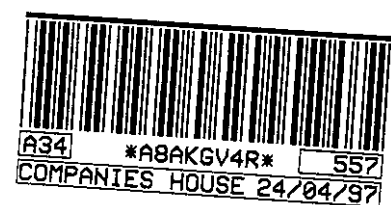


Fulham Football Club (1987) Limited

Accounts 30 June 1996
together with directors' and auditors' reports

Registered number: 2114486



Directors and Officers

Directors

JWT Hill (Chairman)

WF Muddyman

AM Muddyman

DE Shrimpton

CAF Swain

TF Wilson

Secretary

CAF Swain

Registered office

Craven Cottage

Stevenage Road

London

SW6 6HH

Auditors

Binder Hamlyn

20 Old Bailey

London

EC4M 7BH

Principal bankers

Robert Fleming & Co Ltd

25 Copthall Avenue

London

EC2R 7DR

Lloyds Bank Plc

39 Old Bond Street

London

W1X 4BH

Solicitors

Frere Cholmeley Bischoff

4 John Carpenter Street

London

EC4Y ONH

Directors' report

For the year ended 30 June 1996

Financial Statements

The directors present their report and financial statements for the year ended 30 June 1996 .

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 the profit or loss of the company for that period. In preparing those 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; and
- prepare the financial statements on the 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.

Principal activity

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

Dividends

The directors are unable to recommend the payment of a dividend (1995: £Nil).

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

Planning permission has been received from the local authority for a substantial redevelopment of the club's ground at Craven Cottage, including the construction of private housing as well as fundamental improvement of the ground and its facilities. The directors view the proposed development as vital to the longer term success of the club.

Directors' report (continued)

Post balance sheet events

The directors are not aware of any events since the balance sheet date which would have a material impact in the financial statements.

Directors

The directors at 30 June 1996, all of whom served throughout the year were as follows:

JWT Hill (Chairman)

WF Muddyman (Vice Chairman) (resigned 8 February 1996, re-appointed 6 August 1996)

AM Muddyman (resigned 8 February 1996, re-appointed 6 August 1996)

DE Shrimpton

CAF Swain

The directors had no interests in the shares of the company at any time during the year.

TF Wilson was appointed as a director on 21 February 1997.

Mr JWT Hill, Mr WF Muddyman, Mr AM Muddyman, Mr DE Shrimpton and Mr CAF Swain are also directors of the ultimate parent company and as such their interests are shown in the financial statements of that company.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that 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 27 March 1997.

In preparing the above report, the directors have taken advantage of the special exemptions provided by Part II of Schedule 8 to the Companies Act 1985 applicable to small companies.



Director

JWT HILL

BINDER HAMLYN

Andersen Worldwide

20 Old Bailey
London EC4M 7BH

Auditors' report

To the shareholders of Fulham Football Club (1987) Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 to 9.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the 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 notes 1 and 18 to the financial statements concerning the adequacy of the company's funding, its future development and its obligations. The company meets its working capital requirement through banking facilities which are dependent on the continuing guarantees of the directors. The level of its future obligations, in part, is further dependent on renegotiation of its property tenure and realisation of its development plans. In view of the matters referred to above, there are significant doubts as to the appropriateness of the going concern basis, to which we draw your attention. Our opinion is not qualified in this respect.

Profit and loss account

For the year ended 30 June 1996

	Notes	1996 £	1995 £
Turnover		1,428,083	1,247,553
Other operating income		<u>117,265</u>	<u>123,136</u>
		1,545,348	1,370,689
External charges		(819,311)	(627,919)
Exceptional rates refund	6	-	54,105
Staff costs		(1,192,490)	(1,123,165)
Depreciation		<u>(20,133)</u>	<u>(19,791)</u>
Operating loss	4	(486,586)	(346,081)
Transfer fees	5	<u>107,509</u>	<u>89,923</u>
		(379,077)	(256,158)
Interest payable	7	<u>(180,777)</u>	<u>(130,630)</u>
Loss on ordinary activities before taxation		(559,854)	(386,788)
Tax on loss on ordinary activities	8	-	-
Loss for the year transferred to reserves	15	<u>(559,854)</u>	<u>(386,788)</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the amounts included in the profit and loss account. All profits and losses are calculated by reference to historical cost.

Continuing operations

All of the above results derive from continuing activities and there were no acquisitions in the period.

BINDER HAMLYN

Andersen Worldwide

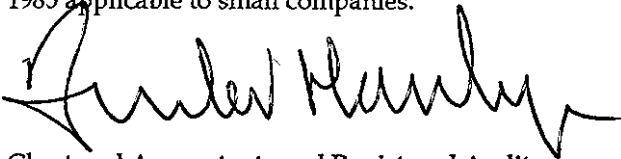
20 Old Bailey
London EC4M 7BH

Auditors' report (continued)

To the shareholders of Fulham Football Club (1987) Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Chartered Accountants and Registered Auditors

27 March 1997

Balance sheet

as at 30 June 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	94,164	49,699
Current assets			
Stocks		32,991	24,616
Debtors	10	410,652	191,068
Cash at bank and in hand		53,054	1,346
		<u>496,697</u>	<u>217,030</u>
Creditors: amounts falling due within one year	11	<u>(767,588)</u>	<u>(806,516)</u>
Net current liabilities		<u>(270,891)</u>	<u>(589,486)</u>
Total assets less current liabilities		<u>(176,727)</u>	<u>(539,787)</u>
Creditors: amounts falling due after more than one year	12	<u>(2,468,472)</u>	<u>(1,589,925)</u>
Deferred income	13	<u>(150,658)</u>	<u>(106,291)</u>
		<u>(2,619,130)</u>	<u>(1,696,216)</u>
Net assets		<u>(2,795,857)</u>	<u>(2,236,003)</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account	15	<u>(2,795,859)</u>	<u>(2,236,005)</u>
Equity shareholders' funds	16	<u>(2,795,857)</u>	<u>(2,236,003)</u>

In preparing the accounts, the directors have taken advantage of the special exemptions provided by Part 1 of Schedule 8 to the Companies Act 1985 applicable to small companies on the grounds that, in their opinion, the company is small and is therefore entitled to those exemptions.

The financial statements on pages 5 to 13 were approved by the Board on 27 March 1997.



Director

JWH

Notes to the financial statements

For the year ended 30 June 1996

1 Basis of preparation of financial statements

The company meets its working capital requirements through its banking facilities. The facilities available to the company amounted to £1,000,000 (1995: £1,150,000) at the balance sheet date. Of this amount, some £750,000 is a term loan available to 2002, with £250,000 available for the same period as an 'on demand' facility repayable on demand.

The bank overdraft facility was withdrawn in June 1996, when alternative funding was made available in the form of bank loans.

The directors have prepared projected cash flow information covering a period ending on 31 August 1997. The directors consider it is likely that facilities adequate for the company's requirements will be made available on the basis of:

- (1) the cash flow information;
- (2) financial and other information covering the period thereafter;
- (3) the value to the company of the players' contracts;
- (4) the company's relationships with its bankers; and
- (5) the possible availability of funding from other sources of finance.

Accordingly the directors consider it appropriate to prepare the financial statements on a going concern basis.

2 Accounting policies

a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

b) *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.

c) *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.

d) *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.

Notes to the financial statements (continued)

2 Accounting policies continued

e) *Transfer 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. Transfer fees contingent on, for example, future appearances, are taken to the profit and loss account in the period they become payable.

f) *Players' contracts*

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

g) *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	- 25% per annum

h) *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 evenly over the term of the relevant agreement.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease, except as stated in note 18.

i) *Stocks*

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

j) *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 financial statements.

Notes to the financial statements (continued)

2 Accounting policies *continued*

k) *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.

l) *Compliance with accounting standards*

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

3 Directors' remuneration

None of the directors received any remuneration during the year.

4 Operating loss

is stated after charging/(crediting):

	1996	1995
	£	£
Auditors' remuneration	10,094	9,500
Depreciation		
- Owned fixed assets	8,579	6,341
- Assets under finance leases	11,554	13,450
Amortisation of grant	(520)	-

5 Transfer fees

Transfer fees and levies receivable	107,509	89,923
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6 Exceptional items

The exceptional item represents general rates refunds for the rating years 1990-1995/6 plus interest

	-	54,105
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7 Interest payable

On borrowings repayable within five years:

Hire and lease purchase loans	5,742	4,684
Bank overdraft and other loans	18,876	25,817
Other interest	98,120	46,332
	122,738	76,833

On borrowing repayable over five years:

Bank loan	58,039	53,797
	180,777	130,630

Notes to the financial statements (continued)

8 Taxation

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

9 Tangible fixed assets

	Motor vehicles and equipment £
Cost	
1 July 1995	129,147
Additions	87,411
Disposals	(45,353)
30 June 1996	171,205
Depreciation	
1 July 1995	79,448
Disposals	(22,540)
Charge for the year	20,133
30 June 1996	77,041
Net book value	
30 June 1996	94,164
30 June 1995	49,699

The net book value of fixed assets includes an amount of £52,727 (1995: £36,848) in respect of assets held under hire and lease purchase contracts.

10 Debtors

	1996	1995
	£	£
Trade debtors	56,532	19,535
Amounts due from ultimate holding company	50	50
Taxation recoverable	-	17,522
Other debtors	354,070	153,961
	410,652	191,068

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	1996	1995
	£	£
Bank overdraft	-	203,521
Bank loan (note 12)	250,000	235,000
Hire and lease purchase (note 17)	24,159	14,671
Trade creditors	234,510	114,707
Other creditors	258,919	238,617
	<u>767,588</u>	<u>806,516</u>

12 Creditors: amounts falling due after more than one year

Bank loan	750,000	750,000
Other loan	1,699,694	828,085
Hire and lease purchase (note 17)	18,778	11,840
	<u>2,468,472</u>	<u>1,589,925</u>

The other loan is due to a director, WF Muddyman.

The bank loan is secured by a fixed and floating charge over the assets of the company. On 1 October 1996 bank loan facilities were extended by £2m to refinance other loans.

13 Deferred income

This represents payments received in advance amounting to £103,266 (1995: £99,271) in respect of season tickets for the 1996 season, and sales of £35,424 (1995: 7,020) invoiced in advance.

The balance of £11,968 relates to a Football Trust Grant to cover the cost of specific fixed assets.

14 Share capital

	1996	1995
	Number	Number
Authorised		
Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid	£	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes to the financial statements (continued)

15 Profit and loss account

	1996	1995
	£	£
1 July 1995	(2,236,005)	(1,849,217)
Loss for the year	(559,854)	(386,788)
30 June 1996	<u>(2,795,859)</u>	<u>(2,236,005)</u>

16 Reconciliation of movement in shareholders' funds

Opening shareholders' funds	(2,236,003)	(1,849,215)
Loss for the financial year	(559,854)	(386,788)
Closing shareholders' funds	<u>(2,795,857)</u>	<u>(2,236,003)</u>

17 Hire and lease purchase creditors

Amounts payable:

Within one year	24,159	14,671
Two to five years	18,778	11,840
	<u>42,937</u>	<u>26,511</u>

18 Financial commitments

a) Operating leases

At 30 June 1996, the company had an average annual commitment of £ 437,500 (1995: £518,125) in respect of its lease at Craven Cottage. The lease was granted for a period of ten years from 1 June 1993.

As set out in the directors' report, planning permission has been granted by the local authority in respect of a major development of the ground. The club is presently involved in discussion with developers. The need for such a development is vital to the future success of the company and would necessarily involve a renegotiation of the tenure of the ground. As part of these negotiations, the landlord agreed to waive its rights to rent until the date on which the appeal decision was made public. Thereafter the landlord agreed to delay monthly rental payments for a further nine months while acquisition of the freehold is discussed. Consequently rental payments are being accounted for as they fall due in the expectation that the higher levels of rent will not ultimately be payable.

b) Other commitments

Signing on fees of £ 88,700 (1995: £57,250) are payable to players under existing contracts of employment.

Notes to the financial statements (continued)

19 Pension scheme commitments

The company is one of 70 participating employers in the Football League Pension and Life Assurance Scheme, a contracted-out defined benefit pension scheme.

At 30 June 1996, 1 (1995: 1) of the company's employees was a member of the scheme. Contributions payable by the company are 10.4% (1995: 10.4%) of the members' pensionable salary.

Playing staff are responsible for their own pension arrangements.

20 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. The group qualifies as a small-sized group under Section 248 of the Companies Act 1985 and does not prepare group accounts.