

Fulham Football Club Limited

Annual Report and Financial Statements

30 June 2018



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Fulham Football Club Limited Offices and Advisors

For the year ended 30 June 2018

Registered Office:

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

Auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers:

Metro Bank Plc
One Southampton Row
London
WC1B 5HA

Solicitor:

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



Fulham Football Club Limited

Strategic Report

For the year ended 30 June 2018

Review of the business

The 2017/18 financial year proved to be a very positive one on the pitch, with the Football League Championship season culminating in an exciting play-off campaign, ultimately ending with the team gaining promotion to the Premier League. Despite a reduction in parachute payments from the Premier League, the Company increased its revenues by £3.4m, largely thanks to the exciting run of form and promotion. This promotion led to numerous contractual payments being met and thus the net operating loss before depreciation, amortisation and impairment for the year increased by £17.9m. An increased charge for amortisation of player registrations was the result of a significant investment in the playing squad at the start of the season, and there was also significant impairment to certain intangible assets.

During the year, the Club in conjunction with its fellow subsidiary Fulham Stadium Limited, has developed a new proposal for the redevelopment of 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 are currently due to begin at the end of the 2018/19 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 2018, the Company saw the following changes in the key indicators of financial and non-financial performance:

<u>Indicator</u>	<u>2018</u>	<u>Year to 30 June</u>		<u>%</u>
		<u>2017</u>	<u>+/- change</u>	
Turnover (£m)	38.3	34.9	3.4	9.7
Total staff costs (£m)	54.3	37.1	17.2	46.4
Staff costs as % of revenues	141.8%	106.3%	35.5%	33.4
Net operating (loss) before depreciation, amortisation & impairment (£m)	(34.2)	(16.3)	(17.9)	(109.8)
Final position in Championship	3 rd	6 th	-	-
Total Championship attendances	457,933	441,573	16,360	3.7
Average Championship attendance per game	19,910	19,199	711	3.7

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 Company is its exposure to the financial impacts of changes in on the pitch performance of the Club. As experienced over recent seasons, the Club's league status has a significant impact on its revenue generating capacity, with broadcasting, sponsorship and other revenues being significantly reduced whilst playing in the Football League Championship as compared to the Premier League. However, with the club being promoted to the Premier League at the end of the 2017/18 season, there should be a large increase in revenues.



Fulham Football Club Limited

Strategic Report (continued)

For the year ended 30 June 2018

Principal risks and uncertainties (continued)

To mitigate this risk, the Directors have taken steps to control the Company's cost base, most notably its player payroll expenditure which had been maintained well below the level it was at in the Premier League (although overall staff costs as a % of revenues have increased). However, in the current year, due to the promotion related expenditure, the player payroll increased. The Directors have also sought to realise profits on the disposal of player registrations where significant value can be achieved in the transfer market for players that are not considered core to the current playing squad. The Directors continue to monitor financial and footballing performance so that further adjustments can be made as necessary.

In recent years and in line with forecast financial performance in coming seasons, the Company has been and will continue to be reliant on the ongoing support of its Chairman and ultimate controlling party, Mr Shahid R Khan. The Directors work closely with the Chairman to keep him informed of the financial performance and position of the business and agree future funding requirements in advance in order to ensure the ongoing viability of the Company. The Chairman and the Company's immediate parent company, Fulham Football Leisure Limited, have provided written assurances that future funding will be forthcoming in accordance with agreed forecasts. The Directors further believe that there are sufficient assets in the Group that can be sold at greater than their book value should financial support not be forthcoming from the Chairman.

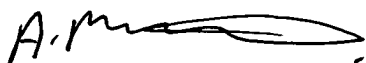
The Directors are also mindful of profit and sustainability rules imposed by the Football League and other footballing bodies when preparing future operating budgets.

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 committed expenditure from these transactions is £118.1m (2017: £3.3m).



By order of the Board

A J Mackintosh

Chief Executive

18 February 2019



Fulham Football Club Limited

Directors' Report

For the year ended 30 June 2018

The Directors present their report and the accounts for the year ended 30 June 2018.

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 on 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

S E O'Loughlin (resigned 25 August 2018)

D Daly

A R Khan

Charitable donations

During the year, the Company donated £72,500 (2017: £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 (2017: £Nil)

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.



Fulham Football Club Limited

Directors' Report (continued)

For the year ended 30 June 2018

Dividends

The Directors do not recommend the payment of a dividend (2017: £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

18 February 2019



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 2018

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 30th June 2018 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 30th June 2018 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 valuations 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 group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this Report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group'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 group or the company or to cease their operations, and they have concluded that the group and 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 their ability to continue as a going concern for at least a year from the date of approval of the financial statements.

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. 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 group or 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.

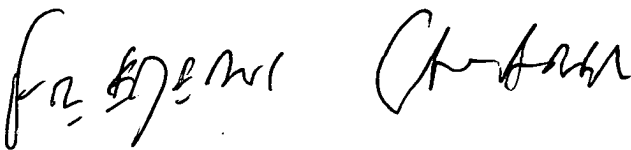
Auditor's responsibilities

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.

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 (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
19 February 2019



Fulham Football Club Limited

Profit and Loss Account and Other Comprehensive Income

For the year ended 30 June 2018

		<u>2018</u>	<u>2017</u>
	Notes	£'000	£'000
Turnover	2	38,267	34,941
Operating expenses before depreciation, amortisation & impairment	3	(72,913)	(51,216)
Operating loss before depreciation, amortisation & impairment		(34,646)	(16,275)
Depreciation and amortisation	3	(19,539)	(14,177)
Impairment	4	(5,812)	(1,459)
Operating loss after depreciation, amortisation and impairment		(59,997)	(31,911)
Profit on disposal of players' registrations		13,977	17,363
Profit on disposal of other assets		10	1
Loss before interest and taxation		(46,010)	(14,547)
Net interest receivable	7	2	5
Loss before taxation		(46,008)	(14,542)
Taxation on loss	8	-	-
Loss for the year		(46,008)	(14,542)
 Total comprehensive loss for the year		 (46,008)	 (14,542)

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 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	9	18,881	16,966
Tangible assets	10	<u>1,221</u>	<u>1,310</u>
		20,102	18,276
Current assets			
Stocks		284	160
Debtors	11	15,876	15,311
Cash at bank and in hand		<u>8,651</u>	<u>3,781</u>
		24,811	19,252
Creditors: amounts falling due within one year	12	<u>(35,827)</u>	<u>(82,204)</u>
Net current liabilities		<u>(11,016)</u>	<u>(62,952)</u>
Total assets less current liabilities		9,086	(44,676)
Creditors: amounts falling due after more than one year	12	(2)	(546)
Deferred income	13	<u>(5,834)</u>	<u>(4,435)</u>
Net assets/(liabilities)		<u>3,250</u>	<u>(49,657)</u>
Capital and reserves			
Called up share capital	14	336,210	237,295
Profit and loss account		<u>(332,960)</u>	<u>(286,952)</u>
Shareholders' funds/(deficit)		<u>3,250</u>	<u>(49,657)</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 18 February 2019 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 2018

	Called up share capital	Profit & loss account	Total equity
	£'000	£'000	£'000
Balance at 1 July 2016	<u>237,295</u>	<u>(272,410)</u>	<u>(35,115)</u>
Total comprehensive income for the period			
Loss for the year	-	(14,542)	(14,542)
	<u>-</u>	<u>(14,542)</u>	<u>(14,542)</u>
Balance at 30 June 2017	<u>237,295</u>	<u>(286,952)</u>	<u>(49,657)</u>

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

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 2018

1.2 Going concern

The Company financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £11,016,000 (2017: £62,952,000) and a loss after tax for the year ended 30 June 2018 of £46,008,000 (2017: £14,542,000).

The Directors believe the use of the going concern basis to be appropriate. The Club were promoted to the Premier League at the end of the current season (2017/18). This guarantees increased revenues and cash through the 2018/19 season and parachute payments for at least 2 further seasons should the Club be relegated at the end of that season. The Company has no external funding and written indications have been received from Mr Shahid Khan and Fulham Football Leisure Limited, the Company's immediate parent entity, that continued funding will be made available to finance the Company's working capital requirements for at least 12 months from the date of these accounts, if required, irrespective as to which league Fulham Football Club is competing in. Although there is no legal obligation for Mr Khan to provide this continued financial support, the Directors are confident that such funding, if required, will be forthcoming due to Fulham Football Club forming a major part of his sport and leisure expansion plans. The Chairman has also demonstrated his commitment to the company through converting £98,915,000 from debt into equity in the year ended 30 June 2018.

The Directors further believe that the Company holds assets at greater than their book value, and should funding be necessary, these assets could be sold for profit which would adequately fund the Company.

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.

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.



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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.

Player registration costs are amortised over the life of the players' contract with the club.

1.7.2 Amortisation

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

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

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



For the year ended 30 June 2018

1.7 Intangible assets (continued)

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.

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

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



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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. 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.

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.



For the year ended 30 June 2018

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 2018

2 Turnover

	2018	2017
	£'000	£'000
Gate Receipts	6,975	6,637
Central Awards	20,578	20,104
Broadcasting	1,072	926
Compensation	1,168	1,288
Sponsorship and other Commercial Activities	8,474	5,986
	<u>38,267</u>	<u>34,941</u>

All income is derived from operations within the UK.

3 Loss before taxation

The loss before taxation is stated after charging the following:

	2018	2017
	£'000	£'000
Auditors' remuneration for audit services	22	26
Auditor's remuneration for audit related assurance services	4	13
Staff costs	54,334	37,087
Amounts paid under operating leases		
- Plant and machinery	46	57
- Land and buildings	2,210	2,186
	<u>2,256</u>	<u>2,243</u>
Profit on disposal of players' registrations	13,977	17,363
Depreciation		
- Owned fixed assets	509	469
- Assets under finance leases	3	4
Amortisation of player registrations	19,027	13,704
	<u>19,539</u>	<u>14,177</u>

4 Impairment

	2018	2017
	£'000	£'000
Impairment loss	<u>5,812</u>	<u>1,459</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 2018

5 Staff costs

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

	2018 £'000	2017 £'000
Wages and salaries	48,039	32,559
Social security costs	6,052	4,305
Payments to defined contribution pension schemes	243	223
	54,334	37,087

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

	2018 Number	2017 Number
Administrative and ground staff	181	147
Players	63	67
	244	214
Part-time staff for match days	323	270

6 Directors' remuneration

Aggregate Directors' remuneration during the year totalled £973,000 (2017: £955,000) excluding defined contribution pension contributions of £6,500 (2017: £8,000). The highest paid Director's emoluments totalled £811,000 (2017: £726,000) excluding a pension contribution rebate of £Nil received by the Company (2017: £3,000). Retirement benefits are accruing to 1 director (2017: 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)

	2018 £'000	2017 £'000
Interest receivable:		
Bank interest	2	5
Other interest receivable	-	1
	2	6
Interest payable on borrowings repayable within five years:		
Finance lease interest	-	(1)
	-	(1)
Net interest receivable	2	5



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2018

8 Tax on loss on ordinary activities

	2018 £'000	2017 £'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	(46,008)	(14,542)
(Loss) on ordinary activities at standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(8,742)	(2,872)
Effects of:		
Fixed asset differences	63	24
Expenses not deductible for tax purposes	23	97
Group Relief surrendered	407	427
Losses in the year carried forward	8,249	2,324
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 £50,880,000 (2017: £43,500,000), 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 £43,500,000 has been calculated based on these rates.



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

For the year ended 30 June 2018

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:

	2018	2017
	£'000	£'000
Depreciation in excess of capital allowances	1,228	1,175
Short term timing differences	219	225
Tax losses carried forward	49,433	42,100
	50,880	43,500

9 Intangible fixed assets

Player registrations
£'000

Cost

01 July 2017	37,075
Additions	30,567
Disposals	(15,394)
30 June 2018	52,248

Amortisation and impairment

01 July 2017	20,109
Charge for the year	19,027
Impairment loss	5,812
Disposals	(11,581)
30 June 2018	33,367

Net book amount

30 June 2018	18,881
01 July 2017	16,966



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

For the year ended 30 June 2018

10 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings, plant & equipment £'000	Total £'000
Cost			
01 July 2017	153	8,301	8,454
Additions	-	425	425
Disposals	-	(8)	(8)
30 June 2018	153	8,718	8,871
Depreciation			
01 July 2017	153	6,991	7,144
Charge for the year	-	512	512
Disposals	-	(6)	(6)
30 June 2018	153	7,497	7,650
Net book amount			
30 June 2018	-	1,221	1,221
01 July 2017	-	1,310	1,310

The net book value of fixed assets above includes an amount of £5,000 (2017: £8,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets was £3,000 (2017: £5,000).

11 Debtors

	2018 £'000	2017 £'000
Trade debtors	686	283
Player transfer debtors	12,447	12,799
Other debtors	193	63
Amounts due from related parties	47	184
Amounts due from immediate parent company	291	-
Prepayments and accrued income	2,212	1,982
	15,876	15,311



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2018

12 Creditors

	2018	2017
	£'000	£'000
Due within one year:		
Hire and lease purchase obligations	4	4
Trade creditors	461	2,606
Player transfer creditors	18,842	9,986
Amounts due to related parties	192	298
Amounts due to immediate parent company	-	64,643
Other taxes and social security	1,782	2,248
Accruals	14,490	2,419
Other creditors	56	-
	35,827	82,204

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

	2018	2017
	£'000	£'000
Due after more than one year:		
Trade creditors	-	540
Hire and lease purchase obligations	2	6
	2	546

13 Deferred income

	2018	2017
	£'000	£'000
Season ticket sales in advance	4,365	2,776
Compensation	216	1,079
Commercial income and sponsorship	1,253	580
	5,834	4,435

14 Share capital

	2018	2017
	'000	'000
Ordinary shares of £1 each		
Allotted, called up and fully paid		
1 July	237,295	237,295
Issued in the period	98,915	-
30 June	336,210	237,295



Fulham Football Club Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2018

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 10th September 2017 the company issued 69,212,000 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.

On 29th June 2018 the company issued 29,703,000 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:

	2018 £'000	2017 £'000
Less than one year	2,396	2,223
Between one and five years	1,104	2,170
More than five years	-	21
	<u>3,500</u>	<u>4,414</u>

During the year £2,256,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £2,243,000).

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 £366,000 (2017: £54,000).

17 Contingent transfer fees

The estimated commitment for additional transfer fees payable in respect of future possible appearances amounts to £4,716,000 (2017: £780,000). 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 £205,000 (2017: £110,000). 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 2018

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. There are no balances owed or owing at the year end with Flex-N-Gate Corporation or Jacksonville Jaguars. The value of these transactions during the period is shown below:

	2018	2018	2017	2017
	Purchases	Sales	Purchases	Sales
	£'000	£'000	£'000	£'000
Flex-N-Gate Corporation	-	1	-	1
Jacksonville Jaguars	-	1,056	-	547
Total	-	1,057	-	548

Balances with related parties as at 30 June 2018 are as follows:

	2018	2018	2017	2017
	Due To	Due From	Due To	Due From
	£'000	£'000	£'000	£'000
Union Jax	3	46	13	184
Fulham Football Club Foundation	189	1	285	-
Total	192	47	298	184

During the year, the Company donated £72,500 (2017: £75,500) to the Fulham Football Club Foundation. The balance outstanding as at 30 June 2017 and 2018 represents donations from players received by the Company for the benefit of Fulham Football Club Foundation.

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

The Company received loans during the period totalling £40,025,000 (2017: £29,302,000) from Fulham Football Leisure Limited, the immediate parent company. Further information on this balance is provided in note 12. The Company also issued ordinary shares to Fulham Football Leisure Limited during the year of £98,915,000 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 2018

20 Subsequent events

Since the year-end the Company has acquired and disposed of a number of player registrations. The net expenditure from these transactions is £118.1m (2017: £3.3m).

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.

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

22 Long term employee benefits

Payments are made into a number of defined contribution schemes. Total contributions paid during the year amounted to £243,000 (2017: £223,000). An amount of £37,000 (2017: £31,000) remained outstanding at the balance sheet date.

