

**FULHAM FOOTBALL LEISURE LIMITED**

**(Registered Number 3374347)**

**ANNUAL REPORT**

**YEAR ENDED 30 JUNE 1999**

**PANNELL KERR FORSTER**  
**Chartered Accountants**



**FULHAM FOOTBALL LEISURE LIMITED**  
**(Registered Number 3374347)**  
**ANNUAL REPORT**  
**YEAR ENDED 30 JUNE 1999**

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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  
N Rodford

**SECRETARY**

S H Benson

**AUDITORS**

Pannell Kerr Forster  
Chartered Accountants  
New Garden House  
78 Hatton Garden  
London EC1N 8JA

**BANKERS**

Midland Bank 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 1999, which show the state of the group's affairs.

### REVIEW OF THE BUSINESS

The commitment made towards the long-term development of the business and in particular the playing squad was rewarded in part by winning the Football League Division 2 championship in May 1999 and thereby gaining promotion to Division 1. Improvements to the squad continue to be made in pursuit of the objective of promotion to the Premier League. Refurbishment of the Craven Cottage Stadium also continued. Gates and commercial revenues grew satisfactorily as a consequence of playing success and fulfilling our supporters expectations. In February 1999, a related company, FL Property Management Ltd, acquired the freehold of the former University of London sports Ground at Motspur Park, and granted a 25 year lease to Fulham Football Club (1987) Limited, thus providing the Club with the security of its own training ground. The Directors continue to examine options for the long-term redevelopment of the Craven Cottage site, to meet the Club's ambitions for an all-seater stadium.

### RESULTS AND DIVIDENDS

The loss for the financial period, amounted to £9,910,000 (period from 21 May 1997 to 30 June 1998 : £8,337,000). The directors do not recommend payment of a dividend. The loss of £9,910,000 will be transferred to reserves.

### PRINCIPAL ACTIVITIES

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

### FUTURE DEVELOPMENTS

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

### 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 1999	'B' Ordinary shares of £1 each 30 June 1999	'A' Ordinary shares of £1 each 30 June 1998	'B' Ordinary shares of £1 each 30 June 1998
M Al Fayed	2,250,000	-	2,250,000	-
S H Benson	-	-	-	-
J M Griffiths	-	-	-	-
A M Muddyman	-	375,000	-	375,000
W F Muddyman	-	-	-	-
N Rodford (appointed 1 August 1998)	-	-	-	-

### YEAR 2000 AND ECONOMIC MONETARY UNION

A comprehensive programme has been established to address all year 2000 systems and compliance issues which face the business. A similar project structure is also in place to address those issues associated with the introduction of Economic and Monetary Union. The cost is not considered to be significant.

### 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.

**FULHAM FOOTBALL LEISURE LIMITED**  
**DIRECTORS' REPORT (continued)**

**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 33 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.

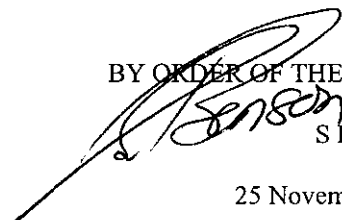
**CHARITABLE DONATIONS**

No donations were made during the year (1998: £79,067)

**AUDITORS**

A resolution to reappoint Pannell Kerr Forster as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



S H Benson  
Secretary

25 November 1999

**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. 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 1999 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

2 March 2000



PANNELL KERR FORSTER

Chartered Accountants

Registered Auditors

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 JUNE 1999**

	<u>Notes</u>	<u>Year ended</u> <u>30 June 1999</u> £'000	<u>Period from</u> <u>21 May 1997 to</u> <u>30 June 1998</u> £'000
Turnover	2	6,372	3,892
Other operating income		500	145
		<hr/>	<hr/>
		6,872	4,037
External charges		(4,503)	(3,702)
Staff costs	3	(8,162)	(6,117)
Depreciation		(1,147)	(526)
Deferred income		88	-
Amortisation of goodwill		(544)	(589)
Amortisation of player registration and associated items	4	(2,828)	(1,665)
		<hr/>	<hr/>
<b>Operating loss</b>	5	<b>(10,224)</b>	<b>(8,562)</b>
Profit on disposal of player registrations		265	202
Interest receivable and similar income		54	44
Interest payable and similar charges	7	(5)	(6)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(9,910)</b>	<b>(8,322)</b>
Taxation on loss on ordinary activities	8	-	(15)
		<hr/>	<hr/>
Retained loss for the financial year	18	<b>(9,910)</b>	<b>(8,337)</b>
		<hr/>	<hr/>

All amounts relate to continuing operations.

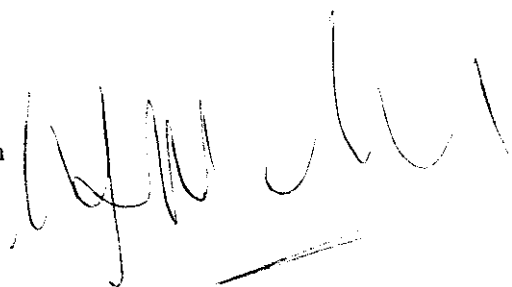
The group has no recognised gains or losses other than the loss for the year.

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**30 JUNE 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	10	8,124	7,934
Tangible assets	11	11,071	8,826
		<hr/>	<hr/>
		19,195	16,760
<b>CURRENT ASSETS</b>			
Stocks		113	42
Debtors	13	745	794
Cash at bank and in hand		1,288	519
		<hr/>	<hr/>
		2,146	1,355
<b>CREDITORS</b>			
Amounts falling due within one year	15	(3,066)	(3,716)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(920)	(2,361)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		18,275	14,399
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(31,940)	(19,189)
<b>DEFERRED INCOME</b>	16	(1,582)	(547)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(15,247)	(5,337)
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	3,000	3,000
Profit and loss account	18	(18,247)	(8,337)
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	19	(15,247)	(5,337)
		<hr/>	<hr/>

Approved by the board on 25 November 1999

W F Muddyman  
Director



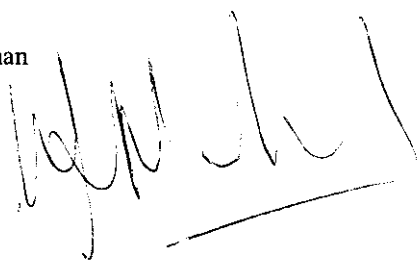
  
J M Griffiths  
Director

**FULHAM FOOTBALL LEISURE LIMITED**  
**BALANCE SHEET**  
**30 JUNE 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£'000	£'000
<b>FIXED ASSETS</b>			
Investments	12	10,603	-
<b>CURRENT ASSETS</b>			
<b>DEBTORS</b>			
Amounts falling due			
within one year	13	1	48
after one year	14	4,123	11,765
Cash at bank and in hand		544	117
		<u>4,668</u>	<u>11,930</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(4)	(49)
<b>NET CURRENT ASSETS</b>		<u>4,664</u>	<u>11,881</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,267</u>	<u>11,881</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(31,939)	(19,186)
<b>NET LIABILITIES</b>		<u>(16,672)</u>	<u>(7,305)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	3,000	3,000
Profit and loss account	18	(19,672)	(10,305)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(16,672)</u>	<u>(7,305)</u>

Approved by the board on 25 November 1999

W F Muddyman  
Director



  
J M Griffiths  
Director

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 30 JUNE 1999**

	<u>Notes</u>	<u>£'000</u>	<u>1999</u> <u>£'000</u>	<u>£'000</u>	<u>1998</u> <u>£'000</u>
<b>Net cash outflow from operating activities</b>	20		(5,792)		(2,887)
<b>Returns on investment and servicing of finance</b>	21		49		38
<b>Taxation</b>					
Overseas tax paid			-		(15)
<b>Capital expenditure</b>	21		(6,236)		(16,087)
<b>Acquisitions</b>	21		-		168
			<hr/>		<hr/>
<b>Net cash outflow before use of liquid resources and financing</b>			(11,979)		(18,783)
<b>Financing</b>	21				
Issue of shares		-		3,000	
Increase in debt		12,748		16,302	
		<hr/>		<hr/>	
<b>Net cash inflow from financing</b>			12,748		19,302
			<hr/>		<hr/>
<b>Increase in cash in the year</b>			769		519
			<hr/>		<hr/>
<b>Reconciliation Of Net Cash Flow To Movement In Net Debt</b>					
Increase in cash in the year			769		519
Cash inflow from increase in debt and lease financing			(12,748)		(16,302)
			<hr/>		<hr/>
<b>Change in net debt resulting from cash flows</b>			(11,979)		(15,783)
<b>Loans and finance leases acquired with subsidiaries</b>			-		(2,893)
			<hr/>		<hr/>
<b>Movement in net debt in the year</b>			(11,979)		(18,676)
<b>Net debt at 30 June 1998</b>			(18,676)		-
			<hr/>		<hr/>
<b>Net debt at 30 June 1999</b>	22		(30,655)		(18,676)
			<hr/>		<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

**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 operation 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 – 25% 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 1999**

**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.

	<b>Year ended 30 June 1999 £'000</b>	<b>For the period from 21 May 1997 to 30 June 1998 £'000</b>
Match receipts	2,925	1,914
Football league and football association distribution	562	473
Revenue from commercial activities	2,885	1,505
	<hr/>	<hr/>
	6,372	3,892
	<hr/>	<hr/>

**3 STAFF COSTS**

	<b>Year ended 30 June 1999 £'000</b>	<b>For the period from 21 May 1997 to 30 June 1998 £'000</b>
Wages and salaries	7,335	5,507
Social security costs	640	450
Other pension costs	187	160
	<hr/>	<hr/>
	8,162	6,117
	<hr/>	<hr/>
Average numbers employed by the group during the year:		
	<b><u>Number</u></b>	<b><u>Number</u></b>
Administration and ground staff	71	47
Players	33	29
	<hr/>	<hr/>
	104	76
Casual and part-time staff	133	26
	<hr/>	<hr/>
	237	102
	<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

**4 AMORTISATION OF PLAYER REGISTRATIONS AND ASSOCIATED COSTS**

	Year ended 30 June 1999 £'000	For the period from 21 May 1997 to 30 June 1998 £'000
Amortisation of player registrations	2,725	1,415
Net transfer levies payable	103	250
	<hr/> 2,828 <hr/>	<hr/> 1,665 <hr/>

**5 OPERATING LOSS**

This is stated after charging

Auditors' remuneration - audit	15	12
- other fees	3	13
Depreciation of owned fixed assets	1,146	524
Depreciation of assets held under finance leases and hire purchase contracts	1	3
Amortisation of goodwill	544	589
Amortisation of players registrations	2,725	1,415
Operating lease rentals - plant and machinery	54	48
-land and buildings	51	-
	<hr/> 5,459 <hr/>	<hr/> 4,004 <hr/>

**6 DIRECTORS' EMOLUMENTS**

One director received aggregate remuneration for services during the year of £110,294 (1998: nil).

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	£'000	£'000
On bank loans and overdrafts	4	2
Finance lease interest	1	4
	<hr/> 5 <hr/>	<hr/> 6 <hr/>

**8 TAXATION ON LOSS ON ORDINARY ACTIVITIES**

Overseas taxation	-	15
	<hr/>	<hr/>

**9 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 £9,367,000 (1998: £10,305,000).

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

**10 INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill</b>	<b>Player registrations</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
At 1 July 1998	2,718	7,300	10,018
Additions	-	3,592	3,592
Disposals	-	(418)	(418)
	<hr/>	<hr/>	<hr/>
At 30 June 1999	2,718	10,474	13,192
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 July 1998	589	1,495	2,084
Provided during the year	544	2,725	3,269
Disposals	-	(285)	(285)
	<hr/>	<hr/>	<hr/>
At 30 June 1999	1,133	3,935	5,068
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 1999	1,585	6,539	8,124
	<hr/>	<hr/>	<hr/>
At 30 June 1998	2,129	5,805	7,934
	<hr/>	<hr/>	<hr/>

Goodwill arises on the acquisition of Fulham Football Club Limited.

**11 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold Land</b>	<b>Leasehold Improvements</b>	<b>Stands, Fixtures, Fittings and Equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
At 1 July 1998	6,814	30	2,613	9,457
Additions	-	273	3,123	3,396
Disposals	-	-	(28)	(28)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	6,814	303	5,708	12,825
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 July 1998	-	1	630	631
Provided during the year	-	21	1,126	1,147
Disposals	-	-	(24)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	-	22	1,732	1,754
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>				
At 30 June 1999	6,814	281	3,976	11,071
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1998	6,814	29	1,983	8,826
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets above includes an amount of £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 1999**

**11 TANGIBLE FIXED ASSETS (Continued)**

The amount stated for Stands, Fixtures, Fittings and Equipment includes the sum of £485,738 the total amount expended at 30 June 1999 on professional fees etc relating to a proposal to redevelop the football stadium at Craven Cottage into an all-seater stadium capable of hosting Premier League and European football. The Directors are confident that the proposals being developed will eventually succeeded in gaining appropriate Planning and other relevant regulatory consents. The fees, and any further such expenditure will then 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.

**12 FIXED ASSET INVESTMENTS**

**Company**

**Investments in subsidiary undertakings:**

	<b>£'000</b>
At 1 July 1998	-
Additions in the period	12,000
Provision against diminution in value	(1,397)
	<hr/>
At 30 June 1999	<b>10,603</b>
	<hr/>

During the year the Company subscribed for 11,998,998 shares of £1 each in Fulham Stadium Limited, satisfying the subscription by simultaneously extinguishing loans due from Fulham Stadium of £11,999,9998

At 30 June 1999, the Company owned the following principal subsidiaries all of which are incorporated in Great Britain and operate in the United Kingdom.

<b>Company</b>	<b>Principal Activity</b>	<b>Interest in Ordinary shares</b>
Fulham Football Club (1987) Limited	Operation of a professional league football club	100%
Fulham Stadium Limited	Football stadium development	100%
Fulham Football Club Limited (by Guarantee)	Dormant	100% of voting rights

**13 DEBTORS**

	<b>Group 1999 £'000</b>	<b>Group 1998 £'000</b>	<b>Company 1999 £'000</b>	<b>Company 1998 £'000</b>
<b>Amounts falling due in one year</b>				
Trade debtors	501	556	-	-
Other debtors	139	151	1	48
Prepayments and accrued income	105	87	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>745</b>	<b>794</b>	<b>1</b>	<b>48</b>
	<hr/>	<hr/>	<hr/>	<hr/>

**14 DEBTORS**

<b>Amounts falling due after more than one year</b>				
Amounts owed by group undertakings	-	-	4,123	11,765
	<hr/>	<hr/>	<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

**15 CREDITORS**

	<u>Group</u> <u>1999</u> £'000	<u>Group</u> <u>1998</u> £'000	<u>Company</u> <u>1999</u> £'000	<u>Company</u> <u>1998</u> £'000
<b>Due within one year:</b>				
Trade creditors	1,579	2,756	-	-
Other taxation and social security	406	433	-	-
Finance lease obligations	3	6	-	-
Accruals and deferred income	1,078	521	4	49
	<hr/>	<hr/>	<hr/>	<hr/>
	3,066	3,716	4	49
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Due after more than one year:</b>				
Amounts owed to group undertakings	31,939	19,186	31,939	19,186
Finance lease obligations	1	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	31,940	19,189	31,939	19,186
	<hr/>	<hr/>	<hr/>	<hr/>

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 "B" 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 "A" 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. 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 1999, the total amount of the loans made by Fulham Leisure Holdings (BVI) Limited was £31,938,825.

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

	<u>Group</u>	<u>Group</u>
<b>16 DEFERRED INCOME</b>	<u>1999</u> £'000	<u>1998</u> £'000
Season ticket sales in advance for 1999 season	884	424
Commercial income and sponsorship	433	117
Football Trust grant to cover cost of specific costs	2	6
Grants in respect of fixed asset expenditure	263	-
	<hr/>	<hr/>
	1,582	547
	<hr/>	<hr/>

The Company has no deferred income (1998: nil)

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

17 SHARE CAPITAL	<u>1999</u> £	<u>1998</u> £
<b>Authorised</b>		
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/>
<b>Allotted, called up and fully paid</b>		
2,250,000 "A" Ordinary shares of £1 each	2,250,000	2,250,000
750,000 "B" Ordinary Shares of £1 each	750,000	750,000
	<hr/>	<hr/>
	3,000,000	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.

18 PROFIT AND LOSS ACCOUNT	<u>Group</u> £'000	<u>Company</u> £'000
At 1 July 1998	(8,337)	(10,305)
Retained loss for the year	(9,910)	(9,367)
	<hr/>	<hr/>
At 30 June 1999	(18,247)	(19,672)
	<hr/>	<hr/>

19 SHAREHOLDERS' FUNDS	<u>Group</u> 1999 £'000	<u>Group</u> 1998 £'000
The reconciliation of movements in equity shareholders' funds is as follows:		
Opening shareholders' funds	(5,337)	-
Issue of shares	-	3,000
Loss for the year	(9,910)	(8,337)
	<hr/>	<hr/>
Closing shareholders' funds	(15,247)	(5,337)
	<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

20 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS	Year ended 30 June 1999 £'000	For the period from 21 May 1997 to 30 June 1998 £'000
Operating loss	(10,224)	(8,562)
Depreciation charges	1,147	527
Amortisation of goodwill	544	589
Amortisation of players' registrations	2,725	1,415
Increase in stocks	(71)	(9)
Decrease/(increase) in debtors	49	(737)
Increase in creditors	126	3,890
Deferred income	(88)	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(5,792)	(2,887)
	<hr/>	<hr/>
 21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
 Returns on investment and servicing of finance		
Interest received	54	44
Interest paid	(4)	(2)
Interest element of finance lease rental payments	(1)	(4)
	<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance	49	38
	<hr/>	<hr/>
Capital expenditure		
Purchase of players' registrations	(3,592)	(7,928)
Sale of players' registrations	398	1,084
Purchase of tangible fixed assets	(3,396)	(9,251)
Sale of tangible fixed assets	4	8
Capital grants received	350	-
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(6,236)	(16,087)
	<hr/>	<hr/>
Acquisitions		
Purchase of subsidiary undertaking	-	-
Net cash acquired with subsidiary	-	168
	<hr/>	<hr/>
Net cash inflow for acquisitions	-	168
	<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (Continued)	Year ended 30 June 1999		For the period from 21 May 1997 to 30 June 1998	
	£000	£000	£000	£000
<b>Financing</b>				
Issue of shares		-		3,000
Debt due within a year				
repayment of other loans	-		(2,861)	
Debt due beyond a year				
advances from group companies	12,753		19,186	
Capital element of finance lease rental payments	(5)		(23)	
		12,748		16,302
<b>Net cash outflow from financing</b>		12,748		19,302

**22 ANALYSIS OF CHANGES IN NET DEBT**

	At 30 June 1998 £'000	Cash flows £'000	At 30 June 1999 £'000
Cash at bank and in hand	519	769	1,288
Debt due after 1 year	(19,186)	(12,753)	(31,939)
Debt due within one year	-	-	-
Finance leases	(9)	5	(4)
	(18,676)	(11,979)	(30,655)

**23 FINANCIAL COMMITMENTS**

**Operating leases**

At 30 June 1999, the group had annual commitments under non-cancellable operating leases of £Nil (1998 : £Nil) expiring within one year, and £17,508 (1998 : £69,878) expiring within 2-5 years.

The company had no operating lease commitments.

**Other commitments**

Signing on fees of £1,724,000 (1998 : £2,482,000) are payable to players under existing contracts of employments. The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £303,125 (1998: 477,500).

**24 CAPITAL COMMITMENTS**

Amounts contracted for but not provided for in the accounts amounted to £235,000 (1998 : £616,000) for the group and £ Nil for the company.

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 JUNE 1999**

**25 CONTINGENT LIABILITIES**

A claim has been lodged by an ex-employee for unfair dismissal. The directors are confident of a satisfactory outcome, and have made an appropriate provision for settlement and costs.

**26 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:

	<b>1999</b>		<b>1998</b>	
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Harrods Estates Limited	58,109	-	38,550	-
Harrods UK Limited	417,922	-	100,885	-
Harrods Limited	121,833	8,628	165,527	3,045
Metro Business Aviation Limited	38,629	5,513	23,723	3,708
Liberty Publishing Limited	70,545	-	179,038	10,481
Punch Limited	171	-	13,935	-
Hyde Park Residence Limited	-	-	368	5,168
Brompton Press Limited	-	-	-	49
Ruxley Holdings Limited	886	-	250	-
FL Property Management Limited	79,235	48,649	-	-
Liberty Radio Limited	500	5,825	-	-
ACF Sevenoaks Limited	-	508	-	-

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

**27 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.

Total contributions charged during the period amounted to £187,096 (1998 : £159,921).

**28 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.

**FULHAM FOOTBALL LEISURE LIMITED  
COMPANY PROFIT AND LOSS ACCOUNT  
YEAR ENDED 30 JUNE 1999**

**FOR CONSOLIDATION PURPOSES ONLY**

	<u>1999</u> £'000	<u>1998</u> £'000
<b>Turnover</b>	<b>700</b>	<b>632</b>
Other operating income	-	60
	<hr/>	<hr/>
	<b>700</b>	<b>692</b>
External charges	<b>(90)</b>	<b>(138)</b>
Staff costs	<b>(666)</b>	<b>(499)</b>
Provision against debts due from subsidiaries	<b>(9,335)</b>	<b>(10,389)</b>
	<hr/>	<hr/>
Operating profit	<b>(9,391)</b>	<b>(10,334)</b>
Interest receivable and similar income	<b>24</b>	<b>29</b>
	<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<b>(9,367)</b>	<b>(10,305)</b>
	<hr/> <hr/>	<hr/> <hr/>