

Fulham Football Leisure Limited

Annual Report and Consolidated Financial Statements

30 June 2020



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Fulham Football Leisure Limited Offices and Advisors

For the year ended 30 June 2020

Registered Office:

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

Auditor:

KPMG LLP
15 Canada Square
London
E14 5GL

Bankers:

Metro Bank Plc	Santander UK Plc
One Southampton Row	Bridle Road
London	Bootle
WC1B 5HA	L30 4GB

Solicitor:

Squire Patton Boggs (UK) LLP
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH



Fulham Football Leisure Limited

Strategic Report

For the year ended 30 June 2020

Review of the business

During the 2019/20 financial year the Club participated in the Football League Championship ending with promotion back to the Premier League. The season was suspended in March 2020 due to the worldwide Covid-19 pandemic. Although the season recommenced in late June 2020, the end of the 2019/20 season was concluded in the following financial year, with the Championship Play-Off Final held on 4 August 2020.

Financially, the Group recorded a loss for the year of £45.2m (2019: £20.2m). During the year, revenue decreased to £58.0m compared to £137.7m in 2018/19 due to the Club competing in the Championship, as well as the impact of Covid-19.

During the year, the Group continued to redevelop the Riverside Stand which will create a unique Thameside destination with first class facilities for supporters and partners on match day as well as for the wider community year round. Planning permission was received in late 2018. The planned works commenced following the final game of the 2018/19 season in May 2019.

The Group continued to develop plans for the BBC sports ground purchased in May 2017. Plans are being drawn up to develop this into a second elite training facility to benefit the Club and Academy for many years to come.

During the year to 30 June 2020, the Group saw the following changes in the key indicators of financial and non-financial performance.

Indicator	2020	Year to 30 June		
		2019	+/- change	%
Turnover (£m)	58.0	137.7	(79.7)	(57.9)
Total staff costs (£m)	72.6	92.6	(20.0)	(21.6)
Staff costs as % of revenues	125.2%	67.2%	58.0%	86.3
Net operating (loss)/profit before depreciation, amortisation & impairment (£m)	(31.0)	23.7	(54.7)	(230.8)
Final position in Championship*/Premier League	4 th	19 th	-	-
Total Championship**/Premier League attendances	346,540	463,051	(116,511)	(25.2)
Average Championship**/Premier League attendance per game	18,239	24,371	(6,132)	(25.2)

* As at year end the season was still ongoing. The final league position for 2019/20 was only known after the end the financial year.

** Attendances are based on the 19 home league games where fans were in attendance prior to the restrictions due to Covid-19.

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

Impact of Covid-19

The 2019/20 season was majorly disrupted by the worldwide Covid-19 pandemic. The season was paused on 13 March 2020 and then resumed on 20 June 2020. The remaining nine league games of the season, the two Play-Off Semi Finals and the Play-Off Final at Wembley Stadium were all played without the attendance of fans in the stadiums. This has continued into the 2020/21 season, with return of fans still an actively discussed topic.

A total of nine games of the 2019/20 season were played during the 2020/21 financial year. Any central revenues, broadcasting revenues and commercial revenues relevant to these 2019/20 fixtures were deferred into the 2020/21 financial year, as well as any relevant costs associated with these fixtures. This has had an impact on the 2019/20 financial year revenues and loss for the year.

The impact of the Covid-19 pandemic is still being felt in the 2020/21 season, and up to the date of signing these accounts, only one game during the 2020/21 season was played in front of fans in the stadium and at a much reduced capacity.



Fulham Football Leisure Limited

Strategic Report (continued)

For the year ended 30 June 2020

Principal risks and uncertainties

The principal risk affecting the Group is its exposure to the financial impacts of changes in on the pitch performance of the Club. As experienced over recent seasons, the Club's league status has a significant impact on its revenue generating capacity, with broadcasting, sponsorship and other revenues being significantly reduced whilst playing in the Football League Championship as compared to the Premier League.

To mitigate this risk, the Directors have taken steps to control the Group's cost base, although the total staff costs as a percentage of turnover have significantly increased due to the reduced revenues from competing in the Football League Championship. The Directors continue to monitor financial and footballing performance so that adjustments can be made as necessary.

In recent years and in line with forecast financial performance in coming seasons, the Group has been and will continue to be reliant on the ongoing support of its Chairman and ultimate controlling party, Mr Shahid R Khan. The Directors work closely with the Chairman to keep him informed of the financial performance and position of the business and agree future funding requirements in advance in order to ensure the ongoing viability of the Group. The Chairman has provided written assurances that future funding will be forthcoming in accordance with agreed forecasts.

The Covid-19 pandemic has led to further uncertainties in the 2020/21 season. The UK Government introduced a Tiered system to control the pandemic in the country with differing rules on fan attendance in different parts of the UK. To the date of signing these accounts, Fulham Football Club has been able to play one match in the presence of a crowd at Craven Cottage, at a much reduced capacity of near 2,000. At the date of signing these accounts, there is no known date for the partial or full return of fans to stadiums in the UK.

The Directors are also mindful of profit and sustainability rules imposed by the Football League and other footballing bodies when preparing future operating budgets. Penalties for breaching these profit and sustainability rules vary between the Football League and Premier League, and could include fines, transfer embargoes and points deductions.

From time to time the Club engages in transactions in foreign currencies. This includes significant player transfer agreements denominated in Euros which may include provisions for deferred settlements. In these cases, the Group'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 Group use hedging instruments.

The Directors are aware of the uncertainty created by the departure of the United Kingdom from the European Union and will continue to monitor developments in this area over the coming year to ensure that the Group is able to mitigate any negative impacts whilst maximizing any opportunities arising.

Stakeholders and our engagement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors recognise their responsibility with regards to these interests and invite representatives from various stakeholders to attend meetings to express their views. The Directors describe below how they have engaged with various key stakeholders during the year.

(a) Supporters

One of the key stakeholders are the supporters who are represented by the Fulham Supporters' Trust ("FST"). The Club and FST meet once a month to ensure that the opinions of the supporters are considered in the decision making of the Directors. The Club are proud of this relationship and at the 2018 Football Business Awards, the Club and FST were the winners of the 'Best Club & Supporters Group Relationship' category, underlining the commitment in the relationship.

(b) Employees

During the Covid-19 pandemic, the Directors have made a conscientious effort to enhance the engagement with employees. Weekly Club updates are circulated by the Chief Executive Officer to ensure all employees are regularly updated with Club news and strategic updates, with increased and over communication between employees and the Directors actively encouraged. The Club's values are consistently reinforced by the Directors, who encourage an open and inclusive workplace.



Fulham Football Leisure Limited

Strategic Report (continued)

For the year ended 30 June 2020

Stakeholders and our engagement (continued)

(c) Fulham Football Club Foundation / Community

The Club continues to have a close working relationship with the Fulham Football Club Foundation and in turn the wider community. The Chief Executive Officer of the Fulham Football Club Foundation is a member of the management team at the Club and is involved in all the key decisions taken by the Directors. Ongoing support from the Club to the Fulham Football Club Foundation in all areas and capacities continued during the year.

Key decisions made in the year and the consideration of key stakeholders are as follows:

(a) Closure of Motspur Park Training Ground and Craven Cottage due to Covid-19 pandemic

The Directors made the decision to close the Motspur Park Training Ground and Craven Cottage stadium to employees, suppliers, customers and other stakeholders who would have been on either site. The safety of these groups were paramount to the decision, which was made before the UK went into a nationwide lockdown in March. A few key employees were exempt from in order to keep the sites secure, with necessary working precautions put in place to ensure these employees safety while on site.

(b) Season ticket holder refunds

Once the football season recommenced in June 2020, fans were not allowed to be present. The Directors took the decision that all season ticket holders should receive refunds for those games that they would not be able to attend due to Covid-19. Supporters were notified via various outlets and were given four options for how they would like their refund to be processed. It had been decided that giving the supporters options was in their best interests as one option would not fit all supporter requirements.

(c) Continuation of Riverside Stand development

Various decisions during the year were made with regards to the Riverside Stand development. All decisions were made with the focus on all stakeholders involved, whether that be suppliers, customers, employees, the community, or the Shareholder. The Directors recognise that this development is key for all stakeholders.

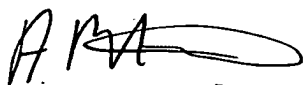
(d) Intranet development

The Directors took the decision to develop a new intranet for the Club's employees. It was important that development in the Club's internal resources takes place with different groups of employees having input in this project. The site came live in December 2020 and looks to encourage communication, ideas and feedback from all employees.

Post balance sheet events

Since the year end the Group has acquired and disposed of a number of player registrations. The cost of acquiring new player registrations post year end amounted to £51.8m (2019: £8.8m) and the profit on disposal of player registrations post year end was £0.1m (2019: £23.0m).

Subsequent to the year end The Professional Football Compensation Committee ("PFCC") gave its decision with regards to the compensation payable by Liverpool Football Club ("Liverpool") to Fulham Football Club ("Fulham") following the move of Harvey Elliott from Fulham to Liverpool in 2019. After a full hearing, the PFCC decided that Fulham should be entitled to an element of guaranteed compensation, with various add-ons that shall be recognised as and when the triggers are met. As at 30 June 2020, Fulham has recognised an amount of guaranteed compensation that at the time was considered reasonable. There has been no adjustment to this amount following this decision.



By order of the Board

A J Mackintosh

Chief Executive

25 February 2021



Fulham Football Leisure Limited

Directors' Report

For the year ended 30 June 2020

The Directors present their report and the accounts for the year ended 30 June 2020.

Principal activities

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

Financial Instruments

The Group does not routinely engage in complex financial instruments in the operation of its business. The Company receives funding from its parent entity under loan facilities that are repayable on demand. The Company in turn funds its own subsidiary entities, including Fulham Football Club Limited, through intercompany accounts which are undocumented and deemed to be repayable on demand. All such loans are included in creditors repayable within one year in the balance sheet.

From time to time, the Company issues new equity shares to its parent entity in exchange for the cancellation of loan balances outstanding in order to improve the financial position of the Group and comply with financial fair play regulations. However, there is no pre-existing right or obligation to do so attached to any of the loan instruments in place. During the year, £77.5m of loans were converted into equity shares, taking the total called up share capital of the Group to £507.8m.

The Group enters into contracts for the purchase and sale of player registrations which may provide for the deferred payment or receipt of transfer fee installments. Such installments are measured at amortised cost using the effective interest rate method where this value is materially different to the transaction price.

Further explanation of the accounting for financial instruments is included in the accounting policies from page 17 of these financial statements.

Directors

The Directors who served during the year and up to the signing date of these financial statements are as follows:-

S R Khan

A J Mackintosh

M Lamping

Charitable donations

During the year, the Group donated £28,600 (2019: £81,300) to various charities, including £27,300 (2019: £39,200) to the Fulham Football Club Foundation.

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Going concern

The Consolidated and Company financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company and Group meet their day to day working capital requirements from shareholder loans that are subsequently converted to equity. During the year ended 30 June 2020, amounts due to shareholders of £77,500,000 were converted to equity (see note 16).

The Directors have prepared base and sensitised cash flow forecasts for a period over 12 months from the date of approval of these financial statements, to the end of the year ended 30 June 2022. Those forecasts assume the continued development of the Riverside Stand, utilising additional funds that the Company expects to be made available by the Company's shareholder for that purpose. Those forecasts build in various scenarios around the potential but realistic outcomes from the Covid-19 pandemic, including assumptions on the return of fans and the related matchday income and costs, assumptions on the league status of the Club, and key assumptions on the central distributions and possible rebates.

All forecasts indicate that, even taking account of controllable mitigating actions, the Group and Company will require significant additional funding in addition to that required to complete the Riverside Stand.



Fulham Football Leisure Limited

Directors' Report (continued)

For the year ended 30 June 2020

Going concern (continued)

The amount of additional funding is increased in the downside scenarios. The Directors are confident that the additional funding will be available from its ultimate owner and immediate parent company, Mr Shahid Khan and Cougar Holdco London Limited, to meet its liabilities as they fall due for that period.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements have therefore prepared the financial statements on a going concern basis.

Employees

The Directors believe that all persons, regardless of age, race, religion, sex, sexuality or disability should have equal opportunities to work and are committed to the promotion of equal opportunities within the Group.

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

Dividends

The Directors do not recommend the payment of a dividend (2019: £nil).

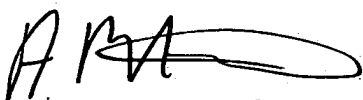
Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



By order of the Board

A J Mackintosh

Chief Executive

25 February 2021



Fulham Football Leisure Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and Financial Statements

For the year ended 30 June 2020

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Independent Auditor's Report to the Members of Fulham Football Leisure Limited

Opinion

We have audited the financial statements of Fulham Football Leisure Limited ("the company") for the year ended 30th June 2020 which comprise the consolidated profit and loss account and other comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Independent Auditor's Report to the Members of Fulham Football Leisure Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Benson

David Benson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
1 March 2021



Fulham Football Leisure Limited

Consolidated Profit and Loss Account and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	58,035	137,748
Operating expenses before depreciation and amortisation	3	(89,042)	(114,075)
Operating (loss)/profit before depreciation, amortisation and impairment		(31,007)	23,673
Depreciation and amortisation	3	(41,882)	(44,511)
Impairment	4	(533)	(1,884)
Operating loss after depreciation, amortisation and impairment		(73,422)	(22,722)
Profit on disposal of players' registrations		25,310	2,548
Loss on disposal of other assets		-	(18)
Loss before interest and taxation		(48,112)	(20,192)
Net interest income	7	-	12
Loss before taxation		(48,112)	(20,180)
Taxation on loss	8	2,912	-
Loss for the year		(45,200)	(20,180)
<i>Charges through Revaluation Reserve</i>			
Revaluation of tangible assets	4	11,464	(20,966)
Taxation on revaluation	8	(2,852)	-
		8,612	(20,966)
Total comprehensive loss for the year		(36,588)	(41,146)

All amounts relate to continuing operations.

The notes on pages 17 to 36 form part of these financial statements.



Fulham Football Leisure Limited

Consolidated Balance Sheet

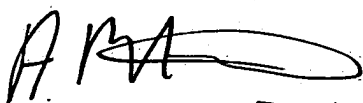
Company number: 3374347

As at 30 June 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	103,979	93,849
Tangible assets	10	<u>160,389</u>	<u>121,908</u>
		264,368	215,757
Current assets			
Stocks		420	892
Debtors (includes £12,000 (2019: £1,020) due after more than one year)	12	22,389	10,747
Cash at bank and in hand		<u>19,181</u>	<u>17,487</u>
		41,990	29,126
Creditors: amounts falling due within one year	13	<u>(80,285)</u>	<u>(50,609)</u>
Net current liabilities		<u>(38,295)</u>	<u>(21,483)</u>
Total assets less current liabilities		226,073	194,274
Creditors: amounts falling due after more than one year	13	(32,086)	(44,862)
Deferred income	15	(7,966)	(4,303)
Net Assets		<u>186,021</u>	<u>145,109</u>
Capital and reserves			
Called up share capital	16	507,848	430,348
Revaluation reserve	17	80,253	72,867
Profit and loss account		<u>(402,080)</u>	<u>(358,106)</u>
Shareholders' funds		<u>186,021</u>	<u>145,109</u>

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 February 2021 and signed on its behalf by:



A J Mackintosh
Director



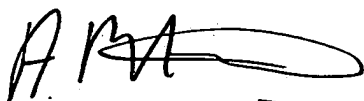
Fulham Football Leisure Limited
Company Balance Sheet
Company number: 3374347

As at 30 June 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	11	107,032	78,550
Tangible assets	10	<u>5,426</u>	<u>5,426</u>
		112,458	83,976
Current assets			
Debtors	12	168	27
Cash at bank and in hand		<u>1</u>	<u>6</u>
		169	33
Creditors: amounts falling due within one year	13	<u>(201)</u>	<u>(58)</u>
Net current liabilities		<u>(32)</u>	<u>(25)</u>
Total assets less current liabilities		112,426	83,951
Net assets		<u>112,426</u>	<u>83,951</u>
Capital and reserves			
Called up share capital	16	507,848	430,348
Profit and loss account		<u>(395,422)</u>	<u>(346,397)</u>
Shareholders' funds		<u>112,426</u>	<u>83,951</u>

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 February 2021 and signed on its behalf by:



A J Mackintosh
Director



Fulham Football Leisure Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Called up share capital	Revaluation reserve	Profit & loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 July 2018	381,053	95,048	(339,141)	136,960
Total comprehensive income for the period				
Loss for the year	-	-	(20,180)	(20,180)
Other comprehensive loss	-	(20,966)	-	(20,966)
Transfer between reserves	-	(1,215)	1,215	-
	-	(22,181)	(18,965)	(41,146)
Transactions with owners, recorded directly in equity				
Issue of shares	49,295	-	-	49,295
Total contributions by owners	49,295	-	-	49,295
Balance at 30 June 2019	430,348	72,867	(358,106)	145,109

	Called up share capital	Revaluation reserve	Profit & loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 July 2019	430,348	72,867	(358,106)	145,109
Total comprehensive income for the period				
Loss for the year	-	-	(45,200)	(45,200)
Other comprehensive income	-	8,612	-	8,612
Transfer between reserves	-	(1,226)	1,226	-
	-	7,386	(43,974)	(36,588)
Transactions with owners, recorded directly in equity				
Issue of shares	77,500	-	-	77,500
Total contributions by owners	77,500	-	-	77,500
Balance at 30 June 2020	507,848	80,253	(402,080)	186,021

The notes on pages 17 to 36 form part of these financial statements.



Fulham Football Leisure Limited

Company Statement of Changes in Equity

For the year ended 30 June 2020

	Called up share capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 July 2018	381,053	(324,211)	56,842
Total comprehensive income for the period			
Loss for the year	-	(22,186)	(22,186)
	-	(22,186)	(22,186)
Transactions with owners, recorded directly in equity			
Issue of shares	49,295	-	49,295
Total contributions by owners	49,295	-	49,295
Balance at 30 June 2019	430,348	(346,397)	83,951

	Called up share capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 July 2019	430,348	(346,397)	83,951
Total comprehensive income for the period			
Loss for the year	-	(49,025)	(49,025)
	-	(49,025)	(49,025)
Transactions with owners, recorded directly in equity			
Issue of shares	77,500	-	77,500
Total contributions by owners	77,500	-	77,500
Balance at 30 June 2020	507,848	(395,422)	112,426

The notes on pages 17 to 36 form part of these financial statements.



Fulham Football Leisure Limited

Consolidated Cash Flow Statement

For the year ended 30 June 2020

	2020	2019
	£'000	£'000
Cash flows from operating activities		
Loss for the year	(45,200)	(20,180)
Profit on disposal of players registrations	(25,310)	(2,548)
Loss on disposal of other assets	-	18
Net interest (income)	-	(12)
Depreciation charges	1,739	1,703
Impairment of tangible fixed assets	-	630
Amortisation of players' registrations	40,143	42,808
Impairment of players' registrations	533	1,254
Taxation (credit)	(2,912)	-
Foreign exchange adjustment	(1)	(2)
	<u>(31,008)</u>	<u>23,671</u>
Decrease/(increase) in stocks	472	(608)
(Increase) in debtors	(497)	(1,153)
Increase in creditors	11,750	846
Increase/(decrease) in deferred income	3,663	(1,531)
	<u>15,388</u>	<u>(2,446)</u>
Tax received	60	-
Net cash (outflow)/inflow from operating activities	<u>(15,560)</u>	<u>21,225</u>
Cash flows from investing activities		
Purchase of players' registrations	(47,668)	(58,592)
Sale of players' registrations	16,182	9,616
Sale of tangible fixed assets	-	11
Purchase of tangible fixed assets	(28,756)	(12,239)
Interest received	-	12
Net cash outflow from investing activities	<u>(60,242)</u>	<u>(61,192)</u>
Cash flows from financing activities		
Finance lease repayments	(4)	(2)
Advance from immediate parent company	77,500	48,800
Net cash from financing activities	<u>77,496</u>	<u>48,798</u>
Net increase/(decrease) in cash and cash equivalents	1,694	8,831
Cash and cash equivalents at 1 July 2019	17,487	8,656
Cash and cash equivalents at 30 June 2020	<u>19,181</u>	<u>17,487</u>

The notes on pages 17 to 36 form part of these financial statements.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements

For the year ended 30 June 2020

1 Accounting policies

Fulham Football Leisure Limited (the "Company") is a company limited by shares and incorporated and domiciled in England; the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included

The parent company and subsidiaries are also included in the consolidated financial statements of Cougar Holdco London Limited. As these financial statements include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- Key Management Personnel compensation
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value:

- Freehold land and buildings are measured in accordance with the revaluation model.
- Player registrations are carried at cost less impairment based on Directors' assessment of net realisable value, taking into account current conditions in the transfer market.
- Deferred installments payable / receivable on player transfer contracts are carried at amortised cost using the effective interest rate method, where the difference between this and transaction value is material.
- Trade debtors are carried at transaction value less impairment provision where there is an indication that the debt may not be recoverable.
- Assets under construction are measured at the fair value of works completed to date.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.2 Going concern

The Consolidated and Company financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Company and Group meet their day to day working capital requirements from shareholder loans that are subsequently converted to equity. During the year ended 30 June 2020, amounts due to shareholders of £77,500,000 were converted to equity (see note 16).

The Directors have prepared base and sensitised cash flow forecasts for a period over 12 months from the date of approval of these financial statements, to the end of the year ended 30 June 2022. Those forecasts assume the continued development of the Riverside Stand, utilising additional funds that the Company expects to be made available by the Company's shareholder for that purpose. Those forecasts build in various scenarios around the potential but realistic outcomes from the Covid-19 pandemic, including assumptions on the return of fans and the related matchday income and costs, assumptions on the league status of the Club, and key assumptions on the central distributions and possible rebates.

All forecasts indicate that, even taking account of controllable mitigating actions, the Group and Company will require significant additional funding in addition to that required to complete the Riverside Stand. The amount of additional funding is increased in the downside scenarios. The Directors are confident that the additional funding will be available from its ultimate owner and immediate parent company, Mr Shahid Khan and Cougar Holdco London Limited, to meet its liabilities as they fall due for that period.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements have therefore prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. The Group does not hold any non-monetary assets or liabilities that are recorded in foreign currencies. Foreign exchange differences arising on translation are recognised in the profit and loss account.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Financial instruments

All of the entities financial instruments are classified as 'Basic Financial Instruments' as defined by FRS 102 Section 11.

1.6.1 Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

1.6.2 Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.7 Tangible fixed assets

Freehold land and buildings are stated at fair value, less any accumulated depreciation and accumulated impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

All other classes of tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.7 Tangible fixed assets (continued)

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.14 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant, equipment, fixtures & fittings	3-25 years
Freehold land & buildings	10-50 years
Assets in the course of construction	Not depreciated

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Intangible assets

1.8.1 Player registrations

Fees payable in connection with the transfer of players' registrations, including transfer fees and compensation payable to other clubs, agents' fees and league levies, are recorded as intangible fixed assets and stated at cost less any accumulated amortisation and accumulated impairment losses. Fees payable which are contingent on a future event are recognised at fair value, taking into account the Directors assessment of the likelihood of that event occurring during the life of the players' employment contract. Subsequently, if a future event does occur which was not deemed probable at the time of the transfer, the related additional transfer fees are recognised as an addition to the intangible asset at the point at which it becomes probable that an additional transfer fee will be payable.

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.

1.8.2 Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

1.8.3 Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Player registrations	Over the life of the contract
Goodwill	1-10 years

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.8 Intangible assets (continued)

1.8.4 Impairment of Intangibles

These intangible assets are reviewed for impairment, and subsequently impaired where necessary, when the carrying amount exceeds the amount recoverable through use or sale. This is based on the Directors' valuation of the intangible assets along with market data where appropriate.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.10 Impairment excluding stocks and deferred tax assets

1.10.1 Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.10.2 Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.11 Employee benefits

1.11.1 Defined contribution plans and other long term employee benefits

The Group operates an optional, contributory defined contribution pension plan for its employees. The Group pays fixed contributions on behalf of member employees to an external pension provider and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the scheme are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Professional football players employed by the Group are also members of the Professional Footballers Association pension scheme which is a non-contributory scheme funded out of transfer levy payments.

1.11.2 Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.13 Turnover

Turnover represents broadcasting, sponsorship, gate receipts, catering and hospitality and all other income associated with the principal activity of running a professional football club.

- Gate receipts are inclusive of season ticket income, and are all recognised as revenue once the match has been completed;
- Central awards are recognised equally over the number of months in the football season to which they relate, including where the football season may cover two financial years;
- Broadcasting revenue can be recognised in two parts. Any minimum award for the season is recognised as revenue equally over the number of months in the football season to which it relates. Any broadcasting revenue that is earned once a televised match has taken place is recognised once that match has been completed;
- Compensation revenue is comprised of sums from collaboration agreements with other Clubs, and is recognised as revenue over the period of the agreement;
- Sponsorship and other commercial revenue comprises of sponsorship revenue, marketing revenue, catering income, hospitality income and any other event related income. These are recognised evenly over life of the contract (if multi-year contract), the season to which they relate (if seasonal) or after the event to which they relate has been completed.

Where the Group receives income on behalf of players who have been loaned out to other Clubs, the treatment of this income is as follows. Where a loan fee is received in exchange for the loan, this is recognised as a credit within the profit on disposal of player registrations. Where contributions towards a players' salary cost is received, these are credited against the associated cost within staff costs, and any excess contribution over and above that players' salary is recognised as other income.

Income from season tickets, sponsorship, broadcasting and other commercial contracts, which has been received prior to the year end in respect of future football seasons, is treated as deferred income.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.14 Expenses

1.14.1 Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.14.2 Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

1.14.3 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.

1.14.4 Performance related bonuses

Performance related bonuses are charged to the profit and loss account evenly over the period in which they become due. Where these costs are earned over more than one financial year, they are recognised based on the number of months in each financial year that is relevant to the footballing season that the bonus was earned. Performance related bonuses are considered to be part of the players' emoluments packages and are included in these financial statements as part of staff costs.

1.14.5 Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method and the unwinding of the discount on provisions.

Interest receivable represents the return from on-demand deposit accounts and interest charges on the late payment of transfer fees receivable and other trade debtors.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

1.15 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Included within Taxation on Loss are Research and Development (R&D) tax credits. These are recognised in the period in which they are received.

2 Turnover

	2020	2019
	£'000	£'000
Gate Receipts	5,559	10,681
Central Awards	42,548	93,369
Broadcasting	1,232	15,614
Compensation	158	356
Sponsorship and other Commercial Activities	8,538	17,728
	58,035	137,748

All income is derived from operations within the UK.

3 Loss before taxation

The loss before taxation is stated after charging:

	2020	2019
	£'000	£'000
Auditors' remuneration for audit services		
- Company	10	10
- Subsidiaries	33	31
Auditors' remuneration for audit related assurance services	9	8
Staff costs	72,626	92,591
Amounts paid under operating leases		
- Plant and machinery	143	143
- Land and buildings	24	66
	167	209
Profit on disposal of players' registrations	25,310	2,548
Depreciation		
- Owned fixed assets	1,737	1,700
- Assets under finance leases	2	3
Amortisation of player registrations	40,143	42,808
	41,882	44,511



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

4 Revaluation of assets

	2020	2019
	£'000	£'000
<u>Amount charged through profit and loss account:</u>		
Impairment loss on player registrations	533	1,254
Impairment loss on tangible fixed assets	-	630
	<u>533</u>	<u>1,884</u>
<u>Amount charged through other comprehensive income:</u>		
Revaluation (uplift) / impairment on tangible fixed assets	<u>(11,464)</u>	<u>20,966</u>
Net revaluation (uplift) / impairment of assets	<u>(10,931)</u>	<u>22,850</u>

The impairment loss on player registrations arose from a write down of certain players' to reflect their estimated net realisable value. The revised carrying amounts are based on the Directors' assessments of achievable sale values, taking into account current conditions in the transfer market.

The impairment loss in the prior year was as a result of the Riverside Stand redevelopment. At the end of the 2018/19 season, the Riverside Stand was decommissioned and as such the impairment was charged. The revaluation uplift in the current year is due to the revaluation of the freehold land and buildings by external valuation experts. See note 10a for further information.

5 Staff costs

Group staff costs during the year (including Directors' emoluments) amounted to:

	2020	2019
	£'000	£'000
Wages and salaries	63,913	81,031
Social security costs	8,360	11,270
Payments to defined contribution pension schemes	353	290
	<u>72,626</u>	<u>92,591</u>

The average monthly number of employees in the Group during the year was made up as follows:

	2020	2019
	Number	Number
Administrative and ground staff	197	200
Players	63	66
	<u>260</u>	<u>266</u>
Part-time staff for match days	<u>259</u>	<u>273</u>

The Company had no staff costs during the year (2019: £Nil).



Fulham Football Leisure Limited **Accompanying Notes to the Financial Statements (continued)**

For the year ended 30 June 2020

6 Directors' remuneration

No Director received any remuneration from the Company during the period.

Group aggregate Directors' remuneration during the year totalled £948,000 (2019: £1,494,000) excluding defined contribution pension contributions of £nil (2019: £1,000). The highest paid Director's emoluments totalled £948,000 (2019: £1,354,000). Retirement benefits are accruing to no Directors (2019: 0) under defined contribution schemes.

No charge has been recognised for the services of Mr S R Khan and Mr M Lamping as this is immaterial.

7 Net interest receivable

	2020 £'000	2019 £'000
Interest receivable:		
Bank interest	-	15
	<u>-</u>	<u>15</u>
Interest payable on borrowings repayable within five years:		
Hire and lease purchase obligations	-	-
Other interest payable	-	(3)
	<u>-</u>	<u>(3)</u>
Net interest receivable	<u><u>-</u></u>	<u><u>12</u></u>



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

8 Tax on loss

	2020 £'000	2019 £'000
(a) The tax for the year comprises:		
Tax charge through profit and loss account		
Current tax (credit)	(60)	-
Deferred tax (credit)	<u>(2,852)</u>	<u>-</u>
Total current tax through profit and loss account	(2,912)	-
Tax charge through revaluation reserve		
Deferred tax charge	2,852	-
	<u>2,852</u>	<u>-</u>
Total tax (note 8 (b))	<u>(60)</u>	<u>-</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

(Loss) before tax	<u>(48,112)</u>	<u>(20,180)</u>
(Loss) at standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(9,141)	(3,834)
Effects of:		
Fixed asset differences	242	(90)
Expenses not deductible for tax purposes	7	419
Other permanent differences	-	10
Group relief claimed	-	(1)
R&D expenditure credits	(60)	-
Deferred tax not recognised	8,892	3,496
Tax (credit) for the year	<u>(60)</u>	<u>-</u>

(c) Factors that may affect future tax charges

At the year end, the Group has an unrecognised deferred tax asset of £69,237,000 (2019: £54,175,000), as analysed overleaf. This asset has not been recognised as there is uncertainty over the Group's ability to generate taxable profits against which it would be utilised.

A UK corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 30 June 2020 has been calculated using 19% (2019: 17%).



Fulham Football Leisure Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

8 Tax on loss on ordinary activities (continued)

(c) Factors that may affect future tax charges (continued)

The unrecognised deferred tax asset is analysed below:

	2020	2019
	£'000	£'000
Depreciation in excess of capital allowances	1,542	1,345
Short term timing differences	94	575
Tax losses not recognised	67,601	52,255
	<u>69,237</u>	<u>54,175</u>

9 Intangible fixed assets (Group)

	Goodwill	Player registrations	Total
	£'000	£'000	£'000
Cost			
01 July 2019	2,940	161,927	164,867
Additions	-	52,822	52,822
Disposals	-	(27,985)	(27,985)
30 June 2020	<u>2,940</u>	<u>186,764</u>	<u>189,704</u>
Amortisation and impairment			
01 July 2019	2,940	68,078	71,018
Charge for the year	-	40,143	40,143
Impairment loss	-	533	533
Disposals	-	(25,969)	(25,969)
30 June 2020	<u>2,940</u>	<u>82,785</u>	<u>85,725</u>
Net book amount			
30 June 2020	<u>-</u>	<u>103,979</u>	<u>103,979</u>
01 July 2019	-	93,849	93,849

The Company has no intangible fixed assets.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

10a Tangible fixed assets (Group)

	Freehold Land & Buildings £'000	Plant, Equipment, Fixtures & Fittings £'000	Assets in the Course of Construction £'000	Total £'000
Cost				
01 July 2019	130,564	7,288	21,948	159,800
Additions	544	804	27,408	28,756
Disposals	(21,596)	(48)	-	(21,644)
Reclassified on completion	1,016	-	(1,016)	-
Revaluation	11,464	-	-	11,464
30 June 2020	121,992	8,044	48,340	178,376
Depreciation and impairment				
01 July 2019	25,189	5,594	7,109	37,892
Charge for the year	1,226	513	-	1,739
Disposals	(21,596)	(48)	-	(21,644)
30 June 2020	4,819	6,059	7,109	17,987
Net book amount				
30 June 2020	117,173	1,985	41,231	160,389
01 July 2019	105,375	1,694	14,839	121,908

The net book value of fixed assets above includes an amount of £nil (2019: £2,000) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets was £2,000 (2019: £3,000).

Assets under construction are comprised primarily of property developments at the Motspur Park training ground and works for the redevelopment of the Riverside Stand at Craven Cottage. Construction work commenced on the new Riverside Stand in May 2019, after the close of the 2018/19 season. At this point, the old Riverside Stand was impaired in value (see note 4) and have subsequently been disposed of in the current year.

Freehold land and buildings are valued by independent valuers when appropriate. The latest independent valuation was carried out as at 30 June 2020, by Avison Young (UK) Limited, RICS registered valuers and chartered surveyors, using a depreciated replacement cost methodology ("DRC"). The DRC basis of valuation aims to produce a valuation of the actual property and its actual location, and the estimation of the gross replacement cost has to reflect the cost of a site suitable for a modern equivalent facility. There is an assumption in this regard of a site of a similar size and location to meet the operational use requirements of the football club facility. There are also assumptions made around the life expectancy and historic depreciation of capitalised assets. The valuers use a broad range of similar transactions to aide in this valuation.

This revaluation resulted in an uplift in the year of £16,268,000. The Directors consider whether there are any indications of material changes in valuation in the intervening years between valuations and make adjustments to the carrying amount as necessary.



Fulham Football Leisure Limited
Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

10b Tangible fixed assets (Company)

Freehold Land
£'000

Cost

01 July 2019

5,426

30 June 2020

5,426

Provision

01 July 2019

-

Charge for the year

-

30 June 2020

-

Net book amount

30 June 2020

5,426

01 July 2019

5,426

The land was purchased during the previous year from a subsidiary (Motspur Park Limited). The land was purchased at cost value.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

11 Fixed asset investments (Company)

	Shares in group undertakings £'000
Cost	
01 July 2019	432,602
Additions	77,482
30 June 2020	510,084
Provision	
01 July 2019	354,052
Provision in the year	49,000
30 June 2020	403,052
Net book amount	
30 June 2020	107,032
01 July 2019	78,550

At 30 June 2020, the Company owned the following principal subsidiaries all of which operate in the United Kingdom and are included within these consolidated group financial statements, all of which are registered at the same address as Fulham Football Leisure Limited: Fulham Football Club Training Ground, Motspur Park, New Malden, Surrey, KT3 6PT.

Interest in Company	Principal Activity	Country of incorporation	Ordinary shares
Fulham Football Club Limited	Operation of a professional football club	United Kingdom	100%
Fulham Stadium Limited	Football stadium development	United Kingdom	100%
FL Property Management Limited*	Training ground development	United Kingdom	100%
Motspur Park Limited (in liquidation from 30 May 2018)	Training ground development	Republic of Ireland	100%

* Owned via Fulham Stadium Limited.

The additions in the year are made up of debt to equity share issues. On 30th June 2020, Fulham Football Club Limited issued a further 53,125,000 £1 ordinary shares and Fulham Stadium Limited issued 24,357,000 £1 ordinary shares. All shares were offset against the balance owed by the relevant subsidiary.



Fulham Football Leisure Limited
Accompanying Notes to the Financial Statements (continued)
For the year ended 30 June 2020

12 Debtors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade debtors	1,182	653	-	-
Player transfer debtors	17,601	6,456	-	-
Other debtors	771	757	-	-
Amounts due from group undertakings	-	-	168	27
Amounts due from related parties (note 21)	11	527	-	-
Prepayments and accrued income	2,824	2,354	-	-
	22,389	10,747	168	27

Included within the Player transfer debtors balance is an amount of £12,000,000 (2019: £1,020,000) which is due after more than one year.

Amounts due from group undertakings (Fulham Football Club Limited, Fulham Stadium Limited and Motspur Park Limited) represent unsecured loans with no fixed repayment date. No interest is payable.

13 Creditors

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Due within one year:				
Hire and lease purchase obligations	-	4	-	-
Trade creditors	3,815	3,176	-	-
Player transfer creditors	53,427	35,497	-	-
Amounts due to related parties	367	328	-	-
Amounts due to group undertakings	-	-	164	27
Other taxes and social security	1,878	7,818	5	2
Accruals	17,211	3,758	32	29
Other creditors	3,587	28	-	-
	80,285	50,609	201	58

	Group 2020 £'000	Group 2019 £'000
Due after more than one year:		
Player transfer creditors	32,086	44,862
	32,086	44,862

Amounts due to group undertakings (Fulham Football Club Limited, Fulham Stadium Limited and Motspur Park Limited) represent unsecured loans with no fixed repayment date. No interest is payable.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

14 Reconciliation of opening and closing liabilities from financing activities

	Loans and borrowings	Lease liabilities	Total	Total
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
Balance at 1 July	-	4	4	506
Proceeds from loans and borrowings	77,500	-	77,500	48,800
Payment of lease liabilities	-	(4)	(4)	(2)
Conversion to equity	(77,500)	-	(77,500)	(49,295)
Other movement	-	-	-	(5)
Balance at 30 June	-	-	-	4

15 Deferred income

	Group 2020	Group 2019
	£'000	£'000
Season ticket sales in advance	-	3,234
Central awards	7,478	-
Commercial income and sponsorship	488	1,069
	7,966	4,303

16 Share capital

Group & Company	2020	2019
Ordinary shares of £1 each	'000	'000
Allotted, called up and fully paid		
1 July	430,348	381,053
Issued in the period	77,500	49,295
30 June	507,848	430,348

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 30th June 2020 the company issued 77,500,000 new ordinary shares to its immediate parent company, Cougar Holdco London Limited. There was no change in the control of the company as a result of this transaction.

In consideration for these share issues, the debt owing by the company to Cougar Holdco London Limited was offset.

17 Revaluation reserve

Where tangible fixed assets are revalued, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

The company has no revaluation reserve.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

18 Operating leases

Non-cancellable operating lease rentals are payable by the Group as follows (Company: £Nil in both periods):

	Group	Group
	2020	2019
	£'000	£'000
Less than one year	119	163
Between one and five years	32	151
More than five years	-	-
	151	314

During the year £167,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £209,000).

19 Capital commitments

Amounts contracted for by the Group but not provided for in the accounts in respect of tangible fixed assets amounted to £77,515,000 (2019: £99,025,000) (Company: £Nil in both periods).

20 Contingent transfer fees

The estimated commitment for additional transfer fees payable in respect of future possible appearances amounts to £485,000 (2019: £1,371,000). These amounts have not been included in the financial statements.

The Group has in place a number of transfer contracts that give rise to contingent receivables. The Directors have assessed such contracts and the Group can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £1,299,000 (2019: £361,000). These amounts have not been included in the financial statements.

21 Related party transactions (Group)

During the year there were arm's length trading transactions between the Group and Jacksonville Jaguars LLC, a company incorporated in the USA and under the common control of the Group's current ultimate controlling party. The balances owed or owing at the year end with Jacksonville Jaguars LLC are shown below. The value of the transactions during the period is shown below:

	2020	2020	2019	2019
	Purchases	Sales	Purchases	Sales
	£'000	£'000	£'000	£'000
Jacksonville Jaguars	-	504	-	509
Total	-	504	-	509



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

21 Related party transactions (Group) (continued)

Balances with related parties as at 30 June 2020 are as follows:

	2020	2020	2019	2019
	Due To	Due From	Due To	Due From
	£'000	£'000	£'000	£'000
Union Jax LLC	-	11	3	1
Fulham Football Club Foundation	333	-	292	-
Jacksonville Jaguars LLC	34	-	33	500
Flex-N-Gate Marles SAS	-	-	-	26
Total	367	11	328	527

During the year, the Group donated £27,300 (2019: £39,200) to the Fulham Football Club Foundation. The balance outstanding as at 30 June 2019 and 2020 represents donations from players received by the Group for the benefit of Fulham Football Club Foundation.

The Group provided administrative services to Union Jax LLC throughout the year. The balances as at 30 June 2019 and 2020 represent charges incurred and revenue received on their behalf and subsequently recharged.

The Group incurred costs in relation to an employee of Flex-N-Gate Marles SAS, located in France. The balance due at 30 June 2019 represents these costs being recharged.

The Group received loans during the period totalling £77,500,000 (2019: £48,800,000) from Cougar Holdco London Limited, the immediate parent company. Further information on this balance is provided in note 15. The Group issued ordinary shares in the year to Cougar Holdco London Limited totaling £77,500,000 in exchange for offsetting the debt.

22 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Cougar Holdco London Limited. The ultimate controlling party is Mr Shahid Khan.

The largest group in which the results of the Company and its group are consolidated is that headed by Cougar Holdco London Limited, incorporated in the United Kingdom. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

23 Subsequent events

Since the year end the Group has acquired and disposed of a number of player registrations. The cost of acquiring new player registrations post year end amounted to £51.8m (2019: £8.8m) and the profit on disposal of player registrations post year end was £0.1m (2019: £23.0m).

Subsequent to the year end The Professional Football Compensation Committee ("PFCC") gave its decision with regards to the compensation payable by Liverpool Football Club ("Liverpool") to Fulham Football Club ("Fulham") following the move of Harvey Elliott from Fulham to Liverpool in 2019. After a full hearing, the PFCC decided that Fulham should be entitled to an element of guaranteed compensation, with various add-ons that shall be recognised as and when the triggers are met. As at 30 June 2020, Fulham has recognised an amount of guaranteed compensation that at the time was considered reasonable. There has been no adjustment to this amount following this decision.



Fulham Football Leisure Limited

Accompanying Notes to the Financial Statements (continued)

For the year ended 30 June 2020

24 Accounting estimates and judgements

The Directors assessment of the carrying amount of intangible fixed assets and any related impairment is a key area of estimation uncertainty in these financial statements. The valuation of player registrations is highly subjective and can be subject to frequent and sudden change dependant on individual player performance and the general conditions in the transfer market. To mitigate the risks arising from such uncertainty, the Directors adopt a prudent approach when conducting impairment reviews. The Directors' and management teams' vast experience in the sport and extensive knowledge of the sport is key to assessing these values. These experiences are drawn on when making these detailed assessments, with both looking back at historical trends and into the future at various possible outcomes.

Another significant accounting estimate and judgement included in these financial statements is the valuation of the land and buildings. A professional valuation is undertaken at regular intervals with land and buildings revalued at that date. In the interim periods, the Directors undertake their own assessment of the valuation based on factors that they deem appropriate, and will impair the assets where necessary. Where an uplift is required, this is credited through the revaluation reserve, which is then depreciated over the life of the asset. When an impairment is required, a charge is noted through the revaluation reserve up to the value of any previous uplift, with any excess charged through the profit and loss account in the financial year.

The carrying value of the investments is also assessed at each period end, with impairments recognised where considered necessary.

25 Long term employee benefits

Payments are made into a number of defined contribution schemes. Total contributions paid during the year amounted to £353,000 (2019: £290,000). An amount of £60,000 (2019: £56,000) remained outstanding at the balance sheet date.

