<u>483,953</u>	<u>530,553</u>
Net book amount+				
30 June 2000	<u>288,452</u>	<u>-</u>	<u>654,538</u>	<u>942,990</u>
30 June 1999	<u>280,053</u>	<u>2,287</u>	<u>500,372</u>	<u>782,712</u>

The net book amount of fixed assets includes an amount of £14,244 (1999:£8,364) in respect of assets held under hire and lease purchase contracts.

Notes to the financial statements (continued)

For the year ended 30 June 2000

10 Intangible fixed assets

Player registrations

Cost	£
1 July 1999	10,473,671
Additions	7,380,185
Disposals	<u>(461,671)</u>
30 June 2000	<u>17,392,185</u>
Amortisation	
1 July 1999	3,935,143
Disposals	(325,406)
Charge for the year	<u>3,463,375</u>
30 June 2000	<u>7,073,112</u>
Net Book Amount	
30 June 2000	<u>10,319,073</u>
30 June 1999	<u>6,538,528</u>

11 Debtors	2000	1999
	£	£
Trade debtors	387,605	500,819
Amounts due from group undertakings	10,230	-
Amounts due from related parties	9,285	-
Other debtors	4,953	26,074
Prepayments and accrued income	<u>131,693</u>	<u>105,123</u>
	<u>543,766</u>	<u>632,016</u>

12 Creditors: amounts falling due within one year

	2000	1999
	£	£
Amounts due to Fulham Stadium Limited	-	1,000,000
Amounts due to related parties	4,185,695	-
Hire and lease purchase obligations (note 18)	7,170	2,226
Trade creditors	3,523,043	1,426,530
Other taxes and social security	521,958	405,822
Accruals	<u>775,349</u>	<u>720,550</u>
	<u>9,013,215</u>	<u>3,555,128</u>

The amount due to related parties attracts interest at a commercial rate of 7.25% pa.

Notes to the financial statements (continued)

For the year ended 30 June 2000

13 Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Amounts due to Fulham Football Leisure Limited	33,678,750	22,200,000
Hire and lease purchase obligations (note 18)	<u>3,847</u>	<u>1,152</u>
	<u>33,682,597</u>	<u>22,201,152</u>

14 Deferred income

	2000	1999
	£	£
Season ticket sales in advance	1,019,805	883,586
Commercial income and sponsorship	434,327	432,963
Football Trust Grant	<u>-</u>	<u>2,608</u>
	<u>1,454,132</u>	<u>1,319,157</u>

15 Share capital

	2000	1999
	Number	Number
Authorised	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid	£	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

16 Profit and loss account

	2000
	£
1 July 1999	(18,327,107)
Loss for the year	<u>(12,607,038)</u>
30 June 2000	<u>(30,934,145)</u>

Notes to the financial statements (continued)

For the year ended 30 June 2000

17 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Opening shareholders' funds	(18,327,105)	(9,486,124)
Loss for the financial year	<u>(12,607,038)</u>	<u>(8,840,981)</u>
Closing shareholders' funds	<u>(30,934,143)</u>	<u>(18,327,105)</u>

18 Hire and lease purchase obligations

	2000	1999
	£	£
Amounts payable		
Within one year	7,170	2,226
Two to five years	<u>3,847</u>	<u>1,152</u>
	<u>11,017</u>	<u>3,378</u>

19 Financial commitments

a) Operating leases

At 30 June 2000, the company had an annual commitment of £500,000 (1999: £500,000) in respect of its 25 year lease at Craven Cottage. In addition there is an annual commitment of £80,000 (1999: £80,000) in respect of the 30 year lease of Motspur Park training ground, and also a commitment of £25,000 (1999: £25,000) in respect of the shop premises at 959-961 Fulham Palace Road.

There were other annual commitments under non-cancellable operating leases of £94,076 (1999: Nil) expiring within one year, and £163,063 (1999: £17,508) expiring within 2-5 years.

b) Other commitments

Signing on fees of £1,756,159 (1999: £1,724,000) are payable to players under existing contracts of employment.

The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £875,000 (1999: £303,250)

Notes to the financial statements (continued)

For the year ended 30 June 2000

20 Pension scheme

Certain staff are members of the Football League Limited Players Retirement Income Scheme, a defined contribution scheme. As the company is one of a number of participating employers, it is not possible to allocate any actuarial surplus or deficit and consequently contributions are expensed in the profit and loss account as they become payable. The assets of the scheme are held separately from those of the company being invested with insurance companies.

Contributions are also paid into individuals private pension schemes, and company schemes of related companies. The company operates a group personal pension scheme for all members of staff.

Total contributions charged during the period amounted to £ 79,165.

21 Related party information

At the balance sheet date there were arm's length agreements between the company and various related companies to provide management, security and maintenance services. These companies have directors in common with the company. The value of these transactions during the year to 30 June 2000 is as follows:

	2000	2000	1999	1999
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Air Harrods Ltd	£3,160	-	-	-
Harrods Estates Ltd	£26,000	-	£47,109	-
Harrods (UK) Ltd	£21,156	-	£391,127	-
Harrods Ltd	£256,782	£24	£111,909	£8,628
Metro Business Aviation Ltd	£49,637	£902	£38,629	£2,134
Liberty Publishing Ltd	£660	-	£70,469	-
Punch Ltd	-	-	£171	-
F.L.Property Management Ltd	£80,000	£1,492	£79,235	£119
Liberty Radio	£778	£964	£500	£5,825
Hyde Park Residence	-	£1,021	-	-
Ruxley Holdings Ltd	-	£4,177	£886	-
Total	£438,173	£8,580	£740,035	£16,706

As at 30th June 2000 a total of £3,905,756 (nil:1999) was owed to Harrods Ltd, £272,351 (nil:1999) was owed to Harrods UK Ltd and £7,588(nil:1999) was owed to Harrods Estates Ltd. These amounts were fully repaid on the 11th January 2001. In addition an amount of £1,754 was due from F L Property Management Ltd (nil: 1999).

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

Notes to the financial statements (continued)

For the year ended 30 June 2000

22 Parent Undertaking

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

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