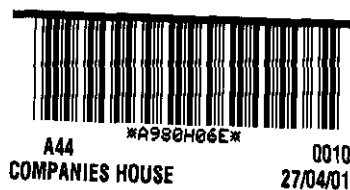


FULHAM FOOTBALL LEISURE LIMITED

(Registered Number 3374347)

ANNUAL REPORT

YEAR ENDED 30 JUNE 2000



FULHAM FOOTBALL LEISURE LIMITED
(Registered Number 3374347)
ANNUAL REPORT
YEAR ENDED 30 JUNE 2000

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FULHAM FOOTBALL LEISURE LIMITED
DIRECTORS, OFFICERS AND REGISTERED OFFICE

DIRECTORS

M Al Fayed
S H Benson
J M Griffiths
A M Muddyman
W F Muddyman
M J Fiddy

SECRETARY

S H Benson

AUDITORS

PKF
New Garden House
78 Hatton Garden
London EC1N 8JA

BANKERS

HSBC plc
PO Box 648
Poultry & Princes Street
London EC2P 2BX

SOLICITORS

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

REGISTERED OFFICE

Craven Cottage
Stevenage Road
London SW6 6HH

FULHAM FOOTBALL LEISURE LIMITED DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 June 2000, which show the state of the Group's affairs.

REVIEW OF THE BUSINESS

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

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

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

With regard to the long-term redevelopment of the site known as Craven Cottage approval from the local council for plans to build a 30,000 all seater stadium has been received. The directors view this as vital for the long-term aims of the Football Club in terms of income generation and enhanced facilities for players, staff and our supporters.

Post Balance Sheet events

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

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

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

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

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

RESULTS AND DIVIDENDS

The loss for the financial period, amounted to £13,862,000 (1999 : £9,910,000). The directors do not recommend payment of a dividend. The loss of £13,862,000 will be transferred to reserves.

PRINCIPAL ACTIVITIES

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

FUTURE DEVELOPMENTS

The directors continue to actively plan for the future developments of the club.

FULHAM FOOTBALL LEISURE LIMITED
DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and their beneficial interests in the shares of the Company are as follows:-

	'A' Ordinary shares of £1 each 30 June 2000	'B' Ordinary shares of £1 each 30 June 2000	'A' Ordinary shares of £1 each 30 June 1999	'B' Ordinary shares of £1 each 30 June 1999
M Al Fayed	3,150,000	-	2,250,000	-
S H Benson	-	-	-	-
J M Griffiths	-	-	-	-
A M Muddyman*	-	525,000	-	375,000
W F Muddyman	-	-	-	-
N Rodford (resigned 05/02/2000)	-	-	-	-
M J Fiddy (appointed 24/02/2000)	-	-	-	-

* A M Muddyman is a beneficial owner by virtue of being a beneficiary of the Muddyman Family Trust which owns 100% of Ruxley Holdings Limited, the registered shareholder of the B shares.

THE ENVIRONMENT

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

POLICY ON PAYMENT OF CREDITORS

It is the Group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. The Group takes an average 36 (1999:41) days to pay its creditors.

POLICY ON DISABLED PERSONS

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


POLICY ON EMPLOYEE INVOLVEMENT

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

AUDITORS

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

BY ORDER OF THE BOARD

 S H Benson
Secretary
April 2001

FULHAM FOOTBALL LEISURE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
FULHAM FOOTBALL LEISURE LIMITED**

We have audited the financial statements on pages 6 to 19 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Going concern

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

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

Opinion

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

London

23

April 2001

PKF

PKF

Registered Auditors

FULHAM FOOTBALL LEISURE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2000

	<u>Notes</u>	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>30 June 1999</u> £'000
Turnover	2	7,560	6,372
Other operating income		-	500
		<hr/> 7,560	<hr/> 6,872
External charges		(5,195)	(4,503)
Staff costs	3	(10,917)	(8,162)
Depreciation		(1,387)	(1,147)
Deferred income		114	88
Amortisation of goodwill		(543)	(544)
Amortisation of player registration and associated items	4	(3,790)	(2,828)
		<hr/>	<hr/>
Operating loss	5	(14,158)	(10,224)
Profit on disposal of player registrations		325	265
Interest receivable and similar income		24	54
Interest payable and similar charges	7	(53)	(5)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(13,862)	(9,910)
Taxation on loss on ordinary activities		-	-
		<hr/>	<hr/>
Retained loss for the financial year	17	(13,862)	(9,910)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

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

FULHAM FOOTBALL LEISURE LIMITED
CONSOLIDATED BALANCE SHEET
30 JUNE 2000

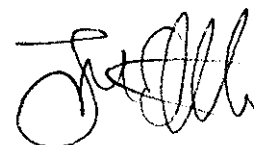
	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£'000	£'000
FIXED ASSETS			
Intangible assets	9	11,361	8,124
Tangible assets	10	11,462	11,071
		<hr/>	<hr/>
		22,823	19,195
CURRENT ASSETS			
Stocks		217	113
Debtors	12	626	745
Cash at bank and in hand		1,525	1,288
		<hr/>	<hr/>
		2,368	2,146
CREDITORS			
Amounts falling due within one year	14	(9,289)	(3,066)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(6,921)	(920)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,902	18,275
CREDITORS			
Amounts falling due after more than one year	14	(42,129)	(31,940)
DEFERRED INCOME	15	(1,682)	(1,582)
		<hr/>	<hr/>
NET LIABILITIES		(27,909)	(15,247)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	16	4,200	3,000
Profit and loss account	17	(32,109)	(18,247)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	18	(27,909)	(15,247)
		<hr/>	<hr/>

Approved by the board on 16th April 2001

W F Muddyman
Director



J M Griffiths
Director

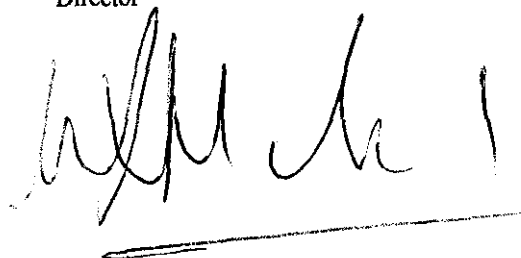


FULHAM FOOTBALL LEISURE LIMITED
BALANCE SHEET
30 JUNE 2000

	<u>Notes</u>	<u>2000</u>	<u>1999</u>
		£'000	£'000
FIXED ASSETS			
Investments	11	9,933	10,603
CURRENT ASSETS			
DEBTORS			
Amounts falling due			
within one year	12	1	1
after one year	13	3,160	4,123
Cash at bank and in hand		245	544
		<u>3,406</u>	<u>4,668</u>
CREDITORS			
Amounts falling due within one year	14	(3)	(4)
		<u>3,403</u>	<u>4,664</u>
NET CURRENT ASSETS			
		<u>13,336</u>	<u>15,267</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS			
Amounts falling due after more than one year	14	(42,125)	(31,939)
NET LIABILITIES		<u>(28,789)</u>	<u>(16,672)</u>
CAPITAL AND RESERVES			
Called up share capital	16	4,200	3,000
Profit and loss account	17	(32,989)	(19,672)
EQUITY SHAREHOLDERS' FUNDS		<u>(28,789)</u>	<u>(16,672)</u>

Approved by the board on 16th April 2001

W F Muddyman
Director



J M Griffiths
Director



FULHAM FOOTBALL LEISURE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2000

	<u>Notes</u>	<u>2000</u> £'000	£'000	£'000	<u>1999</u> £'000
Net cash outflow from operating activities	19		(2,561)		(5,792)
Returns on investment and servicing of finance	20		23		49
Capital expenditure	20		(8,618)		(6,236)
			<hr/>		<hr/>
Net cash outflow before use of liquid resources and financing			(11,156)		(11,979)
Financing	20				
Issue of shares		1,200		-	
Increase in debt		10,193		12,748	
		<hr/>		<hr/>	
Net cash inflow from financing			11,393		12,748
			<hr/>		<hr/>
Increase in cash in the year			237		769
			<hr/>		<hr/>
Reconciliation Of Net Cash Flow To Movement In Net Debt					
Increase in cash in the year			237		769
Cash inflow from increase in debt and lease financing			(10,193)		(12,748)
			<hr/>		<hr/>
Change in net debt resulting from cash flows			(9,956)		(11,979)
Net debt at 30 June 1999			(30,655)		(18,676)
			<hr/>		<hr/>
Net debt at 30 June 2000	21		(40,611)		(30,655)
			<hr/>		<hr/>

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Going concern

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

(c) Basis of consolidation

The results of subsidiaries are consolidated from the date of acquisition. The financial statements incorporate the audited assets and liabilities and results of subsidiary undertakings for the year.

Goodwill arising on consolidation of subsidiaries is capitalised and written off on a straight-line basis over its estimated useful life of 5 years.

(d) Turnover

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

(e) Depreciation

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

Stands, fixtures, fittings and equipment	- 10 – 33% per annum
Leasehold improvements	- 20% per annum

(f) Stocks

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

(g) Deferred taxation

Deferred tax, calculated on the liability basis, is provided on the excess of capital allowances claimed over depreciation charged, computed at the expected Corporation Tax rates applicable at the time of reversal.

(h) Leasing and hire purchase

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

(i) Pension costs

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

(j) Grants

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

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

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

1 ACCOUNTING POLICIES (continued)

(k) Signing on fees

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

(l) Transfer fees

Fees payable to other football clubs on the transfer of players' registrations are recorded as intangible fixed assets. The associated costs are dealt with through the profit and loss account in the year in which the transfer takes place.

Transfer fees which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is reasonably certain to occur during the life of the player's contract. Fees contingent on a future event which has a material uncertainty are only brought into intangible fixed assets when the event actually occurs.

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

2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>to 30 June 1999</u> £'000
Match receipts	3,270	2,925
Football league and football association distribution	982	562
Revenue from commercial activities	3,308	2,885
	<hr/> 7,560 <hr/>	<hr/> 6,372 <hr/>

3 STAFF COSTS

	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>to 30 June 1999</u> £'000
Wages and salaries	9,889	7,335
Social security costs	949	640
Other pension costs	79	187
	<hr/> 10,917 <hr/>	<hr/> 8,162 <hr/>
Average numbers employed by the group during the year:		
	<u>Number</u>	<u>Number</u>
Administration and ground staff	97	71
Players	38	33
	<hr/> 135 <hr/>	<hr/> 104 <hr/>
Casual and part-time staff	175	133
	<hr/> 310 <hr/>	<hr/> 237 <hr/>

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

4 AMORTISATION OF PLAYER REGISTRATIONS AND ASSOCIATED COSTS

	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>to 30 June 1999</u> £'000
Amortisation of player registrations	3,463	2,725
Net transfer levies payable	327	103
	<hr/>	<hr/>
	3,790	2,828
	<hr/>	<hr/>

5 OPERATING LOSS

	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>to 30 June 1999</u> £'000
This is stated after charging:		
Auditors' remuneration - audit	15	15
- other fees	17	3
Depreciation of owned fixed assets	1,386	1,146
Depreciation of assets held under finance leases and hire purchase contracts	1	1
Amortisation of goodwill	543	544
Amortisation of players registrations	3,463	2,725
Operating lease rentals - plant and machinery	106	54
-land and buildings	80	51
	<hr/>	<hr/>

6 DIRECTORS' EMOLUMENTS

Aggregate directors emoluments during the year totalled £194,150 (1999: £110,294). The highest paid director's emoluments totalled £157,139, including pension contributions of £4,997. Contributions were made to a related company's pension scheme in respect of 2 directors.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended</u> <u>30 June 2000</u> £'000	<u>Year ended</u> <u>to 30 June 1999</u> £'000
Amounts payable to related parties	52	4
Finance lease interest	1	1
	<hr/>	<hr/>
	53	5
	<hr/>	<hr/>

8 LOSS FOR THE YEAR

No profit and loss account is presented for Fulham Football Leisure Limited in accordance with the exemption provided by Section 230 of the Companies Act 1985. The company's loss for the year amounted to £13,317,000 (1999: £9,367,000).

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

9 INTANGIBLE FIXED ASSETS

Group	<u>Goodwill</u> £'000	<u>Player</u> <u>registrations</u> £'000	<u>Total</u> £'000
Cost			
At 1 July 1999	2,718	10,474	13,192
Additions	-	7,380	7,380
Disposals	-	(462)	(462)
At 30 June 2000	2,718	17,392	20,110
Amortisation			
At 1 July 1999	1,133	3,935	5,068
Provided during the year	543	3,463	4,006
Disposals	-	(325)	(325)
At 30 June 2000	1,676	7,073	8,749
Net book amount			
At 30 June 2000	1,042	10,319	11,361
At 30 June 1999	1,585	6,539	8,124

Goodwill arises on the acquisition of Fulham Football Club Limited.

10 TANGIBLE FIXED ASSETS

Group	<u>Freehold</u> <u>Land</u> £'000	<u>Leasehold</u> <u>improvements</u> £'000	<u>Stands,</u> <u>Fixtures,</u> <u>Fittings and</u> <u>Equipment</u> £'000	<u>Total</u> £'000
Cost				
At 1 July 1999	6,814	303	5,708	12,825
Additions	-	32	1,741	1,773
Disposals	-	-	(28)	(28)
At 30 June 2000	6,814	335	7,421	14,570
Depreciation				
At 1 July 1999	-	22	1,732	1,754
Provided during the year	-	24	1,363	1,387
Disposals	-	-	(33)	(33)
At 30 June 2000	-	46	3,062	3,108
Net book amount				
At 30 June 2000	6,814	289	4,359	11,462
At 30 June 1999	6,814	281	3,976	11,071

The net book value of fixed assets above includes an amount of £14,244 (1999:£8,000) in respect of assets held under finance leases and hire purchase contracts.

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

10 TANGIBLE FIXED ASSETS (Continued)

The amount stated for Stands, Fixtures, Fittings and Equipment includes the sum of £1,402,927, the total amount expended at 30 June 2000 on professional fees etc relating to a proposal to redevelop the football stadium at the site known as Craven Cottage into an all-seater stadium capable of hosting Premier League and European football. Approval from the local council for plans to build the 30,000 all seater stadium have been received and the directors now propose to move ahead with the next stage of the development and aims for the new stadium to be developed and complete by August 2003.

The fees, and any further such expenditure will be transferred into Construction under Development and in due course form part of the total fixed asset expenditure on the redevelopment, on which depreciation will commence once the redeveloped stadium is completed and opened for business.

11 FIXED ASSET INVESTMENTS

Company

Investments in subsidiary undertakings:

Cost	£'000
At 1 July 1999 and 30 June 2000	11,999
Amounts written off	
At 1 July 1999	1,396
Written off in the year	670
At 30 June 2000	2,066
Net book amount	
At 30 June 2000	9,933
At 30 June 1999	10,603

At 30 June 2000, the Company owned the following principal subsidiaries all of which are incorporated in Great Britain and operate in the United Kingdom.

Company	Principal Activity	Interest in Ordinary shares
Fulham Football Club (1987) Limited	Operation of a professional football club	100%
Fulham Stadium Limited	Football stadium development	100%
Fulhamfc.co.uk Limited	Dormant	100%
Fulham Football Club Limited (by Guarantee)	Dormant	100% of voting rights

12 DEBTORS

	Group 2000 £'000	Group 1999 £'000	Company 2000 £'000	Company 1999 £'000
Amounts falling due in one year				
Trade debtors	388	501	-	-
Other debtors	101	139	1	1
Prepayments and accrued income	137	105	-	-
	626	745	1	1

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

13 DEBTORS	<u>Group</u> <u>2000</u> £'000	<u>Group</u> <u>1999</u> £'000	<u>Company</u> <u>2000</u> £'000	<u>Company</u> <u>1999</u> £'000
------------	--------------------------------------	--------------------------------------	--	--

Amounts falling due after more than one year

Amounts owed by group undertakings	-	-	3,160	4,123
------------------------------------	---	---	-------	-------

14 CREDITORS	<u>Group</u> <u>2000</u> £'000	<u>Group</u> <u>1999</u> £'000	<u>Company</u> <u>2000</u> £'000	<u>Company</u> <u>1999</u> £'000
--------------	--------------------------------------	--------------------------------------	--	--

Due within one year:

Trade creditors	3,794	1,579	-	-
Amounts due to related parties	4,185	-	-	-
Other taxation and social security	522	406	-	-
Finance lease obligations	7	3	-	-
Accruals and deferred income	781	1,078	3	4
	<u>9,289</u>	<u>3,066</u>	<u>3</u>	<u>4</u>

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

Due after more than one year:

Amounts owed to group undertakings	42,125	31,939	42,125	31,939
Finance lease obligations	4	1	-	-
	<u>42,129</u>	<u>31,940</u>	<u>42,125</u>	<u>31,939</u>

As part of the arrangements pursuant to the acquisition of Fulham Football Club (1987) Limited on 29 May 1997, the shareholders in Fulham Football Leisure Limited entered into an agreement concerning the financing of the operating and development cash requirements of the new group of companies. The agreement provides that Fulham Leisure Holdings (BVI) Limited, the owner of the "A" ordinary shares, will provide interest free loans to Fulham Football Leisure Limited. The loans will be evidenced by Unsecured Loan Notes, in denominations of £1 each. The owners of the "B" ordinary shares have a right to acquire up to 25% of the Loan Notes at a nominal consideration, in the event that a decision is made by the whole of the shareholders to dispose of their interests in the company. Additionally, in the event that the holder(s) of the loan notes exercises a right to convert loan notes into shares, the owners of the "B" ordinary shares have a right to purchase 25% of those shares so created upon conversion for a nominal consideration. The Loan Notes are themselves not repayable until such a decision is made, and are therefore categorised as due after more than one year. At 30 June 2000, the total amount of the loans made by Fulham Leisure Holdings (BVI) Limited was £42,125,075.

The finance lease obligations are wholly repayable within five years and are secured on the assets concerned.

15 DEFERRED INCOME	<u>Group</u> <u>2000</u> £'000	<u>Group</u> <u>1999</u> £'000
Season ticket sales in advance	1,020	884
Commercial income and sponsorship	434	433
Football Trust grant	-	2
Grants in respect of fixed asset expenditure	228	263
	<u>1,682</u>	<u>1,582</u>

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

16 SHARE CAPITAL

	<u>2000</u> £	<u>1999</u> £
Authorised		
23,062,500 "A" Ordinary shares of £1 each	23,062,500	23,062,500
7,687,500 "B" Ordinary Shares of £1 each	7,687,500	7,687,500
	<hr/>	<hr/>
	30,750,000	30,750,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
3,150,000 (1999: 2,250,000) "A" Ordinary shares of £1 each	3,150,000	2,250,000
1,050,000 (1999: 750,000) "B" Ordinary Shares of £1 each	1,050,000	750,000
	<hr/>	<hr/>
	4,200,000	3,000,000
	<hr/>	<hr/>

Rights of each class of shares

The "A" Ordinary shares and the "B" ordinary shares rank pari passu in all respects, except that during such time as the "B" Ordinary shares represent at least ten per cent in the nominal value of the issued share capital, certain limited decisions require the consent of the majority in nominal value of the "B" Ordinary shares.

During the year 900,000 "A" Ordinary shares of £1 each were allotted for cash at par, and 300,000 "B" Ordinary shares were allotted for cash at par.

17 PROFIT AND LOSS ACCOUNT

	<u>Group</u> £'000	<u>Company</u> £'000
At 1 July 1999	(18,247)	(19,672)
Retained loss for the year	(13,862)	(13,317)
	<hr/>	<hr/>
At 30 June 2000	(32,109)	(32,989)
	<hr/>	<hr/>

18 SHAREHOLDERS' FUNDS

	<u>Group</u> 2000 £'000	<u>Group</u> 1999 £'000
The reconciliation of movements in equity shareholders' funds is as follows:		
Opening shareholders' funds	(15,247)	(5,337)
Issue of shares	1,200	-
Loss for the year	(13,862)	(9,910)
	<hr/>	<hr/>
Closing shareholders' funds	(27,909)	(15,247)
	<hr/>	<hr/>

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

**19 RECONCILIATION OF OPERATING LOSS TO
OPERATING CASH FLOWS**

	<u>Year ended 30 June 2000</u> £'000	<u>Year ended to 30 June 1999</u> £'000
Operating loss	(14,158)	(10,224)
Depreciation charges	1,387	1,147
Amortisation of goodwill	543	544
Amortisation of players' registrations	3,463	2,725
Increase in stocks	(104)	(71)
Decrease in debtors	119	49
Increase in creditors	6,303	126
Deferred income	(114)	(88)
	<hr/>	<hr/>
Net cash outflow from operating activities	(2,561)	(5,792)
	<hr/>	<hr/>

**20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED
IN THE CASH FLOW STATEMENT**

Returns on investment and servicing of finance

Interest received	24	54
Interest paid	-	(4)
Interest element of finance lease rental payments	(1)	(1)
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	23	49
	<hr/>	<hr/>

Capital expenditure

Purchase of players' registrations	(7,380)	(3,592)
Sale of players' registrations	462	398
Purchase of tangible fixed assets	(1,773)	(3,396)
Sale of tangible fixed assets	(6)	4
Capital grants received	79	350
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(8,618)	(6,236)
	<hr/>	<hr/>

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

**20 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED
IN THE CASH FLOW STATEMENT (Continued)**

	<u>Year ended</u> <u>30 June 2000</u>		<u>Year ended</u> <u>to 30 June 1999</u>	
	£000	£000	£000	£000
Financing				
Issue of shares	1,200		-	
Debt due beyond a year				
advances from group companies	10,186		12,753	
Capital element of finance lease rental payments	7		(5)	
		<u>11,393</u>		<u>12,748</u>
Net cash outflow from financing		<u>11,393</u>		<u>12,748</u>

21 ANALYSIS OF CHANGES IN NET DEBT

	<u>At 30 June</u> <u>1999</u> £'000	<u>Cash</u> <u>flows</u> £'000	<u>At 30 June</u> <u>2000</u> £'000
Cash at bank and in hand	1,288	237	1,525
Debt due after 1 year	(31,939)	(10,186)	(42,125)
Finance leases	(4)	(7)	(11)
	<u>(30,655)</u>	<u>(9,956)</u>	<u>(40,611)</u>

22 FINANCIAL COMMITMENTS

Operating leases

At 30 June 2000, the group had annual commitments under non-cancellable operating leases of £94,000 (1999 : £Nil) expiring within one year, and £163,000 (1999 : £17,000) expiring within 2-5 years relating to plant and machinery. In addition, the group had an annual commitment under a non-cancellable operating lease of £104,000 (1999: £Nil) expiring after five years relating to land and buildings.

Other commitments

Signing on fees of £1,756,000 (1999: £1,724,000) are payable to players under existing contracts of employment. The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £875,000 (1999: £303,000)

23 CAPITAL COMMITMENTS

Amounts contracted for but not provided for in the accounts amounted to £81,000 (1999 : £235,000) for the group and £ Nil (1999: Nil) for the company.

FULHAM FOOTBALL LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2000

24 RELATED PARTY TRANSACTIONS

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

	2000		1999	
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Harrods Estates Limited	26,000	-	58,109	-
Harrods UK Limited	24,623	-	417,922	-
Harrods Limited	256,782	24	121,833	8,628
Metro Business Aviation Limited	49,637	2,408	38,629	5,513
Liberty Publishing Limited	660	-	70,545	-
Punch Limited	-	-	717	-
Hyde Park Residence Limited	800	1,021	-	-
Ruxley Holdings Limited	-	749	886	-
FL Property Management Limited	80,000	1,492	79,235	48,649
Liberty Radio Limited	778	964	500	5,825
ACF Sevenoaks Limited	-	749	-	508
Air Harrods	3,160	-	-	-

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

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

25 PENSION SCHEME

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

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

Total contributions charged during the period amounted to £79,000 (1999 : £187,000).

26 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

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