Fulham Football Club (1987) Limited

Annual Report 30 June 2008

Registered number: 2114486

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Offices and Advisors

For the year ended 30 June 2008

Registered Office:

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

Auditors:

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Bankers:

National Westminster Bank Plc
City of London Office
1 Princes Street
London
EC2R 8PA

Solicitors:

Hammonds
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Chairman's statement

For the year ended 30 June 2008

The build up to the league campaign for 07/08 in the F.A Premier League was an extremely busy one, with much player trading during the summer transfer window. Therefore, after a disappointing 16th place finish the previous season, we began with optimism with almost an entirely new squad of players at the disposal of the Manager.

Gross revenues in the year increased by 35% to £53.7m, broadcasting revenues increased by 7% and non-broadcasting revenues (gate receipts, sponsorship and commercial activities) increased by an encouraging 12%. The operating expenses of the business increased by £10.3m, largely due to increases in player wage costs and increased amortisation of player registrations. This resulted in an operating loss (before player trading and amortisation) of £2.1m compared to a loss of £10.4m the year before.

The summer's trading saw the sale of Zat Knight, Michael Brown, Heidar Helguson, Papa Bouba Diop, Liam Rosenior and Franck Queudrue. Acquisitions during the same period bought in Diomansy Kamara, Paul Konchesky, Steven Davis, Lee Cook, Hameur Bouazza, Seol Ki-Hyeon, Adrian Leijer, Dejan Stefanovic, Danny Murphy, Kasey Keller, David Healy and Chris Baird. The net outflow from player trading is approximately £12.2 million.

Following a run of disappointing results we were forced to make a decision that we believed was the only viable option to ensure our Premier League status was secured, and on 21 December 2007 Fulham Football Club announced that it was to replace Lawrie Sanchez as Manager with immediate effect. The back room staff of Dave Beasant and Terry Gibson also left as part of this structural change.

Shortly afterwards, on the 27 December 2007, we announced the appointment of Roy Hodgson as Manager. He immediately influenced the Club's mid season transfer window and further investment was made to the squad with the purchase of Brede Hangeland, Leon Andreasen, Erik Nevland and Eddie Johnson, all contributing to the necessary squad depth to ensure that we had the best possible chance of maintaining our vital Premier League status. An excellent run of form toward the end of the season under Roy, secured the Club's Premier League future with a final day victory at Fratton Park.

Overall the Club posted a loss of £7.5m for the season 2007/2008. Continuing investment and improvements were made to the facilities at Craven Cottage to enable us to consistently enhance the supporter experience. This will enable us to drive our commercial revenues forward with the ultimate long-term aim of making the Club financially self sufficient.

As always, there is more to do and I remain committed to making investment funds available to achieve our goals. The continued long term success of Fulham Football Club is my priority, and to ensure its future we remain steadfast in our aims of supporting both our football team and serving our supporters.

Finally, I continue to urge our fans to continue to show their unparalleled loyalty and commitment to the Club by filling our stadium to capacity each and every game. The fans were there through the bad times last season and I am determined that the future seasons will not provide such dramatic finales in a quest for survival; the fans are the lifeblood of any club, but none more so than Fulham and I am committed to them as I have always been.

Directors' report

For the year ended 30 June 2008

Financial statements

The directors present their report and financial statements for the year ended 30 June 2008

Review of the business

During the year to 30 June 2008, the company saw the following changes in the key indicators of financial and non-financial performance.

	Year to 30 June			
Indicator	**2008**	**2007**	**+/- change**	**%**
Gross revenues (£m)	53.7	39.7	14.0	35
Turnover (£m)	52.0	39.2	12.8	33
Total staff costs (£m)	39.3	35.2	4.1	12
Staff costs as % of revenues	73.3%	88.8%		15
Net operating (loss) (£m)	(18.2)	(19.5)	1.3	(6)
Final position in Premier League (PL)	17th	16th	(1)	
Total PL attendances	451,714	423,143	28,571	7
Average PL attendance per game	23,774	22,271	1,503	7

The Directors consider these to be the most useful measures of performance, as they tie on-field performance by the team to financial results achieved by the company.

The Chairman's statement contains an appropriate commentary on the performance of the company for the year.

Principal activity

The company's principal activity is the operation of a professional Football Club.

Results and dividends

The company made a loss after tax of £7,536,262 (2007: £15,203,979) which has been transferred to reserves. The directors are unable to recommend the payment of a dividend (2007: £nil).

Future developments

The Company continues to seek to develop the match-day experience for spectators to promote the long-term aim of growing and retaining a large and loyal fan base. Our sister-company, Fulham Stadium Limited, has a rolling program of increasing and improving facilities at the Craven Cottage stadium, which enable the Company to plan for steady increases in attendances and an increase in total premium seating areas and lounge facilities, which support premium-priced match-day packages.

The Company will continue to invest in the Playing squad to maintain and improve on the results achieved during the playing season.

Directors' report (continued)

For the year ended 30 June 2008

Financial instruments and risks

Most of the company's transactions are in sterling, although from time to time certain transactions involving the acquisition of overseas players may be in Euros. In these cases, the company's policy is to accept the risk of a movement in the exchange rate to sterling. No forward purchases of currency are made, nor does the company use hedging instruments.

The company's main source of finance, for operating losses, working capital and capital expenditure (including player transfers), in excess of funds generated internally, is interest-free loans from its immediate parent company. The company has received assurances from the directors of the parent company that no repayment demand will be made which would either cause the repayments to be a preference of a creditor or which would cause the company to become technically insolvent. The parent company has also provided comfort that if further funds are needed to meet creditors as they fall due, these will be made available.

The Company's main commercial risk is that associated with potential failure to retain membership of the Football Association Premier League. Of the company's total revenues in the year to 30 June 2008, 65% came from sources controlled by the Premier League (2007: 59 %). In the event of relegation from the Premier League, the company's revenues would fall the company would therefore have to take action to significantly reduce operating costs. Such action could prevent the maintenance of a playing squad capable of gaining promotion back to the Premier League. Therefore the Company's main aim is to prevent this risk becoming a reality.

The environment

The company 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 company'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 company is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers.

The company takes an average of 39 days to pay its creditors (2007: 30 days).

Directors' report (continued)

For the year ended 30 June 2008

Policy on disabled persons

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

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the directors has confirmed that:

(a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

For the year ended 30 June 2008

Post balance sheet events

Since the year end, the company has acquired the registrations of Andy Johnson, Mark Schwarzer, Zoltan Gera, Bobby Zamora, John Pantsil, Fredrik Stoor, Pascal Zuberbühler, Chris Smalling, Andranik Timotian Samarani and Dickson Etuhu, In addition, the company has disposed of the registrations of Ricardo Batista, Dejan Stefanovic, Steven Davis, David Healy, Alexey Smertin, Antti Niemi, Nathan Ashton and Jimmy Bullard. The net outflow from player trading is approximately £8.36 million.

On 19 December 2008, the company granted a fixed charge by way of a Debenture over all its assets in favour of Harrods (UK) Limited, to secure its indebtedness to Harrods (UK) Limited. At that time, the debt was £18.5m repayable in varying instalments, the last of which is in January 2010, following which the Debenture will be discharged.

Directors

The directors who served during the year were as follows:

M Al Fayed (Chairman)
K Al Fayed
O Fayed
S H Benson
M A E Collins
I J W McLeod
D P McNally (resigned 25th July 2008)
C R Bailey (appointed 26th June 2008)

Directors' shareholdings in Fulham Football Leisure Limited, the parent undertaking, are shown in that company's accounts.

By order of the Board

S H Benson
Secretary
20th March 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULHAM FOOTBALL CLUB (1987) LIMITED

We have audited the financial statements of Fulham Football Club (1987) Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the Directors' Report includes that specific information presented in the Chairman's statement that it is cross referenced from the business review section of the Directors' Report. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULHAM FOOTBALL CLUB (1987) LIMITED (continued)

We planned and performed our audit so as to obtain all the information and explanations 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP

London, UK
23 March 2008

PKF (UK) LLP
Registered Auditors

Profit and loss account

For the year ended 30 June 2008

		2008			2007
		Operations excluding player trading	Player trading	Total	Total
	Notes	£	£	£	£
Turnover	3	52,031,417	-	52,031,417	39,228,160
Other operating income		1,623,550	-	1,623,550	435,102
		53,654,967	-	53,654,967	39,663,262
Operating expenses	4	(55,791,214)	(12,882,886)	(68,674,100)	(58,399,639)
Exceptional item	6	-	(3,176,530)	(3,176,530)	(719,506)
Operating loss		(2,136,247)	(16,059,416)	(18,195,663)	(19,455,883)
Profit on disposal of players' registrations		-	11,681,572	11,681,572	5,495,492
Loss before interest and taxation		(2,136,247)	(4,377,844)	(6,514,091)	(13,960,391)
Net interest payable	7			(1,029,393)	(1,243,588)
Loss on ordinary activities before taxation				(7,543,484)	(15,203,979)
Taxation of loss on ordinary activities	8			7,222	-
Loss for the year	16			(7,536,262)	(15,203,979)

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.

Continuing operations

All of the above results derive from continuing activities.

The notes on pages 13 to 26 form a part of these financial statements.

Balance Sheet

As at 30 June 2008

	Notes	2008	2007
		£	£
Fixed assets			
Intangible assets	9	**32,109,524**	15,086,786
Tangible assets	10	**1,865,583**	2,157,735
		33,975,107	17,244,521
Current assets			
Stocks		**18,923**	10,664
Debtors	11	**9,376,406**	3,650,911
Cash at bank and in hand		**4,065,582**	1,186,784
		13,460,911	4,848,359
Creditors: amounts falling due within one year	12	**(36,475,479)**	(20,489,605)
Net current liabilities		**(23,014,568)**	(15,641,246)
Total assets less current liabilities		**10,960,539**	1,603,275
Creditors: amounts falling due after more than one year	13	**(164,860,588)**	(146,677,725)
Deferred income	14	**(3,284,245)**	(4,573,582)
Net Liabilities		**(157,184,294)**	(149,648,032)
Capital and reserves			
Called up share capital	15	**2**	2
Profit and loss account	16	**(157,184,296)**	(149,648,034)
Shareholders' funds	17	**(157,184,294)**	(149,648,032)

The notes on pages 13 to 26 form part of these financial statements.

The financial statements on pages 11 to 26 were approved and authorised for issue by the Board and were signed on its behalf on 20th March 2008.

M A E Collins
Director

S H Benson
Director

Notes to the financial statements

For the year ended 30 June 2008

1 Basis of preparation of financial statements and going concern

The company has a deficit of shareholders' funds at 30 June 2008 and has operated at a loss in recent years. The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The Directors are aware of their duty to present a balanced assessment of the company's financial position and prospects and in concluding that it is appropriate to adopt the going concern basis they have had regard to the trading performance and cashflows since the year end. They continue to take action to improve the cashflow position of the company.

They have also had regard to the written indications received from Fulham Football Leisure Limited, AIT Leisure Holdings Limited, both of which are parent companies, Mr M Al Fayed and the trust company that controls the Al Fayed family trusts and their corporate interests, that continued funding will be made available to finance the group's working capital requirements for the foreseeable future, if required, irrespective as to whether Fulham Football Club retains membership of the Premier League at the end of the 2008/09 season or not. Although there is no legal obligation for AIT Leisure Holdings Limited, Mr M Al Fayed and the trust company to provide this continued financial support, the Directors are confident that such funding, if required, will be forthcoming.

Should the Club be relegated at the end of the 2008/09 season, then the company's revenues would fall. The company would therefore have to take action to significantly reduce operating costs, which the Directors are confident could be achieved, such that parent company additional funding would not be required.

2 Accounting policies

a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Financial Reporting Guidance for Football Clubs (Issued February 2003).

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 recognised 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.

2 Accounting policies (continued)

d) Signing on fees

Signing on fees relating to players' contracts are charged to the profit and loss account in the period in which they become due. Signing on fees are considered to be part of players' emoluments packages and are included in these financial statements as part of staff costs.

e) Transfer fees

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

Fees payable which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is more likely than not 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. Player registration costs are amortised over the life of the players' contract with the club. These intangible assets are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Fees receivable which are contingent on certain performance criteria are not recognised as revenue until the relevant criteria have been met.

Player trading comprises amortisation of players' registrations and profit/losses on sales of players' registrations.

f) Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, 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
Leasehold improvements	- Over period of lease

g) Leases and hire purchase contracts

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.

2 Accounting policies (continued)

h) Stocks

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

i) Pensions

The pension cost charged in the year represents contributions payable by the company to a number of defined contribution schemes.

j) Deferred taxation

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No. 19 "Deferred Tax". Deferred tax assets are only recognised when they arise from timing differences where their recoverability is regarded as more likely than not. Deferred tax balances are not discounted.

k) Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

3 Turnover

	2008	2007
	£	£
Gate Receipts	**9,554,313**	8,706,142
Sponsorship	**3,610,978**	2,642,967
Central Awards	**28,307,744**	17,766,902
Broadcasting	**5,692,686**	5,297,447
Commercial activities	**4,865,696**	4,814,702
	52,031,417	39,228,160

Notes to the financial statement (continued)

For the year ended 30 June 2008

4 Operating expenses

	2008	2007
	£	£
Auditors' remuneration for audit services	**31,064**	29,528
Auditors' remuneration for non-audit services	**6,791**	4,395
Staff costs (Note 5)	**39,344,213**	35,168,872
Depreciation		
- Owned fixed assets	**595,620**	377,771
- Assets under finance leases	**153,511**	231,060
- Amortisation of player registrations	**12,882,886**	8,323,498
Amounts paid under operating leases:		
- Land and Buildings	**2,193,147**	2,239,741
- Other	**82,486**	129,633
Other external charges	**13,384,382**	11,895,141
	68,674,100	58,399,639

5 Staff numbers and costs

Staff costs during the year (including director's emoluments) amounted to:

	2008	2007
	£	£
Wages and salaries	**35,193,444**	31,502,417
Social security costs	**3,993,588**	3,556,846
Pension costs	**157,181**	109,609
	39,344,213	35,168,872

The average monthly number of employees during the year was 654 (2007: 781) made up as follows:

	2008	2007
	Number	Number
Administrative and ground staff	**137**	123
Players	**60**	57
	197	180
Part-time staff	**457**	601
	654	781

Aggregate directors emoluments during the year totalled £361,124 (2007: £354,154) including pension contributions of £37,453 (2007: £25,500). The highest paid director's emoluments totalled £228,083 (2007: £275,500) including pension contributions of £28,000 (2007: £25,500).

Notes to the financial statement (continued)

For the year ended 30 June 2008

6 Exceptional item

	2008	2007
	£	£
Impairment Loss	**3,176,530**	719,506

The impairment losses arose from a write down of various players' registrations to reflect their net realisable value.

7 Interest

	2008	2007
	£	£
Interest receivable on deposits:		
Bank interest	**161,833**	139,358
Interest payable on borrowings repayable within five years:		
Bank interest payable	**(618,573)**	(231,828)
Hire and lease purchase obligations	**(31,643)**	(34,555)
Amounts payable to related parties	**(541,010)**	(1,116,563)
	(1,191,226)	(1,382,946)
Net interest payable	**(1,029,393)**	(1,243,588)

8 Taxation

	2008	2007
	£	£
(a) The tax for the year comprises:		
Current tax:	-	-
Corporation tax at 30% (2007 : 30%)	-	-
Group relief payable/(receivable)	(7,222)	-
Total current tax (note 8 (b))	(7,222)	-

(b) Factors affecting tax charge for the year	£	£
The tax assessed for the year differs from the standard rate of corporation tax (30%) in the UK. The difference is explained below:		
Loss on ordinary activities before tax	(7,543,484)	(15,203,979)
Loss on ordinary activities at standard rate of corporation tax in the UK of 29.5% (2007 : 30%)	(2,225,532)	(4,561,194)
Effects of:		
Depreciation in the year less than capital allowances	235,548	210,388
Expenses not deductible for tax purposes - non qualifying depreciation	6,732	
Expenses not deductible for tax purposes	957,020	192,405
Utilisation of tax losses and other deductions	-	-
Other short term timing differences	44	
Losses group relieved	-	52,005
Losses in year carried forward	1,018,966	4,106,396
Current tax charge for the year (note 8 (a))	(7,222)	-

(a) Factors that may affect future tax charges

At the year end the company has an un-provided deferred tax asset of £47.4m (2007: £46.7m), as analysed below. This asset has not been recognised as recoverability is dependent on there being future taxable trading profits against which to offset the asset.

	2008	2007
	£	£
Depreciation in excess of capital allowances	263,452	499,000
Tax losses carried forward	47,180,967	46,162,000
	47,444,419	46,661,000

9 Intangible fixed assets

Player registrations	
Cost	**£**
01 July 2007	28,092,372
Additions	**38,748,095**
Disposals	**(13,795,133)**
30 June 2008	**53,045,334**
Amortisation	
01 July 2007	13,005,586
Disposals	**(8,129,192)**
Impairment loss	**3,176,530**
Charge for the year	**12,882,886**
30 June 2008	**20,935,810**
Net Book Amount	
30 June 2008	**32,109,524**
30 June 2007	15,086,786

Notes to the financial statements (continued)

For the year ended 30 June 2008

10 Tangible fixed assets

	Leasehold improvements	Motor vehicles	Equipment	Total
	£	£	£	£
Cost				
01 July 2007	934,101	38,798	4,752,849	5,725,748
Additions	-	-	**457,830**	**457,830**
Disposals	**(40,293)**	-	**(697,824)**	**(738,117)**
30 June 2008	**893,808**	**38,798**	**4,512,855**	**5,445,461**
Depreciation				
01 July 2007	825,458	25,028	2,717,527	3,568,013
Charge for the year	**16,845**	**8,262**	**724,024**	**749,131**
Disposals	**(40,293)**	**-**	**(696,973)**	**(737,266)**
30 June 2008	**802,010**	33,290	**2,744,578**	**3,579,878**
Net book amount				
30 June 2008	**91,798**	**5,508**	**1,768,277**	**1,865,583**
30 June 2007	108,643	13,770	2,035,322	2,157,735

The net book amount of fixed assets includes an amount of £507,044 (2007: £36,352) in respect of Equipment assets held under hire and lease purchase contracts.

Notes to the financial statements (continued)

For the year ended 30 June 2008

11 Debtors

	2008	2007
	£	£
Trade debtors	257,440	504,062
Player Transfer debtors	6,000,000	2,111,050
Other debtors	18,005	62,915
Amounts due from related parties	36,536	-
Prepayments and accrued income	1,364,425	972,884
	7,676,406	3,650,911
Player Transfer debtors: due after more than one year	1,700,000	-
	9,376,406	3,650,911

12 Creditors: amounts falling due within one year

	2008	2007
	£	£
Hire and lease purchase obligations (note 18)	136,786	338,717
Bank Loan	4,500,000	4,500,000
Trade creditors	6,089,527	5,051,474
Player Transfer creditors	13,475,812	3,781,819
Amounts due to related parties (note 21)	7,760,149	1,804,357
Amounts due to group undertaking	297,310	92,381
Other taxes and social security	2,381,453	3,221,299
Accruals	1,834,442	1,699,558
	36,475,479	20,489,605

The hire purchase and lease obligations are secured upon certain equipment assets.

£4,500,000 of the bank loan is repayable within one year, with the balance due between one and two years. The bank loan is secured on certain broadcasting rights and interest is payable at a rate linked to LIBOR.

At the balance sheet date amounts due to Harrods (UK) Limited, included within amounts due to related parties, were secured by a fixed and floating third charge over Fulham Stadium Limited's rights to and title of the whole of its property, assets, rights and revenues. The loan bears interest at a rate of 7.11% per annum. On 19 December 2008, the Company entered into a new formal loan agreement with Harrods (UK), which is described in more detail in Note 22 Post Balance Sheet Events.

Notes to the financial statements (continued)

For the year ended 30 June 2008

13 Creditors: amounts falling due after more than one year

	2008	2007
	£	£
Player Transfer creditors	685,000	-
Hire and lease purchase obligations (note 18)	68,693	111,322
Bank Loan	4,215,342	3,959,067
Amounts due to Fulham Football Leisure Limited	159,891,553	142,607,336
	164,860,588	146,677,725

Amounts due to Fulham Football Leisure Limited are un-secured, interest free and there is no fixed repayment timetable.

14 Deferred income

	2008	2007
	£	£
Season ticket sales in advance	2,977,807	2,590,853
Commercial income and sponsorship	306,438	1,982,729
	3,284,245	4,573,582

15 Share Capital

	2008	2007
	Number	Number
Authorised	£	£
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid	£	£
2 Ordinary shares of £1 each	2	2

16 Profit and Loss Account

	2008	2007
	£	£
01 July 2007	(149,648,034)	(134,444,055)
Loss for the year	(7,536,262)	(15,203,979)
30 June 2008	(157,184,296)	(149,648,034)

17 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Opening shareholders' funds	(149,648,032)	(134,444,053)
Loss for the financial year	(7,536,262)	(15,203,979)
Closing shareholders' funds	(157,184,294)	(149,648,032)

Notes to the financial statements (continued)

For the year ended 30 June 2008

18 Loans and hire and lease purchase obligations

i) Obligations under finance leases and hire purchase contracts are as follows:

	2008	2007
	£	£
Amounts payable:		
In one year or less, or on demand	**136,786**	338,717
In the second to fifth years inclusive	**68,693**	111,322
	205,479	450,039

19 Financial commitments

a) Annual commitments under non-cancellable operating leases

	2008		2007	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Operating leases which expire:				
Within one year	**2,000,000**	**-**	-	-
In the second to fifth years inclusive	**-**	**83,969**	2,000,000	129,633
Over five years	**194,824**	**-**	239,741	-
	2,194,824	**83,969**	2,239,741	129,633

b) Other commitments

The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £2,732,000 (2007: £6,427,000).

c) Future receipts

In the course of normal business the company enters into contracts that include clauses contingent upon future events. The directors have assessed such contracts and Fulham Football Club (1987) Ltd can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £1,000,000 (2007: £2,550,000).

Notes to the financial statements (continued)

For the year ended 30 June 2008

20 Pension scheme

Payments are made into a number of defined contribution schemes. Total contributions charged during the year amounted to £157,181 (2007: £109,609).

21 Related party information

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 are under the control of the company's ultimate controlling party. The value of these transactions during the year to 30 June 2008 is as follows:

	2008	2008	2007	2007
	Purchases	Sales	Purchases	Sales
	£	£	£	£
Genavco Insurance Ltd	105,052	-	85,706	-
Harrods Estates Ltd	45,124	4,882	65,786	5,732
Harrods (UK) Ltd	40,431	-	42,148	-
Harrods Ltd	102,644	-	109,253	10,500
Harrods Aviation Ltd	-	-	2,676	-
Liberty Publishing Ltd	1,801	-	124	-
Hyde Park Residence	-	297	960	297
Total	295,052	5,179	306,653	16,529

During the year to 30 June 2008, Harrods (UK) Ltd recharged payroll services and payroll costs of £23,517,609 (2007: £27,064,223) and settled on behalf of the company external charges of £570,255 (2007: £351,156). These costs are included within staff costs in note 5 and within other external charges in note 4, respectively.

Balances with related parties as at 30th June 2008 are as follows:

Falling due within 1 year:

	2008	2008	2007	2007
	Due To	Due From	Due To	Due From
	£	£	£	£
Harrods Estates Ltd	-	-	19,490	-
Harrods (UK) Ltd	7,708,490	-	1,751,840	-
Harrods Ltd	30,767	-	28,941	84
Genavco Insurance Ltd	20,032	-	4,027	-
Fulham FC Community Trust	-	36,536	-	-
Liberty Publishing Ltd	860	-	59	-
Total	7,760,149	36,536	1,804,357	84

21 Related party information (continued)

Interest receivable and payable during the year from related parties is as follows:

	2008 Paid To	2008 Received From	2007 Paid To	2007 Received From
	£	£	£	£
Harrods (UK) Ltd	541,010	-	1,115,959	-
Harrods Ltd	1,329	-	604	-
Total	**542,339**	-	1,116,563	-

During the year, the company also donated £81,108 (2007: £96,682) to Fulham FC Community Sports Trust.

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.

22 Post Balance Sheet Events

Since the year end, the company has acquired the registrations of Andy Johnson, Mark Schwarzer, Zoltan Gera, Bobby Zamora, John Pantsil, Fredrik Stoor, Pascal Zuberbühler, Chris Smalling, Andranik Timotian Samarani and Dickson Etuhu, In addition, the company has disposed of the registrations of Ricardo Batista, Dejan Stefanovic, Steven Davis, David Healy, Alexey Smertin, Antti Niemi, Nathan Ashton and Jimmy Bullard. The net outflow from player trading is approximately £8.36 million.

On 19 December 2008, the company entered into a new arrangement with Harrods (UK) Limited in respect of loan indebtedness due by the Company to Harrods (UK) Limited. Previously, the loan had been repayable on demand. At the date of the new agreement, the loan stood at £18.5m, and it then became repayable in agreed varying instalments, the first of which was in January 2009, and the final one in January 2010. The Company also granted a fixed charge by way of a Debenture over all its assets in favour of Harrods (UK) Limited, to secure the indebtedness. Similar debentures were also granted by two sister companies, Fulham Stadium Limited and FL Property Management Limited. The loan remains interest-bearing at the rate of 7.11% per annum on the reducing balance.

Notes to the financial statements (continued)

For the year ended 30 June 2008

23 Parent Undertaking

The company's immediate parent undertaking is Fulham Football Leisure Limited, which is incorporated in Great Britain. It is also the parent company of the largest and smallest group for which group accounts have been prepared. Copies of the consolidated accounts may be obtained from Companies House, Cardiff, CF4 3UZ.

The ultimate parent undertaking is Mafco Holdings Limited, a company incorporated in Bermuda. All interests in the company continue to be controlled and held for the benefit of the Fayed family.

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.