

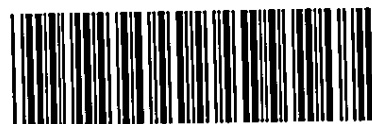
Fulham Stadium Limited

ANNUAL REPORT

YEAR ENDED 30 JUNE 2007

Registered Number 3375418

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FULHAM STADIUM LIMITED
(Registered Number 3375418)
ANNUAL REPORT
YEAR ENDED 30 JUNE 2007

CONTENTS

DIRECTOR'S REPORT	3
STATEMENT OF DIRECTORS' RESPONSIBILITIES	4
INDEPENDENT AUDITORS' REPORT	5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8-14

**FULHAM STADIUM LIMITED
DIRECTOR'S REPORT**

The Director presents his report and financial statements for the year ended 30 June 2007

PRINCIPAL ACTIVITY

The principal activity of the company is to hold the freehold and develop Craven Cottage, a football stadium

BUSINESS REVIEW

Development of Craven Cottage to increase capacity to 25,349 commenced during the close season

RESULTS AND DIVIDENDS

The loss for the year amounted to £681,498 (2006 £203,451) which has been transferred to reserves

The Director does not recommend the payment of a dividend

POST BALANCE SHEET EVENTS

Development of Craven Cottage to increase capacity to 25,349 was completed in August 2007

CURRENT DIRECTORS

The Director who served during the year was as follows

M Al Fayed (Chairman)

Director's shareholdings in the parent company Fulham Football Leisure Limited are shown in the accounts of that company

DISCLOSURE OF INFORMATION TO AUDITORS

The director has confirmed that.

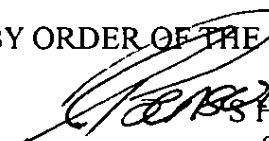
(a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and

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

SPECIAL PROVISIONS

The directors' report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

BY ORDER OF THE BOARD


S H Benson
Secretary
28th February 2008

FULHAM STADIUM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULHAM STADIUM LIMITED

We have audited the financial statements of Fulham Stadium Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

London, UK
February 28th 2008



PKF (UK) LLP
Registered Auditors

FULHAM STADIUM LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 June 2007

	Notes	2007 £	2006 £
Turnover		2,000,000	2,000,000
Administrative expenses		(109,784)	(150,990)
Depreciation		<u>(1,889,848)</u>	<u>(1,085,768)</u>
Operating Profit		368	763,242
Net interest payable	3	(681,866)	(559,791)
		<u>(681,498)</u>	<u>203,451</u>
Tax on loss on ordinary activities	5	-	-
Loss for the year transferred to reserves	11	<u>(681,498)</u>	<u>203,451</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the amounts included in the profit and loss account

Continuing operations

All of the above results derive from continuing activities

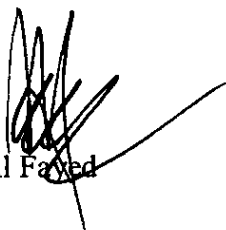
The notes on pages 9 to 15 form part of these financial statements.

FULHAM STADIUM LIMITED
BALANCE SHEET
AT 30 June 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	16,639,090	15,687,514
Investment in subsidiary	7	2	2
		<u>16,639,092</u>	<u>15,687,516</u>
CURRENT ASSETS			
Debtors - amounts due within one year	8	176,229	148,332
Debtors - amounts due after more than one year	8	3,199,228	3,181,044
Bank deposit account - charged		715,945	1,442,089
Cash at bank and in hand		86,224	208,316
		<u>4,177,626</u>	<u>4,979,781</u>
CREDITORS: amounts falling due within one year	9	<u>(17,230,798)</u>	<u>(14,354,358)</u>
NET CURRENT LIABILITIES		<u>(13,053,172)</u>	<u>(9,374,577)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,585,920	6,312,939
Creditors. amounts falling due after more than one year	9	(6,000,000)	(8,045,521)
NET LIABILITIES		<u>(2,414,080)</u>	<u>(1,732,582)</u>
CAPITAL AND RESERVES			
Called up share capital	10	11,999,002	11,999,002
Profit and loss account	11	(14,413,082)	(13,731,584)
EQUITY SHAREHOLDERS' FUNDS	12	<u>(2,414,080)</u>	<u>(1,732,582)</u>

The notes on pages 9 to 15 form part of these financial statements

The financial statements on pages 7 to 15 were approved and authorised for issue by the Board on 28th February 2008.


M Al Fayed

Director

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

1. BASIS OF PREPARATION AND GOING CONCERN

The company has a deficit of shareholders' funds at 30 June 2007 and has operated at a loss in recent years. The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The Directors are aware of their duty to present a balanced assessment of the company's financial position and prospects.

They have also had regard to the written indications received from the ultimate parent company, AIT Leisure Holdings Limited, the ultimate controlling party, Mr M Al Fayed and the trust company that controls the Al Fayed family trusts and their corporate interests, that continued funding will be made available to finance the group's working capital requirements for the foreseeable future, irrespective as to whether Fulham Football Club retains membership of the Premier League at the end of the 2007/08 season or not. Although there is no legal obligation for AIT Leisure Holdings Limited, Mr M Al Fayed and the trust company to provide this continued financial support, the Directors are confident that such funding will be forthcoming.

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

b) Tangible fixed assets and depreciation

Freehold land is not depreciated.

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, which is reviewed annually. The depreciation rates are as follows:

Stands, fixtures, fittings and equipment – between 10% and 50%. Depreciation is only charged on assets brought into use during the year.

The company evaluates its fixed assets for financial impairment where events or circumstances indicate that the carrying value of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value an impairment is recorded.

c) Deferred taxation

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

d) Group accounts

Group accounts are not prepared because the company is exempt from doing so under S228 of the Companies Act 1985. The results of the company and its subsidiary are included in the consolidated accounts of Fulham Football Leisure Limited. The financial information in these accounts is presented about the company as an individual undertaking and not about its group.

e) Turnover

All turnover arises in the UK and relates to rental income. Rental income is credited to the profit and loss account in the period to which it relates.

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

3. NET INTEREST PAYABLE

	2007	2006
	£	£
Interest receivable:		
Bank interest	58,850	23,289
Interest payable on borrowings repayable within five years:		
Bank interest	(740,206)	(572,987)
Amounts payable to related parties	(510)	(10,093)
	<u>(740,716)</u>	<u>(583,080)</u>
Net interest payable	<u>(681,866)</u>	<u>(559,791)</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
	£	£
This is stated after charging the following.		
Provision against debt due from subsidiary	(542)	29,857
Auditors' remuneration – audit	4,200	5,583
Auditors' remuneration – non-audit	595	5,025
Depreciation	<u>1,889,848</u>	<u>1,085,768</u>

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

5. TAXATION

	2007 £	2006 £
(a) The tax for the year comprises:		
Current tax		
Corporation tax at 30% (2005: 30%)	-	-
Total current tax (note 5(b))	-	-

(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 on ordinary activities before tax	(681,498)	203,451
Loss on ordinary activities at standard rate of corporation tax in the UK of 30% (2006: 30%)	(204,449)	61,035
Effects of		
Expenses not deductible for tax purposes	536,773	343,571
Capital allowances in excess of depreciation	(87,379)	(111,383)
Losses utilised	(244,945)	(293,223)
Current tax charge for the year (note 5(a))	-	-

(c) Factors affecting future tax charge and deferred tax

At the year end Fulham Stadium Limited has an provided deferred tax asset of approximately £441,000 (2006: £745,500), as analysed below. This asset has not been recognised as the company has in recent years incurred operating losses and recoverability is dependent on there being suitable future profits against which to offset the asset.

The potential deferred tax asset is analysed below

	£	£
Depreciation in excess of capital allowances	64,000	148,500
Tax losses carried forward	377,000	597,000
	441,000	745,500

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

6. TANGIBLE FIXED ASSETS

	Assets in the course of Construction £	Freehold Land £	Stands, Fixtures, Fittings and Equipment £	Total £
Cost				
At 1 July 2006	1,472,351	6,975,428	14,295,686	22,743,465
Additions	1,016,627	-	1,824,797	2,841,424
Transfers	(1,500,780)	-	1,500,780	-
At 30 June 2007	<u>988,198</u>	<u>6,975,428</u>	<u>17,621,263</u>	<u>25,584,889</u>
Accumulated depreciation				
At 1 July 2006	-	-	7,055,951	7,055,951
Charge for the year	-	-	1,889,848	1,889,848
At 30 June 2007	<u>-</u>	<u>-</u>	<u>8,945,799</u>	<u>8,945,799</u>
Net book value				
At 30 June 2007	<u>988,198</u>	<u>6,975,428</u>	<u>8,675,464</u>	<u>16,639,090</u>
At 30 June 2006	<u>1,472,351</u>	<u>6,975,428</u>	<u>7,239,735</u>	<u>15,687,514</u>

7. INVESTMENT IN SUBSIDIARY

Cost

At 1 July 2006	<u>2</u>
At 30 June 2007	<u>2</u>

At 30 June 2007, the Company owned the following principal subsidiary which is incorporated in Great Britain and operates in the United Kingdom

<u>Company</u>	<u>Principal Activity</u>	<u>Interest in Ordinary Shares</u>
FL Property Management Limited	Hold freehold and develop Motspur Park	100%

8. DEBTORS

Amounts due within one year:	2007	2006
	£	£
Trade debtors	6,155	6,155
Other debtors	139,337	100,901
Prepayments and accrued income	30,737	41,276
	<u>176,229</u>	<u>148,332</u>
Amounts due after more than one year:		
Amounts due from group undertakings	<u>3,199,228</u>	<u>3,181,044</u>
	<u>3,375,457</u>	<u>3,329,376</u>

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

9. CREDITORS

Amounts falling due within one year:	2007	2006
	£	£
Bank loan	2,000,000	2,000,000
Trade creditors	254,160	423,737
Accruals and deferred income	565,895	986,603
Amounts due to parent undertakings	14,361,062	10,680,000
Amounts due to related parties	49,681	264,018
	<u>17,230,798</u>	<u>14,354,358</u>
Amounts due after more than one year:		
Bank loan	<u>6,000,000</u>	<u>8,045,521</u>

The bank loan is interest bearing at 2.5% over LIBOR and is secured by a first legal charge on the company's land and buildings and the bank deposit account. In addition, Harrods Holdings Limited, a related party, has provided a guarantee for the loan, the guarantee is secured by a second charge on the company's land and buildings and a charge over the bank deposit account.

10. SHARE CAPITAL

	2007	2006
	Number	Number
Authorised		
Ordinary shares of £1 each	<u>12,000,000</u>	<u>12,000,000</u>
Allotted, called up and fully paid	£	£
Ordinary shares of £1 each	<u>11,999,002</u>	<u>11,999,002</u>

There were no shares issued during the year

11. PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At 1 July 2006	(13,731,584)	(13,935,035)
Loss for the year	(681,498)	203,451
At 30 June 2007	<u>(14,413,082)</u>	<u>(13,731,584)</u>

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2,007 £	2006 £
Opening shareholders' funds	(1,732,582)	(1,936,033)
Loss for financial year	(681,498)	203,451
Closing shareholder funds	<u>(2,414,080)</u>	<u>(1,732,582)</u>

13. RELATED PARTY TRANSACTIONS

At the balance sheet date there were arm's length agreements between the company and various related companies to provide management, security and maintenance services. These companies are under the control of the company's ultimate controlling party. The value of these transactions during the year to 30 June 2007 is as follows:

	<u>2007</u> <u>Purchases</u> £	<u>2007</u> <u>Sales</u> £	<u>2006</u> <u>Purchases</u> £	<u>2006</u> <u>Sales</u> £
Genavco Insurance Ltd	4302	-	-	-
Harrods (UK) Ltd	-	-	696	-
Harrods Ltd	127,638	-	73,885	-
Harrods Estates Ltd	-	-	35,000	-
Total	<u>131,940</u>	<u>-</u>	<u>109,581</u>	<u>-</u>

During the year to 30 June 2007, Harrods Ltd project management charges of £117,083 (2006: £73,885) were capitalised as part of the Stadium redevelopment works. In addition, interest charges of £586 (2006: £10,093) were payable to Harrods Ltd. At 30 June 2007 a total of £49,681 (2006: £222,893) was owed to Harrods Ltd and a total of £Nil (2006: £41,125) was owed to Harrods Estates Ltd.

The ultimate controlling party has provided a guarantee to the lender in respect of the bank loan.

FULHAM STADIUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 June 2007

14. PARENT UNDERTAKING AND CONTROLLING PARTY

At the year end the ultimate parent undertaking is Fulham Leisure Holdings Limited, a company incorporated in the British Virgin Islands which is under the control and held for the benefit of Mr Mohamed Al Fayed and his family, the ultimate controlling party

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

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

15. CAPITAL COMMITMENTS

Amounts contracted for but not provided for in the accounts amounted to £380,777 (2006 £1,307,116)

16. POST BALANCE SHEET EVENTS

Development of Craven Cottage to increase capacity to 25,478 was completed in August 2007. Planning permission for further increases in seating capacity and further develop the ground was granted in December 2007