Company Registration Number 3197756

QPR Holdings Limited

Financial statements

31 May 2008

Contents **Pages**

QPR Holdings Limited
Company Information
Year ended 31 May 2008

The Board of Directors	Mr F Briatore Mr A Bhatia Mr A A Longo Mr G Paladini Mr G S Taylor Mr B T S Michel Mr M Rapini
Company secretary	Temple Secretarial Limited
Registered office	Loftus Road Stadium South Africa Road London W12 7PJ
Auditor	Chantrey Vellacott DFK LLP Chartered Accountants Registered Auditor Russell Square House 10 - 12 Russell Square London WC1B 5LF
Bankers	Lloyds TSB 2nd Floor 25 Gresham Street London EC2V 7HN The Royal Bank of Scotland 9-13 Paternoster Row London EC4M 7EJ
Registrars	Equiniti Aspect House Spencer Street Lancing West Sussex BN99 6DA
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG

On behalf of the Board of Directors, I am delighted to present the annual financial statements and report for the year ended 31 May 2008 with a review of what has been a historic year for Queens Park Rangers Football Club. In November 2007, we saved the club from certain administration and completed the takeover of QPR Holdings Limited, with the clear aim of seeking promotion from the Championship to the Premier League. Shortly afterwards, we were pleased to announce that we had secured a 20% investment from the Mittal family.

On the Field

The 2007/08 season unfortunately commenced with the tragic death of rising star Ray Jones. The impact of this had a clear knock-on effect to the team performance at the start of the season, with no wins and 6 losses in the first 9 games. Following this poor start, we decided to part company with the first team coach, John Gregory. As an interim measure we appointed Mick Harford as Caretaker Manager before installing Luigi De Canio as first team coach. Luigi managed to guide QPR to 14^{th} place, which represented an improvement on the previous season, when we finished 18^{th}.

Following the end of the season Luigi De Canio departed by mutual consent and we appointed Iain Dowie as first team coach. However, after 15 games in charge achieving a points total of 18 and guiding QPR to the 4^{th} round of the Carling Cup, we gave Iain notice to terminate his employment. Gareth Ainsworth took on the role of Caretaker Manager. Disappointingly, we were knocked out of the first stages of the Carling and FA Cups by Leyton Orient and Chelsea respectively.

Player transfers

The key barometer of our success is the on-pitch performance and thus we intend to pursue a policy of investing surplus cash into team development. In the January 2008 transfer window, we invested heavily in the first team squad bringing in 8 new players – Patrick Agyemang from Preston, Akos Buzsaky from Plymouth, Matthew Connolly from Arsenal, Hogan Ephraim from West Ham, Gavin Mahon from Watford, Fitz Hall from Wigan, Rowan Vine from Birmingham and Damien Delaney from Hull.

Commercial partners

The current financial year witnessed the end of many commercial contracts including shirt sponsor, Car Giant and kit sponsor, Le Coq Sportif. After the year-end, we were delighted to welcome Gulf Air as our official shirt sponsor on a three-year deal – the relationship brings together two brands that have mutual objectives and desires to move forward and embrace a global audience. In addition we attracted Lotto Sport Italia as our official kit sponsor on a five-year deal – a partnership that will benefit QPR on and off the pitch.

We also attracted a two-year sponsorship from Abbey, who will become the Club's financial partner. The partnership will provide the financial group with a bespoke programme including joint branding at Loftus Road, access to players and senior staff and the use of the Club facilities throughout the year. Finally, we announced that leading producer and distributor of watches, Chronotech will be the official timekeeper on a one-year deal. Their ethos on quality complements our desire to build an exciting and stylish future for the Club.

In the close season, we invested heavily on refurbishing key areas of the stadium. We refurbished the VIP boxes, hospitality suites, club superstore, ticket office and seating, as well as improving disabled access and the viewing experience for fans by installing a jumbo screen and scoreboard.

Prospects

On the field, QPR has had mixed results. With 39 games played so far in the 2008/09 season, we have accumulated 53 points and sit in 11^{th} place with a win ratio of 33%. In addition, we reached the 4^{th} round of the Carling Cup against Manchester United at Old Trafford. We also appointed Paulo Sousa as first team coach in November 2008.

Off the field our season ticket sales for the 2008/09 season were extremely encouraging. In fact, we took the decision to cap season ticket numbers at 10,000 before the start of the season.

Subsequent to the year-end, the ABC Corporation loan that attracted an interest rate of 11.76% was repaid and refinanced in July 2008 with a loan from Amulya Property Limited, a company with which Amit Bhatia and I are connected. The interest rate under the Amulya Loan is 8.5%.

The transformation in this Club since we completed the takeover has been immense. The changes to the Club have been very important and will allow us to ease our transition to the Premier League.

I would like to pay tribute to the shareholders, fans and commercial partners for their continued support and dedication and I look forward to welcoming you to Loftus Road to what I hope will be a successful season.

G Taylor
Director

11 March 2009

The directors present their report and the audited group financial statements for the year ended 31 May 2008.

Principal activities and business review

The principal activity of the Group is the operation of a professional football club, with related commercial activities. These activities and performance are reported in the Chairman's statement and within the financial statements.

The results for the year demonstrate that the benefits to materialise from the new ownership will take time to filter through. In summary:

- Group turnover exceeded £9.2 million, an increase of 12% on prior year, due mainly to an increase in broadcast and retail revenue;
- Match day revenue at £2.8 million, representing an average of £123k per Football League match played at Loftus Road, fell 12% on prior year due principally to match day ticket prices being reduced from an average of £25.00 in the prior year to £22.50 in the current year;
- Group operating losses exceeded £6.0 million, an increase of 27% on prior year reflecting the new owners' pursuit of on-pitch success through investing heavily in the playing squad;
- At the balance sheet date the Group had bank reserves of £1.5 million, representing an increase of £1.2 million on the prior year;
- At the balance sheet date the Group has improved the deficit position from £3.8 million in the prior year to £0.2 million surplus this year.

The key measure of the Club's success is on-pitch performance and a critical driver of any club's value is presence in the Premier League, which is the stated aim of the new ownership. The desire for on-pitch success and the intense competitive desire to seek promotion to the Premier League has meant the Club has invested significantly in the first team.

Cash flow and treasury

Net cash outflow from operations amounted to £3.7 million as compared to £3.4 million for the previous year.

Subsequent to the year-end, the ABC loan that attracted an interest rate of 11.76% was repaid and refinanced with a loan from Amulya Property Limited, a company with which Flavio Briatore and Amit Bhatia, directors of the Group, are connected. The interest rate under the Amulya Loan is 8.5%. Despite this, the cost of servicing debt rose as the loans due to Sarita Capital Investments Inc, the majority shareholder, amounted to £8.6 million (2007 - £nil) whereby interest is payable at 7.0%.

Additionally, the Group repaid £1.3 million in loans during the year, repaid significant taxation and trade creditor liabilities as well as making improvements to the level of stock holding and debtor collection process.

Net debt as at 31 May 2008 has increased to £19.6 million (2007 – £18.0 million).

Risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Group's long term performance. These risks and uncertainties are monitored by the Board on a regular basis.

Football

The Group's income is directly affected by the performance of the first team. The sources and level of revenue generated by the Group has a direct relationship with the performance of the team in the Championship, the Carling Cup and the FA Cup. It is important to note that 54% (2007 – 61%) of the Group's revenue is derived from ticket sales. The level of attendance may be influenced by factors such as the success of the team, ticket prices, broadcast coverage and the general economic climate. The team in the current financial year performed better than in the prior year finishing 4 places higher in 14th, combined with a reduction in admission prices and interest from the new ownership helped increase average attendance by 5% during the year.

The Group is importantly dependant on the performance of the playing squad, as well as the football management staff. The strategy is to ensure we retain the highest quality playing staff by securing long-term contracts. The Group operates in a highly competitive market for talent and the market rates for transfer and wages, to a varying degree, dictated by competitors and the Group may be required to follow this in order to maintain the strength of the first team.

The Club is regulated by the rules of the various governing bodies and any change to these rules could have an impact on the Group, especially the division of broadcasting income. The Group monitors its compliance with all applicable rules and considers the impact of any changes.

Commercial

The Group derives income from sponsorship and other commercial arrangements. Going forward, the Group aims to enter into long-term arrangements with its key commercial partners thereby securing certainty of income in the medium term.

Broadcasting and certain other revenues are derived from contracts that are currently centrally negotiated by the Football League; the Group does not have any influence on the outcome of the relevant contract negotiations.

Future Developments

The 'credit crunch' has led to a greater focus on the balance sheet and debt servicing costs across all businesses. This has led the Group to assess various possibilities as to how it is financed over the short-to-medium term to ensure value is maximised for shareholders. We expect to primarily focus on the operational and commercial revenue generation aspects of the stadium and facilities.

The 2008/09 financial results will benefit from significant commercial contracts that have been signed. These include the new shirt sponsorship deal signed with Gulf Air, new kit sponsor Lotto and commercial partner deals with Santander and Chronotech. This will be offset by a fall in broadcasting revenue as a result of reduction in the solidarity payment, which is dependant on which clubs are relegated from the Premier League.

In terms of stadium development, there has been a significant spend on the corporate boxes, hospitality suites, ticket office, retail outlets and seating as well as improving the viewing experience through the jumbo screen and scoreboard.

Despite the revenue that we can expect to derive as a result of new commercial contracts, the Board continues to believe that the best long term policy for the Group is to re-invest cash back into the development of the team and key areas of the stadium. Accordingly, the Group's business plan and budgets are prepared with this objective in mind.

Results and dividends
The loss for the year amounted to £6,009,000 (2007 – loss £4,729,000). The directors have not recommended a dividend.

Directors
The directors who served the company during the year were as follows:

Mr F Briatore	appointed 12 December 2007
Mr A Bhatia	appointed on 19 December 2007
Mr A A Longo	appointed on 26 October 2007
Mr G Paladini	
Mr G S Taylor	appointed on 26 October 2007
Mr B T S Michel	appointed on 26 October 2007
Mr M Rapini	appointed on 20 February 2008
Mr A Caliendo	retired on 26 October 2007
Mr F Zanotti	retired on 26 October 2007
Mr N De Marco	appointed on 24 July 2007
Mr M Cooke	appointed on 24 July 2007

Mr N De Marco and Mr M Cooke retired as directors on 20 August 2007.

Financial Instruments

The group's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors, shareholder and other loans. The main purpose of these instruments is to raise funds for the group's operations and to finance the group's operations.

Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Shareholder and other loans are managed by ensuring that sufficient funds are available to repay interest and capital sums as they fall due.

Post Balance Sheet Events

The details of these are included in note 24 to the financial statements.

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 by law 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 year. In preparing these 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group 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 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.

Insofar as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

On 24 July 2008 Chantrey Vellacott DFK LLP were appointed as the company's auditors.

A resolution to re-appoint Chantrey Vellacott DFK LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors

G Taylor
Director

Approved by the directors on 11 March 2009

We have audited the group and parent company financial statements ("the financial statements") of QPR Holdings Limited for the year ended 31 May 2008 which comprise the group profit and loss account, group balance sheet and company balance sheet, group cash flow cash flow statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
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 are 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 given in the directors' report includes that specific information presented in the Chairman's statement that is cross referred 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. This 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

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 group's and the parent company's affairs as at 31 May 2008 and of the group's 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.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements, concerning the Group's ability to continue as a Going Concern. The Group made a loss of £6,009,000 during the year ended 31 May 2008 and at that date the Group's total assets exceeded its liabilities by £159,000. The validity of the Going Concern basis is dependent upon the assumptions underlying the financial projections being accurate, substantially realised and sufficient funding being forthcoming. The financial statements do not include any adjustments that would result should this not be the case.

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP
Chartered Accountants
Registered Auditor
London

QPR Holdings Limited
Group Profit and loss account
Year ended 31 May 2008

	Note	2008 £000	2007 £000
Group turnover	2	**9,239**	8,224
Cost of sales		**14,064**	9,588
Gross loss		**(4,825)**	(1,364)
Administrative expenses		**5,460**	3,510
Waiver of loan	3	**(4,213)**	–
Operating loss	4	**(6,072)**	(4,874)
Profit on disposal of players' registrations	6	**2,135**	1,612
Loss on ordinary activities before interest and tax		**(3,937)**	(3,262)
Interest receivable	7	**42**	–
Interest payable and similar charges	8	**(2,114)**	(1,467)
Loss on ordinary activities before taxation		**(6,009)**	(4,729)
Taxation	9	**-**	-
Loss for the financial year		**(6,009)**	(4,729)

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own profit and loss account.

There is no material difference between the results shown above and their historical cost equivalents.

The notes on pages 13 to 23 form part of these financial statements.

QPR Holdings Limited
Group Balance sheet
Year ended 31 May 2008

	Note	2008 £000	2007 £000
Fixed assets			
Intangible assets	10	6,247	635
Tangible assets	11	20,918	19,772
		27,165	20,407
Current assets			
Stocks	13	38	146
Debtors	14	631	1,078
Cash at bank		1,536	305
		2,205	1,529
Creditors: amounts falling due within one year	15	17,926	8,584
Net current liabilities		(15,721)	(7,055)
Total assets less current liabilities		11,444	13,352
Creditors: amounts falling due after more than one year	16	11,100	16,974
		344	(3,622)
Provisions for liabilities			
Provisions for liabilities and charges	17	185	210
		159	(3,832)
Capital and reserves			
Called up equity share capital	20	11,000	1,000
Share premium account	21	7,617	7,617
Revaluation reserve	21	10,085	10,085
Profit and loss account	21	(28,543)	(22,534)
Deficit	22	159	(3,832)

These financial statements were approved by the directors and authorised for issue on 11 March 2009 and are signed on their behalf by:

G Taylor
Director

The notes on pages 13 to 23 form part of these financial statements.

QPR Holdings Limited
Company Balance sheet
Year ended 31 May 2008

	Note	2008 £000	2007 £000
Fixed assets			
Tangible assets	11	20,918	19,772
Investments	12	8,213	8,213
		29,131	27,985
Current assets			
Stocks	13	38	146
Debtors	14	545	478
Cash at bank		1,536	305
		2,119	929
Creditors: amounts falling due within one year	15	23,047	18,733
Net current liabilities		(20,928)	(17,804)
Total assets less current liabilities		8,203	10,181
Creditors: amounts falling due after more than one year	16	11,100	16,974
		(2,897)	(6,793)
Capital and reserves			
Called up equity share capital	20	11,000	1,000
Share premium account	21	7,617	7,617
Revaluation reserve	21	10,085	10,085
Profit and loss account	21	(31,599)	(25,495)
Deficit		(2,897)	(6,793)

These financial statements were approved by the directors and authorised for issue on 11 March 2009 and are signed on their behalf by:

G Taylor
Director

The notes on pages 13 to 23 form part of these financial statements.

QPR Holdings Limited
Group Cash flow statement
Year ended 31 May 2008

	Note	2008 £000	2007 £000
Net cash outflow from operating activities	23	(3,335)	(3,369)
Returns on investments and servicing of finance	23	(2,072)	(1,249)
Capital expenditure and financial investment	23	(6,125)	1,070
Cash outflow before financing		(11,892)	(3,548)
Financing	23	12,763	4,127
Increase in cash	23	1,231	579

The notes on pages 13 to 23 form part of these financial statements.

1. Accounting policies

The Group's principle accounting policies, which have been applied consistently throughout the year, are as follows:

Basis of accounting
The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

Going Concern
The directors continually monitor the financial position of the Group, taking into account the latest cash flow forecasts and the ability of the group to generate cash. The directors have prepared the financial statements on a going concern basis having had regard to detailed cash flow projections for the period to 30 November 2009.

As part of this process the directors have ensured that the necessary additional funds are in place in order for the Group to meet its liabilities as they fall due. The Directors have also considered the impact of player trading, which is an integral part of the Group's activities, and the cash flow associated with this trading activity.

Whilst there will always remain some inherent uncertainty, the directors remain confident that sufficient funds will be forthcoming and, therefore, that it is appropriate to draw up the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition.

The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Investments
Interests in subsidiary undertakings are stated at cost less provision for permanent impairment, if any.

Turnover
Turnover represents match receipts, sponsorship and other income associated with the continuing principal activity of running a professional football club and excludes Value Added Tax.

Fixed assets
All fixed assets are initially recorded at cost.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Land	-	nil
Freehold Property	-	2%
Plant & Machinery	-	10 -20%
Fixtures & Fittings	-	20%
Stadium Improvements	-	10%

Freehold land is expected to have an unlimited useful economic life and so is not depreciated

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1. Accounting policies (continued)

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

Deferred taxation
Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Player registrations
Fees payable to other clubs on the transfer of player registrations together with associated costs are capitalised as intangible assets and are written off over the period of the relevant players's contract term. Payments or receipts that are contingent on future events are accounted for in the period that the events crystallising such payments or receipts have taken place.

Player signing-on fees
Signing-on fees are charged to the profit and loss account in the accounting period in which they become payable.

Pension costs
The Company makes contributions on behalf of certain employees to a number of independently controlled pension funds. The pension cost charged in the period represents contributions payable by the Group to these pension funds.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2008 £000	2007 £000
Match day receipts	4,696	5,008
Television and media	1,925	1,032
Sponsorship, merchandising and commercial	1,627	1,731
Other	991	453
Total	9,239	8,224

3. Other operating income

	2008 £000	2007 £000
Waiver of loan	4,213	-

On the 1 September 2007 Mr A Caliendo waived £4,212,882 of the loan owed to him by QPR Holdings Limited.

4. Operating loss

Operating loss is stated after charging:

	2008 £000	2007 £000
Amortisation	1,235	315
Depreciation of owned fixed assets	266	332
Auditor's remuneration		
- as auditors	12	18
Operating lease rentals		
- Land and buildings	249	224

Loss attributable to members of the parent company

The loss dealt with in the accounts of the parent company was £6,104,000 (2007 – loss £4,789,000).

5. Directors and Staff costs

The remuneration of the directors was:

	2008 £000	2007 £000
Directors Remuneration	174	140
Amounts paid to third parties in respect of directors services	75	74
	249	214

The highest paid director received £196,670 during the year.

The average number of staff, including executive directors, employed by the group during the financial year can be analysed as follows:

	2008 No	2007 No
Administrative staff	11	13
Players, managers, coaches and support staff	68	54
Commercial, marketing and retail staff	11	10
Stadium and maintenance staff	7	5
Community projects	20	15
	117	97

The aggregate payroll costs of the above were:

	2008 £000	2007 £000
Wages and salaries	9,271	6,977
Social security costs	1,074	749
Other pension costs	53	6
	10,398	7,732

6. Profit on disposal of players' registrations

	2008 £000	2007 £000
Profit on disposal of players' registrations	2,135	1,612

7. Interest receivable

	2008 £000	2007 £000
Bank interest receivable	42	–

8. Interest payable and similar charges

	2008 £000	2007 £000
Amounts payable on loans	2,114	1,000
Other Interest	-	467
	2,114	1,467

9. Tax on loss on ordinary activity

No taxation charges arise on the results of the current period and losses are available for relief against future profits for taxation purposes. Subject to agreement by HM Revenue & Customs, the cumulative tax losses for relief amount to approximately £52m.

10. Intangible fixed assets

Group	Total £000
Cost	
At 1 June 2007	1,148
Additions	6,904
Disposals	(398)
At 31 May 2008	7,654
Amortisation	
At 1 June 2007	513
Charge for the year	1,235
On disposals	(341)
At 31 May 2008	1,407
Net book value	
At 31 May 2008	6,247
At 31 May 2007	635

Intangible fixed assets represent the cost of players' registrations.

11. Tangible fixed assets

Group	Land & Buildings £000	Plant & Machinery £000	Fixtures & Fittings £000	Stadium Improvements £000	Total £000
Cost or valuation					
At 1 June 2007	19,937	2,591	421	–	22,949
Additions	–	109	13	1,290	1,412
At 31 May 2008	19,937	2,700	434	1,290	24,361
Depreciation					
At 1 June 2007	217	2,539	421	–	3,177
Charge for the year	217	29	1	19	266
At 31 May 2008	434	2,568	422	19	3,443
Net book value					
At 31 May 2008	19,503	132	12	1,271	20,918
At 31 May 2007	19,720	52	–	–	19,772

11. Tangible fixed assets ***(continued)***

Company	**Land & Buildings £000**	**Plant & Machinery £000**	**Fixtures & Fittings £000**	**Stadium Improvements £000**	**Total £000**
Cost or valuation					
At 1 June 2007	19,937	2,591	421	–	22,949
Additions	–	109	13	1,290	1,412
At 31 May 2008	19,937	2,700	434	1,290	24,361
Depreciation					
At 1 June 2007	217	2,539	421	–	3,177
Charge for the year	217	29	1	19	266
At 31 May 2008	434	2,568	422	19	3,443
Net book value					
At 31 May 2008	19,503	132	12	1,271	20,918
At 31 May 2007	19,720	52	–	–	19,772

The Loftus Road Stadium was independently valued by Savills, Chartered Surveyors, as at 31 May 2006 on a depreciated replacement cost (existing use) basis. On a historical cost basis, land and buildings would have been included as follows for both the Group and the Company:

	2008 £000	2007 £000
Original Cost	12,182	12,182
Depreciation based on cost	(1,230)	(1,108)
	10,952	11,074

12. Investments

Company	**Group companies £000**
Cost	
At 1 June 2007 and 31 May 2008	8,213
Net book value	
At 1 June 2007 and 31 May 2008	8,213

As at 31 May 2008 the Company owned the following subsidiary undertakings:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings				
The Queens Park Rangers Football and Athletic Club Limited	England	Ordinary shares	100%	Provision of football teams

	2008 £000	2007 £000
Aggregate capital and reserves	**8,575**	8,477
Profit for the year	**98**	59

13. Stocks

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Goods for resale	**38**	146	**38**	146

14. Debtors

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Trade debtors	**175**	471	**89**	471
Transfer debtor	–	600	–	–
Other debtors	**406**	–	**406**	–
Prepayments and accrued income	**50**	7	**50**	7
	631	1,078	**545**	478

Included within other debtors is £140k in relation to an overdrawn director's loan account. Further details are provided in note 19 of these financial statements.

15. Creditors: amounts falling due within one year

	Group 2008 £000	Group 2007 £000	Company 2008 £000	Company 2007 £000
Shareholders' loan	–	100	–	100
Other loans	**10,000**	1,264	**10,000**	500
Trade creditors	**1,705**	1,639	**1,643**	1,639
Transfer creditor	**2,700**	606	–	–
Amounts owed to group undertakings	–	–	**8,351**	14,915
Taxation and social security	**733**	3,768	**78**	403
Accruals and deferred income	**2,788**	1,207	**2,975**	1,176
	17,926	8,584	**23,047**	18,733

15. Creditors: amounts falling due within one year (*continued*)

Included in other loans:

A £10,000,000 loan from ABC Corporation, interest bearing at 11.76%, secured by way of fixed charge over the Loftus Road Stadium, which was repaid in July 2008. This has been reclassified as amounts falling due in less than one year, in the year ending 31 May 2008, as it was repaid post year-end. (See Note 24)

16. Creditors: amounts falling due after more than one year

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Other loans	**11,100**	16,974	**11,100**	16,974

Included within long term creditors are the following loans:

A £8,600,000 loan from Sarita Capital Investments, interest bearing at 7% and is repayable on demand.

A £500,000 loan from Valentin Ehmer, interest bearing at 8.72% and is repayable on 29 April 2010.

A £2,000,000 interest free loan owing to Mr A Caliendo is repayable on 28 February 2011 and redeemable at any time prior to that date at the sole discretion of QPR.

17. Provisions for liabilities

	Group 2008 £000	Group 2007 £000	**Company 2008 £000**	Company 2007 £000
Provision for liabilities and charges	**185**	210	**-**	-

The provision of £185,000 relates to taxes due to H M Revenue and Customs on player benefits and Ian Holloway image rights.

18. Commitments

As at 31 May 2008 the company was committed to paying £249,924 (2007: £232,000) per annum under a non-cancellable operating lease in relation to land and buildings. The lease expires 30 June 2010.

19. Related party transactions

During the year, the company paid consultancy fees amounting to £75,000 (2007: £73,750) to Moorbound Ltd, a company in which O Paladini, the wife of G Paladini, a director, is the only shareholder. In addition the company provided an interest free loan of £140,000 (2007: £nil) to G Paladini.

On 7 November 2007, 500,000,000 1p ordinary shares were issued at par to Sarita Capital Investments Inc, a shareholder of QPR Holdings Limited. This was in relation to a loan conversion.

On the 18 March 2008 the following shares were issued:

26,343,520 1p shares to F Briatore, a director of QPR Holdings Limited
105,374,967 1p shares to Sea Dream Limited, a shareholder of QPR Holdings Limited
289,251,843 1p shares to Sarita Capital Investments Inc, a shareholder of QPR Holdings Limited

During the year Sarita Capital Investments Inc, has also provided funding of £8.6m (see note 16).

20. Share capital

Authorised share capital:

	2008 £000	2007 £000
16,000,000,000 Ordinary shares of 1p each	**16,000**	1,000

Allotted, called up and fully paid:

	2008 No	2008 £000	2007 No	2007 £000
Ordinary shares of 1p each	**1,100,000,000**	**11,000**	100,000,000	1,000

On the 7 November 2007, the company's authorised share capital was increased to 6,000,000,000 of 1 p shares. On that date 500,000,000 shares were issued.

On the 18 March 2008, the company's authorised share capital was increased to 16,000,000,000 of 1p shares. On that date 500,000,000 shares of 1p each were issued.

In addition on 16 June 2008, 500,000,000 shares of 1p each were issued.

21. Reserves

Group	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
Balance brought forward	**7,617**	**10,085**	**(22,534)**
Loss for the year	–	–	**(6,009)**
Balance carried forward	**7,617**	**10,085**	**(28,543)**

Company	Share premium account £000	Revaluation reserve £000	Profit and loss account £000
Balance brought forward	**7,617**	**10,085**	**(25,495)**
Loss for the year	–	–	**(6,104)**
Balance carried forward	**7,617**	**10,085**	**(31,599)**

22. Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Loss for the financial year	**(6,009)**	(4,729)
New ordinary share capital subscribed	**10,000**	–
Net addition to shareholders' (deficit)/funds	**3,991**	(4,729)
Opening shareholders' (deficit)/funds	**(3,832)**	897
Closing shareholders' deficit	**159**	(3,832)

23. Notes to the statement of cash flows

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2008 £000	2007 £000
Operating loss	(6,072)	(4,874)
Amortisation	1,235	315
Depreciation	266	332
Decrease in stocks	108	108
Decrease/(increase) in debtors	447	(142)
Increase in creditors	681	892
Net cash outflow from operating activities	(3,335)	(3,369)

Returns on investments and servicing of finance

	2008 £000	2007 £000
Interest received	42	–
Interest paid	(2,114)	(1,249)
Net cash outflow from returns on investments and servicing of finance	(2,072)	(1,249)

Capital expenditure

	2008 £000	2007 £000
Payments to acquire player registrations	(6,904)	(472)
Payments to acquire tangible fixed assets	(1,412)	(3)
Receipts from sale of player registrations	2,191	1,545
Net cash outflow from capital expenditure	(6,125)	1,070

Financing

	2008 £000	2007 £000
Debts due within one year		
New unsecured loan	-	233
New secured loan	-	500
Repayment of unsecured loan	(1,363)	(226)
Debts due beyond a year		
New secured loan	8,339	3,830
Waiver of loan	(4,213)	(210)
Issue of equity share capital	10,000	-
	12,763	4,127

23. Notes to the statement of cash flows *(continued)*

Reconciliation of net cash flow to movement in net debt

	2008 £000	2007 £000
Increase in cash in the period	**1,231**	579
Cash inflow from increase in debt financing	**(2,763)**	(4,127)
Change in net debt resulting from cash flows	**(1,532)**	(3,548)
Non- cash increase in capital element of shareholders loan	**-**	(365)
Movement in net debt in period	**(1,532)**	(3,913)
Net debt at 1 June 2007	**(18,032)**	(14,120)
Net debt at 31 May 2008	**(19,564)**	(18,033)

Analysis of changes in net debt

	At 1 Jun 2007 £000	Cash flows £000	At 31 May 2008 £000
Net cash:			
Cash in hand and at bank	305	1,231	1,536
Debt:			
Debt due after 1 year	(16,974)	(4,126)	(21,100)
Debt due within one year	(1,363)	1,363	-
Net debt	(18,032)	(1,532)	(19,564)

24. Post Balance sheet events

Subsequent to the year-end, the ABC loan that attracted an interest rate of 11.76% was repaid and refinanced with a loan from Amulya Property Limited, a company with which Flavio Briatore and Amit Bhatia, directors of the Group, are connected. The interest rate under the Amulya Loan is 8.5%.

The Group issued a further 500,000,000 shares of 1p each to existing majority shareholders in June 2008 raising £5 million. This increased the issued share capital from £11 million to £16 million.

Transfer activity over the summer months of 2008 saw a number of players join the Club on a combination of free transfers and loan deals, notably Kaspars Gorkss from Blackpool, Samuel Di Carmine from Fiorentina, Emmanuel Ledesma from Genoa, Daniel Parejo from Real Madrid and Lee Cook from Fulham. In addition, Simon Walton and Chris Barker were sold to Plymouth Argyle and 6 players were released from their contracts.

In October 2008, the Club gave notice to terminate the employment of first team coach, Iain Dowie. Gareth Ainsworth was appointed as Caretaker Manager and Paulo Sousa was appointed as first team coach in November 2008

In terms of stadium development, there has been a significant spend on the corporate boxes, hospitality suites, ticket office, retail outlets and seating as well as improving the viewing experience through the jumbo screen and scoreboard.