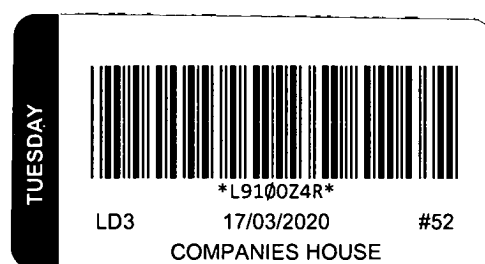


# **Fulham Football Club Limited**

## **Annual Report and Financial Statements**

**30 June 2019**



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# **Fulham Football Club Limited Offices and Advisors**

For the year ended 30 June 2019

## **Registered Office:**

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

## **Auditor:**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## **Banker:**

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 2019

### Review of the business

During the 2018/19 financial year the Club participated in the Premier League ending with relegation back to the Football League Championship.

Financially, the company recorded a loss for the year of £20.4m (2018: £46.0m). During the year revenue increased to £137.7m compared to £38.3m in 2017/18 due to the Club competing in the Premier League. There was then an increase in amortisation on player registrations of £23.8m as a result of significant investment during the summer of 2018 to prepare the squad for the Premier League.

During the year, the company, in conjunction with Fulham Stadium Limited, continued to redevelop the Riverside Stand which will create a unique Thameside destination with first class facilities for supporters and partners on match day as well as for the wider community year round. Planning permission was received in late 2018. The planned works commenced following the final game of the 2018/19 season in May 2019, and will last until the beginning of the 2021/22 season.

The Club's parent company, Fulham Football Leisure Limited, continued to develop plans for the BBC sports ground purchased in May 2017. Plans are being drawn up to develop this into a second elite training facility to benefit the Club and Academy for many years to come.

During the year to 30 June 2019, the Company saw the following changes in the key indicators of financial and non-financial performance:

<u>Indicator</u>	<u>2019</u>	<u>Year to 30 June</u>		<u>%</u>
		<u>2018</u>	<u>+/- change</u>	
Turnover (£m)	137.7	38.3	99.4	259.5
Total staff costs (£m)	92.6	54.3	38.3	70.5
Staff costs as % of revenues	67.2%	141.8%	(74.6%)	(52.6)
Net operating profit/(loss) before depreciation, amortisation & impairment (£m)	21.6	(34.6)	56.2	162.4
Final position in Premier League / Championship	19 <sup>th</sup>	3 <sup>rd</sup>	-	-
Total Premier League / Championship attendances	463,051	457,933	5,118	1.1
Average Premier League / Championship attendance per game	24,371	19,910	4,461	22.4

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.

### Principal risks and uncertainties

The principal risk affecting the Group 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.



# **Fulham Football Club Limited**

## **Strategic Report (continued)**

For the year ended 30 June 2019

### **Principal risks and uncertainties (continued)**

To mitigate this risk, the Directors have taken steps to control the Group's cost base. However, in the current year, due to promotion and attempts to stay in the Premier League, the player payroll increased. The total staff costs as a percentage of turnover has significantly reduced. The Directors continue to monitor financial and footballing performance so that adjustments can be made as necessary.

The Directors are also mindful of profit and sustainability rules 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 maximising 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 income from these transactions is £14.2m (2018: net expenditure £118.1m).



By order of the Board

A J Mackintosh

Chief Executive

21 February 2020



# **Fulham Football Club Limited**

## **Directors' Report**

For the year ended 30 June 2019

The Directors present their report and the accounts for the year ended 30 June 2019.

### **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 which are offset against 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 from page 13 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

A R Khan

D Daly

S E O'Loughlin (resigned 25 August 2018)

### **Charitable donations**

During the year, the Company donated £78,960 (2018: £72,500) to the Fulham Football Club Foundation.

### **Political donations**

The Company made no political donations and did not incur any political expenditure during the year (2018: £Nil).

### **Going concern**

Notwithstanding the net current liabilities of £20,352,000 as at 30 June 2019 and a loss for the year of £20,436,000 the financial statements have been prepared on the going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate owner and parent company, Mr Shahid Khan and Fulham Football Leisure Limited, to meet its liabilities as they fall due.

Those forecasts are dependent on Mr Shahid Khan and Fulham Football Leisure Limited providing additional financial support during that period. Mr Shahid Khan and Fulham Football Leisure Limited have indicated their intention to continue to make available such funds as they are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.



# **Fulham Football Club Limited**

## **Directors' Report (continued)**

For the year ended 30 June 2019

### **Going concern (continued)**

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

### **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.

### **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 (2018: £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

21 February 2020



# **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 2019

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), 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

## Opinion

We have audited the financial statements of Fulham Football Club Limited ("the company") for the year ended 30<sup>th</sup> June 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30<sup>th</sup> June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of intangible assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



# **Independent Auditor's Report to the Members of Fulham Football Club Limited (continued)**

## **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.

*Frederic Caharel*

**Frederic Caharel (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
25 February 2020



# Fulham Football Club Limited

## Profit and Loss Account and Other Comprehensive Income

For the year ended 30 June 2019

		<u>2019</u>	<u>2018</u>
	Notes	£'000	£'000
<b>Turnover</b>	<b>2</b>	<b>137,748</b>	38,267
Operating expenses before depreciation, amortisation & impairment	3	<b>(116,187)</b>	(72,913)
<b>Operating profit /(loss) before depreciation, amortisation &amp; impairment</b>		<b>21,561</b>	(34,646)
Depreciation and amortisation	3	<b>(43,296)</b>	(19,539)
Impairment	4	<b>(1,254)</b>	(5,812)
<b>Operating loss after depreciation, amortisation and impairment</b>		<b>(22,989)</b>	(59,997)
Profit on disposal of players' registrations		<b>2,548</b>	13,977
(Loss)/profit on disposal of other assets		<b>(7)</b>	10
<b>Loss before interest and taxation</b>		<b>(20,448)</b>	(46,010)
Net interest receivable	7	<b>12</b>	2
<b>Loss before taxation</b>		<b>(20,436)</b>	(46,008)
Taxation on loss	8	<b>-</b>	-
<b>Loss for the year</b>		<b>(20,436)</b>	(46,008)
 <b>Total comprehensive loss for the year</b>		 <b>(20,436)</b>	 (46,008)

All amounts relate to continuing operations.

The notes on pages 13 to 27 form part of these financial statements.



# Fulham Football Club Limited

## Balance Sheet

Company number: 2114486

As at 30 June 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	9	93,850	18,881
Tangible assets	10	<u>1,694</u>	<u>1,221</u>
		95,544	20,102
<b>Current assets</b>			
Stocks		893	284
Debtors	11	10,774	15,876
Cash at bank and in hand		<u>17,478</u>	<u>8,651</u>
		29,145	24,811
<b>Creditors: amounts falling due within one year</b>	12	<u>(49,497)</u>	<u>(35,827)</u>
<b>Net current liabilities</b>		<u>(20,352)</u>	<u>(11,016)</u>
<b>Total assets less current liabilities</b>		75,192	9,086
<b>Creditors: amounts falling due after more than one year</b>	12	(44,862)	(2)
Deferred income	13	<u>(4,303)</u>	<u>(5,834)</u>
<b>Net assets</b>		<u>26,027</u>	<u>3,250</u>
<b>Capital and reserves</b>			
Called up share capital	14	379,423	336,210
Profit and loss account		<u>(353,396)</u>	<u>(332,960)</u>
<b>Shareholders' funds</b>		<u>26,027</u>	<u>3,250</u>

The notes on pages 13 to 27 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 February 2020 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 2019

	Called up share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
<b>Balance at 1 July 2017</b>	<u>237,295</u>	<u>(286,952)</u>	<u>(49,657)</u>
<b>Total comprehensive income for the period</b>			
Loss for the year	-	(46,008)	(46,008)
	<u>-</u>	<u>(46,008)</u>	<u>(46,008)</u>
<b>Transactions with owners</b>			
Share issue	98,915	-	98,915
	<u>98,915</u>	<u>-</u>	<u>98,915</u>
<b>Balance at 30 June 2018</b>	<u>336,210</u>	<u>(332,960)</u>	<u>3,250</u>

	Called up share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
<b>Balance at 1 July 2018</b>	<u>336,210</u>	<u>(332,960)</u>	<u>3,250</u>
<b>Total comprehensive income for the period</b>			
Loss for the year	-	(20,436)	(20,436)
	<u>-</u>	<u>(20,436)</u>	<u>(20,436)</u>
<b>Transactions with owners</b>			
Share issue	43,213	-	43,213
	<u>43,213</u>	<u>-</u>	<u>43,213</u>
<b>Balance at 30 June 2019</b>	<u>379,423</u>	<u>(353,396)</u>	<u>26,027</u>

The notes on pages 13 to 27 form part of these financial statements.



# **Fulham Football Club Limited**

## **Accompanying Notes to the Financial Statements**

For the year ended 30 June 2019

### **1 Accounting policies**

Fulham Football Club Limited (the "Company") is a company limited by shares and incorporated and domiciled in England, 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 amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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 21.

#### **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.
- 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.



# **Fulham Football Club Limited**

## **Accompanying Notes to the Financial Statements (continued)**

For the year ended 30 June 2019

### **1.2 Going concern**

Notwithstanding the net current liabilities of £20,352,000 as at 30 June 2019 and a loss for the year of £20,436,000 the financial statements have been prepared on the going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate owner and parent company, Mr Shahid Khan and Fulham Football Leisure Limited, to meet its liabilities as they fall due.

Those forecasts are dependent on Mr Shahid Khan and Fulham Football Leisure Limited providing additional financial support during that period. Mr Shahid Khan and Fulham Football Leisure Limited have indicated their intention to continue to make available such funds as they are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

### **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.

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.



# **Fulham Football Club Limited**

## **Accompanying Notes to the Financial Statements (continued)**

For the year ended 30 June 2019

### **1.5 Financial instruments (continued)**

#### **1.5.1 Trade and other debtors / creditors (continued)**

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.

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.





For the year ended 30 June 2019

**1.7 Intangible assets (continued)**

**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 related 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.

**1.7.3 Impairment of Intangibles**

These intangible assets are reviewed for impairment, and subsequently impaired where necessary, when the carrying amount exceeds the amount recoverable through use or sale. This is based on the Directors' valuation of the intangible assets along with market data where appropriate.

**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.



# **Fulham Football Club Limited**

## **Accompanying Notes to the Financial Statements (continued)**

For the year ended 30 June 2019

### **1.9 Impairment excluding stocks and deferred tax assets (continued)**

#### **1.9.1 Non-financial assets (continued)**

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.

### **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. Compensation revenue is comprised of sums from collaboration agreements with other clubs. This is recognised as revenue over the period of the agreement. 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.

### **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.



For the year ended 30 June 2019

**1.13 Expenses (continued)**

**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.

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 2019

### 2 Turnover

	2019 £'000	2018 £'000
Gate Receipts	10,681	6,975
Central Awards	93,369	20,578
Broadcasting	15,614	1,072
Compensation	356	1,168
Sponsorship and other Commercial Activities	17,728	8,474
	<u>137,748</u>	<u>38,267</u>

All income is derived from operations within the UK.

### 3 Loss before taxation

The loss before taxation is stated after charging the following:

	2019 £'000	2018 £'000
Auditors' remuneration for audit services	25	22
Auditor's remuneration for audit related assurance services	5	4
Staff costs	92,591	54,334
Amounts paid under operating leases		
- Plant and machinery	143	46
- Land and buildings	2,259	2,210
	<u>2,402</u>	<u>2,256</u>
Profit on disposal of players' registrations	2,548	13,977
Depreciation		
- Owned fixed assets	485	509
- Assets under finance leases	3	3
Amortisation of player registrations	42,808	19,027
	<u>43,296</u>	<u>19,539</u>

### 4 Impairment

	2019 £'000	2018 £'000
Impairment loss	<u>1,254</u>	<u>5,812</u>

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 2019

### 5 Staff costs

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

	2019	2018
	£'000	£'000
Wages and salaries	81,031	48,039
Social security costs	11,270	6,052
Payments to defined contribution pension schemes	290	243
	<u>92,591</u>	<u>54,334</u>

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

	2019	2018
	Number	Number
Administrative and ground staff	200	181
Players	66	63
	<u>266</u>	<u>244</u>
Part-time staff for match days	<u>273</u>	<u>323</u>

### 6 Directors' remuneration

Aggregate Directors' remuneration during the year totalled £1,039,000 (2018: £973,000) excluding defined contribution pension contributions of £1,000 (2018: £6,500). The highest paid Director's emoluments totalled £948,000 (2018: £811,000). Retirement benefits are accruing to no Directors (2018: 1) under defined contribution schemes. No charge has been recognised for the services of Mr S R Khan, Mr M Lamping and Mr A R Khan as this is immaterial.

### 7 Net interest receivable / (payable)

	2019	2018
	£'000	£'000
<b>Interest receivable:</b>		
Bank interest	15	2
	<u>15</u>	<u>2</u>
<b>Interest payable on borrowings repayable within five years:</b>		
Other interest payable	3	-
	<u>3</u>	<u>-</u>
<b>Net interest receivable</b>	<u>12</u>	<u>2</u>



# Fulham Football Club Limited

## Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2019

### 8 Tax on loss on ordinary activities

	2019 £'000	2018 £'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	(20,436)	(46,008)
(Loss) on ordinary activities at standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(3,883)	(8,742)
Effects of:		
Fixed asset differences	17	63
Expenses not deductible for tax purposes	76	23
Group Relief surrendered	387	407
Deferred tax not recognised	3,403	8,249
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 £53,930,000 (2018: £50,527,000), as analysed overleaf. This asset has not been recognised as there is uncertainty over the company's ability to generate taxable profits against which it would be utilised.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% effective from 1 April 2017 and 17% effective from 1 April 2020 were enacted on 26 October 2015 and 6 September 2016 respectively. The unrecognised deferred tax asset of £53,930,000 has been calculated based on these rates.



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

For the year ended 30 June 2019

**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:

	2019 £'000	2018 £'000
Depreciation in excess of capital allowances	1,345	1,228
Short term timing differences	575	219
Tax losses carried forward	52,010	49,080
	<b>53,930</b>	<b>50,527</b>

**9 Intangible fixed assets**

**Player registrations  
£'000**

**Cost**

01 July 2018	52,248
Additions	120,108
Disposals	(10,429)
<b>30 June 2019</b>	<b>161,927</b>

**Amortisation and impairment**

01 July 2018	33,367
Charge for the year	42,808
Impairment loss	1,254
Disposals	(9,352)
<b>30 June 2019</b>	<b>68,077</b>

**Net book amount**

<b>30 June 2019</b>	<b>93,850</b>
01 July 2018	18,881



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

For the year ended 30 June 2019

**10 Tangible fixed assets**

	Leasehold improvements £'000	Fixtures, fittings, plant & equipment £'000	Total £'000
<b>Cost</b>			
01 July 2018	153	8,718	8,871
Additions	-	972	972
Disposals	(9)	(2,402)	(2,411)
<b>30 June 2019</b>	<b>144</b>	<b>7,288</b>	<b>7,432</b>
<b>Depreciation</b>			
01 July 2018	153	7,497	7,650
Charge for the year	-	488	488
Disposals	(9)	(2,391)	(2,400)
<b>30 June 2019</b>	<b>144</b>	<b>5,594</b>	<b>5,738</b>
<b>Net book amount</b>			
<b>30 June 2019</b>	<b>-</b>	<b>1,694</b>	<b>1,694</b>
01 July 2018	-	1,221	1,221

The net book value of fixed assets above includes an amount of £2,000 (2018: £5,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets was £3,000 (2018: £3,000).

**11 Debtors**

	2019 £'000	2018 £'000
Trade debtors	653	686
Player transfer debtors	6,456	12,447
Other debtors	757	193
Amounts due from related parties	527	47
Amounts due from immediate parent company	27	291
Prepayments and accrued income	2,354	2,212
	<b>10,774</b>	<b>15,876</b>





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

For the year ended 30 June 2019

**12 Creditors**

	2019	2018
	£'000	£'000
<b>Due within one year:</b>		
Hire and lease purchase obligations	4	4
Trade creditors	1,709	461
Player transfer creditors	35,497	18,842
Amounts due to related parties	328	192
Other taxes and social security	8,361	1,782
Accruals	3,569	14,490
Other creditors	29	56
	<u>49,497</u>	<u>35,827</u>
<b>Due after more than one year:</b>		
Player transfer creditors	44,862	-
Hire and lease purchase obligations	-	2
	<u>44,862</u>	<u>2</u>

**13 Deferred income**

	2019	2018
	£'000	£'000
Season ticket sales in advance	3,234	4,365
Compensation	-	216
Commercial income and sponsorship	1,069	1,253
	<u>4,303</u>	<u>5,834</u>

**14 Share capital**

	2019	2018
	'000	'000
Ordinary shares of £1 each		
Allotted, called up and fully paid		
1 July	336,210	237,295
Issued in the period	43,213	98,915
30 June	<u>379,423</u>	<u>336,210</u>



# Fulham Football Club Limited

## Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2019

### 14 Share capital (continued)

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.

On 28<sup>th</sup> June 2019 the company issued 43,213,000 new ordinary shares to its immediate parent company, Fulham Football Leisure Limited. There was no change in the control of the company as a result of this transaction.

In consideration for these share issues, the debt owing by the company to Fulham Football Leisure Limited was offset. This is reflected within creditors due within one year, see note 12.

### 15 Operating leases

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

	2019 £'000	2018 £'000
Less than one year	2,363	2,396
Between one and five years	851	1,104
More than five years	-	-
	<u>3,214</u>	<u>3,500</u>

During the year £2,402,000 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £2,256,000).

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

### 16 Capital commitments

Amounts contracted for by the Company but not provided for in the accounts in respect of tangible fixed assets amounted to £nil (2018: £366,000).

### 17 Contingent transfer fees

The estimated commitment for additional transfer fees payable in respect of future possible appearances amounts to £1,371,000 (2018: £4,716,000). 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 £361,000 (2018: £205,000). These amounts have not been included in the financial statements.



# Fulham Football Club Limited

## Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2019

### 18 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 balances owed or owing at the year end with Flex-N-Gate Corporation and Jacksonville Jaguars are shown below. The value of the transactions during the period is shown below:

	2019	2019	2018	2018
	Purchases	Sales	Purchases	Sales
	£'000	£'000	£'000	£'000
Flex-N-Gate Corporation	-	-	-	1
Jacksonville Jaguars LLC	-	509	-	1,056
<b>Total</b>	<b>-</b>	<b>509</b>	<b>-</b>	<b>1,057</b>

Balances with related parties as at 30 June 2019 are as follows:

	2019	2019	2018	2018
	Due To	Due From	Due To	Due From
	£'000	£'000	£'000	£'000
Union Jax LLC	3	1	3	46
Fulham Football Club Foundation	292	-	189	1
Jacksonville Jaguars LLC	33	500	-	-
Flex-N-Gate Marles SAS	-	26	-	-
<b>Total</b>	<b>328</b>	<b>527</b>	<b>192</b>	<b>47</b>

During the year, the Company donated £78,960 (2018: £72,500) to the Fulham Football Club Foundation. The balance outstanding as at 30 June 2018 and 2019 represents donations from players received by the Company for the benefit of Fulham Football Club Foundation.

The Company provided administrative services to Union Jax LLC throughout the year. The balances as at 30 June 2018 and 2019 represents charges incurred and revenue received on their behalf.

The Company incurred costs in relation to an employee of Flex-N-Gate Marles SAS, located in France. The balance due at 30 June 2019 represents these costs being recharged.

The Company received loans during the period totalling £48,800,000 (2018: £40,025,000) from Fulham Football Leisure Limited, the immediate parent company. The Company also issued ordinary shares to Fulham Football Leisure Limited during the year of £43,213,000 in exchange for the debt. See note 14 more for information.

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.

### 19 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.



# **Fulham Football Club Limited**

## **Accompanying Notes to the Financial Statements (continued)**

For the year ended 30 June 2019

### **20 Subsequent events**

Since the year-end the Company has acquired and disposed of a number of player registrations. The net income from these transactions is £14.2m (2018: net expenditure £118.1m).

### **21 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.

### **22 Long term employee benefits**

Payments are made into a number of defined contribution schemes. Total contributions paid during the year amounted to £290,000 (2018: £243,000). An amount of £56,000 (2018: £37,000) remained outstanding at the balance sheet date.

