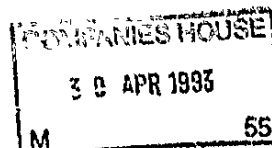


FULHAM FOOTBALL CLUB (1987) LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
30 June 1992



Company Number: 2114486

FULHAM FOOTBALL CLUB (1987) LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

J W Hill
W F Muddyman
A M Muddyman
D E Shrimpton
C A F Swain

SECRETARY

C A F Swain

REGISTERED OFFICE

Craven Cottage
Stevenage Road
London
SW6 6HH

AUDITORS

BDO Binder Hamlyn
20 Old Bailey
London
EC4M 7BH

BANKERS

Lloyds Bank Plc
39 Old Bond Street
London
W1X 4BH

SOLICITORS

Frere Cholmeley
4 John Carpenter Street
London
EC4Y ONH

FULHAM FOOTBALL CLUB (1987) LIMITED

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DIRECTORS' REPORT
for the year ended 30 June 1992

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 30 June 1992.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the operation of a professional football league club.

The loss for the year before accounting for transfer fees and taxation amounted to £766,501 (1991: £865,744). After making provision for net transfer fees payable of £13,516 (1991: £380,773), which the company treats as a revenue item (the directors consider such treatment to be prudent in view of the problems of valuing players for accounts purposes) and for extraordinary income of £426,701 the loss for the year amounted to £353,316 (1991: £1,246,517).

The directors do not recommend the payment of a dividend (1991: £Nil).

FIXED ASSETS

Details of movements in fixed assets are set out in note 10 to the financial statements.

DIRECTORS

The directors who served during the year were as follows:

J W Hill (Chairman)
W F Muddyman (Vice Chairman)
A M Muddyman
D E Shrimpton (appointed 16 October 1991)
C A F Swain

The directors had no interests in the shares of the company at 30 June 1992.

Mr J W Hill, Mr W F Muddyman and Mr C A F Swain are also directors of the ultimate parent company and as such their interests are shown in the financial statements of that company.

AUDITORS

During the year, Hereward Philips resigned as auditors and were replaced by BDO Binder Hamlyn.

In accordance with section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 30.4.93.

A. E. S.

Director

AUDITORS' REPORT
to the members of Fulham Football Club (1987) Limited

We have audited the financial statements on pages 3 to 11 in accordance with Auditing Standards.

The financial statements have been prepared on a going concern basis. This basis may not be appropriate as the company incurred losses of £353,316 during the year and at 30 June 1992 had net liabilities of £827,608. The company is dependent on continued financial support by its directors and bankers.

Should this support be withdrawn and the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Subject to the company being able to continue trading, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1992 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants
Registered Auditor

30 April 1993

FULHAM FOOTBALL CLUB (1987) LIMITED

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PROFIT AND LOSS ACCOUNT
for the year ended 30 June 1992

	Notes	1992 £	1991 £
Turnover	2	876,287	900,913
Other operating income	3	<u>127,834</u>	<u>119,468</u>
		1,004,121	1,020,381
External charges		(722,417)	(943,578)
Staff costs	4	(1,017,621)	(950,022)
Depreciation		<u>(22,174)</u>	<u>(23,837)</u>
Operating loss	5	(758,091)	(897,056)
Interest payable	6	(16,971)	(28,706)
Interest receivable		<u>8,561</u>	<u>60,018</u>
		(766,501)	(865,744)
Transfer fees	7	<u>(13,516)</u>	<u>(380,773)</u>
Loss on ordinary activities before taxation		(780,017)	(1,246,517)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		(780,017)	(1,246,517)
Extraordinary items after taxation	9	<u>426,701</u>	<u>-</u>
Loss for the year transferred to reserves	17	<u>£(353,316)</u>	<u>£(1,246,517)</u>

FULHAM FOOTBALL CLUB (1987) LIMITED

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BALANCE SHEET
as at 30 June 1992

	Notes	1992		1991	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		57,966		57,060
CURRENT ASSETS					
Stocks	11	14,740		13,600	
Debtors	12	168,366		181,670	
Cash at bank and in hand		1,726		459	
		<u>184,832</u>		<u>195,729</u>	
CREDITORS: amounts falling due within one year	13	(610,133)		(653,567)	
Net Current Liabilities			(425,301)		(457,838)
Total Assets less Current Liabilities			(367,335)		(400,778)
CREDITORS: amounts falling due after more than one year					
Deferred income	14	(390,115)		(19,383)	
	15	(70,158)		(54,131)	
			<u>(460,273)</u>		<u>(73,514)</u>
Net Liabilities			£(827,608)		£(474,292)
CAPITAL AND RESERVES					
Called up share capital	16		2		2
Profit and loss account	17		(827,610)		(474,294)
			<u>£(827,608)</u>		<u>£(474,292)</u>

The financial statements on pages 3 to 11 were approved by the Board on 30.4.93



Director

CASH FLOW STATEMENT
for the year ended 30 June 1992

	Notes	1992		1991	
		£	£	£	£
Net cash outflow from operating activities	21		(650,457)		(786,064)
Extraordinary income	9		750,000		-
Extraordinary expenses	9		(323,299)		-
			(223,756)		(786,064)
Returns on investments and servicing of finance					
Interest received		8,561		60,018	
Interest paid		(16,971)		(28,706)	
Net cash (outflow)/inflow from servicing of finance			(8,410)		31,312
Taxation					
UK taxation paid			-		(6,323)
Investing activities					
Purchase of tangible fixed assets		(23,600)		(51,843)	
Transfer fees and signing on fees paid		(233,682)		(452,378)	
Sale of tangible fixed assets		-		2,000	
Transfer fees received		205,208		106,605	
Net cash outflow from investing activities			(52,074)		(395,616)
Net cash outflow before financing			£(284,240)		£(1,156,691)
Financing					
Additional finance leases obtained		-		(19,919)	
Capital element of finance lease rental payments		9,615		-	
Additional loan obtained		(350,000)		-	
Net cash inflow from financing			(340,385)		(19,919)
Increase/(decrease) in cash and cash equivalents	22		56,145		(1,136,772)
			£(284,240)		£(1,156,691)

FULHAM FOOTBALL CLUB (1987) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis as the directors consider that the value to the company of players' contracts is such that the company has adequate resources to meet its obligations as they fall due.

Players' contracts

No value has been attributed to players' contracts in the financial statements.

Stocks

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

Deferred taxation

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

Turnover

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

Transfer and signing on fees

Fees payable to and receivable from other football clubs on the transfer of players' registrations, together with associated costs, are dealt with through the profit and loss account in the year in which the transfer takes place. Signing on fees relating to players' contracts are charged to the profit and loss account on a payable basis. This represents a change in accounting policy as described in note 17. Transfer fees contingent on, for example, future appearances, are taken to the profit and loss account in the period they become payable.

Tangible fixed assets and depreciation

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

Ground equipment and furniture	- 10-25% per annum
Motor vehicles	- 25% per annum
Computer equipment	- 10% per annum

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992 (continued)

1. ACCOUNTING POLICIES (continued)

Leases and hire purchase contracts

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

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

Pensions

Eligible administrative staff of the club are members of the Football League Limited Pensions and Life Assurance Scheme. The scheme is a defined benefit scheme based on final pensionable salary with both the club and staff making contributions into the fund. Contributions to the scheme, as calculated by the actuary, are accounted for as they fall due. The assets of the scheme do not form part of these financial statements. Further details of the scheme are given in note 19 to the accounts.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. TURNOVER	1992 £	1991 £
Match receipts	494,512	471,168
Football League, Football Association and other levies	125,187	124,153
Other football revenue	256,588	305,592
	<u>£876,287</u>	<u>£900,913</u>
3. OTHER OPERATING INCOME		
Donations (net of expenses)	44,919	30,493
Facility hire	17,875	22,313
Clubcall royalties	64,501	65,031
Sundry receipts	(564)	1,631
Profit on disposal of fixed assets	1,103	-
	<u>£127,834</u>	<u>£119,468</u>
4. STAFF NUMBERS AND COSTS		
Staff costs during the year amounted to:		
Wages and salaries	922,286	872,177
Social security costs	89,382	77,790
Pension costs	5,953	55
	<u>£1,017,621</u>	<u>£950,022</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992 (continued)

4. STAFF NUMBERS AND COSTS (continued)

The average weekly number of employees during the year was 63 made up as follows:

	1992 Number	1991 Number
Administrative and ground staff	17	17
Players	46	44
	<u>63</u>	<u>61</u>

None of the directors received any remuneration during the year.

5. OPERATING LOSS

is stated after charging:

	£	£
Directors' remuneration	-	-
Auditors' remuneration	6,500	8,000
Payments under operating leases	5,133	7,611
Depreciation: owned fixed assets	9,388	13,101
assets under finance leases	12,786	10,736
	<u>£16,971</u>	<u>£28,706</u>

6. INTEREST PAYABLE

On borrowing repayable within 5 years:

Hire and lease purchase loans	2,583	2,872
Bank overdraft and other loans	14,388	25,834
	<u>£16,971</u>	<u>£28,706</u>

7. TRANSFER FEES

Transfer fees receivable	205,208	106,605
Less: Transfer fees, signing on fees and levies payable	(218,724)	(487,378)
	<u>£(13,516)</u>	<u>£(380,773)</u>

8. TAXATION

No tax arises on the results for the year. The company has taxable losses available for offset against future taxable profits.

9. EXTRAORDINARY ITEMS

Receipt from Vincenza Developments Limited	750,000	-
Legal fees	(323,299)	-
	<u>£426,701</u>	<u>£-</u>

Vincenza Developments Limited owned the freehold of the company's ground at Craven Cottage. As explained in note 24 the company's position in relation to Craven Cottage has been clarified.

The receipt from Vincenza Developments Limited represents monies received under an agreement entered into on 11 September 1991.

The legal fees represent costs incurred in pursuing claims in connection with an agreement with Vincenza Developments Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992 (continued)

10. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment £	Ground equipment and furniture £	Total £
Cost				
1 July 1991	56,147	12,869	37,663	106,679
Additions	14,200	940	8,460	23,600
Disposals	(9,000)	-	(250)	(9,250)
30 June 1992	<u>61,347</u>	<u>13,809</u>	<u>45,873</u>	<u>121,029</u>
Depreciation				
1 July 1991	21,767	3,799	24,053	49,619
Disposals	(8,480)	-	(250)	(8,730)
Charge for the year	16,587	1,382	4,205	22,174
30 June 1992	<u>29,874</u>	<u>5,181</u>	<u>28,008</u>	<u>63,063</u>
Net book value				
30 June 1992	<u>£31,473</u>	<u>£8,628</u>	<u>£17,865</u>	<u>£57,966</u>
30 June 1991	<u>£34,380</u>	<u>£9,070</u>	<u>£13,610</u>	<u>£57,060</u>

The net book value of fixed assets of £57,966 (1991: £57,060) includes an amount of £27,558 (1991: £32,315) in respect of assets held under hire purchase contracts.

11. STOCKS

	1992	1991
Goods for resale	<u>£14,740</u>	<u>£13,600</u>

12. DEBTORS

	£	£
Trade debtors	46,770	91,490
Amounts due from ultimate holding company	50	50
Taxation recoverable	17,522	17,522
Other taxes	26,756	-
Other debtors	57,632	53,628
Prepayments	19,636	18,980
	<u>£168,366</u>	<u>£181,670</u>

13. CREDITORS: amounts falling due within one year

Bank overdraft	218,854	273,732
Hire and lease purchase (note 18)	15,259	15,864
Trade creditors	156,813	105,464
Transfer fees	-	35,000
Other taxes and social security	68,928	96,283
Other creditors	30,874	10,832
Accruals	77,905	74,892
Trade creditor (secured)	41,500	41,500
	<u>£610,133</u>	<u>£653,567</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992 (continued)

14. CREDITORS: amounts falling due after more than one year	1992	1991
Loan	350,000	-
Hire and lease purchase (note 18)	10,373	19,383
Other creditors	29,742	-
	<u>£390,115</u>	<u>£19,383</u>

The loan is interest free and is not repayable before 1 July 1993.

15. DEFERRED INCOME

This represents payments received in advance amounting to £70,158 (1991: £54,131) in respect of season tickets.

16. SHARE CAPITAL	1992		1991	
	No.	£	No.	£
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>£1,000</u>	<u>1,000</u>	<u>£1,000</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>2</u>	<u>£2</u>	<u>2</u>	<u>£2</u>
17. PROFIT AND LOSS ACCOUNT				£
1 July 1990				772,223
Loss for the year ended 30 June 1991 - as previously reported				<u>(1,283,517)</u>
30 June 1991 - as previously reported				(511,294)
- prior year adjustment				<u>37,000</u>
- as restated				(474,294)
Loss for the year ended 30 June 1992				<u>(353,316)</u>
30 June 1992				<u>£(827,610)</u>

The prior year adjustment represents the effect of a change in the accounting policy for signing on fees. Signing on fees relating to individual players' contracts have previously been accounted for by charging all fees payable to the profit and loss account in the year in which the signing takes place. The directors have decided that it is more appropriate to treat signing on fees (which are usually paid in instalments over the period of a player's contract) as an additional emolument and to charge such fees to the profit and loss account on a payable basis. This adjustment has the effect of reducing the loss for the year ended 30 June 1991 by £37,000 and reducing the loss for the year ended 30 June 1992 by £67,917.

18. HIRE AND LEASE PURCHASE CREDITORS	1992	1991
	£	£
Amounts payable:		
Within one year	15,259	15,864
Two to five years	10,373	19,383
	<u>£25,632</u>	<u>£35,247</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1992 (continued)

19. PENSION SCHEME COMMITMENTS

The company is one of 68 participating employers in the Football League Pension and Life Assurance Scheme, a contracted-out defined benefit pension scheme.

At 30 June 1992, 2 (1991: 2) of the company's employees were members of the scheme. Contributions payable by the company are 10% (1991: 10%) of the members' pensionable salary.

Playing staff are responsible for their own pension arrangements

20. FINANCIAL COMMITMENTS

Signing on fees of £104,917 (1991: £37,000) are payable to players under existing contracts of employment.

21. RECONCILIATIONS OF OPERATING LOSS TO NET CASH
OUTFLOW FROM OPERATING ACTIVITIES

	1992 £	1991 £
Operating loss	(758,091)	(897,056)
Depreciation	22,174	23,837
Loss on sale of tangible fixed assets	520	-
Increase in stocks	(1,140)	(8,040)
Decrease in debtors	13,304	27,009
Increase in creditors	56,749	55,686
Increase in deferred income	16,027	12,500
Net cash outflow from operating activities	<u>£(650,457)</u>	<u>£(786,064)</u>

22. CASH AND CASH EQUIVALENTS
BALANCE OF CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,726	459
Bank overdrafts	<u>(218,854)</u>	<u>(273,732)</u>
	<u>£(217,128)</u>	<u>£(273,273)</u>
Change in the balance of cash and cash equivalents		
1 July	(273,273)	863,499
Net cash inflow/(outflow) for year	<u>56,145</u>	<u>(1,136,772)</u>
30 June 1992	<u>£(217,128)</u>	<u>£(273,273)</u>

23. PARENT UNDERTAKING

The directors regard Fulham Football Club (Limited by Guarantee), a company registered in England and Wales, as the company's ultimate parent undertaking.

24. POST BALANCE SHEET EVENT

Since the end of the accounting period the directors have reached agreement with the Royal Bank of Scotland to lease Craven Cottage for the next ten years, together with an option to purchase the ground outright during this period.