

**FULHAM FOOTBALL LEISURE LIMITED**

**(Registered Number 3374347)**

**ANNUAL REPORT**

**YEAR ENDED 30 June 2006**



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**(Registered Number 3374347)**  
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**YEAR ENDED 30 June 2006**

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**FULHAM FOOTBALL LEISURE LIMITED  
OFFICES AND ADVISORS**

**REGISTERED OFFICE**

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

**AUDITORS**

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

**BANKERS**

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

**SOLICITORS**

Hammond Suddards Edge  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

**FULHAM FOOTBALL LEISURE LIMITED  
DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 30 June 2006, which show the state of the Group's affairs

**PRINCIPAL ACTIVITIES**

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

**REVIEW OF THE BUSINESS**

The Group continued to develop the business both commercially and with regard to the facilities and infrastructure required to enable it to remain in the Premier League

Commercial activities continued to grow with the on field success of the football club as does the commitment to establishing a long term youth policy via the Football Academy and continued support of the Football in The Community Scheme

During the year to 30 June 2006, the group saw the following changes in the key indicators of financial and non-financial performance

Indicator	Year to 30 June		+/- change	%
	2006	2005		
Gross revenues (£m)	37.5	39.5	(2)	(5)
Turnover (£m)	37.1	37.1	-	-
Total staff costs (£m)	30.1	33.8	(3.7)	(11)
Staff costs as % of revenues	80%	86%		11
Net operating (loss) (£m)	(13.2)	(14.7)	1.5	10
Final position in FAPL	12th	13th	+1	
Total attendances	392,457	376,928	15,529	4
Average attendances per game	20,656	19,838	818	4

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

**RESULTS AND DIVIDENDS**

The loss for the financial period amounted to £15,880,000 (2005 £12,931,000) which has been transferred to reserves. The directors do not recommend payment of a dividend (2005 £Nil)

**FUTURE DEVELOPMENTS**

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

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

**FINANCIAL INSTRUMENTS AND RISKS**

Most of the Group's transactions are in sterling, although from time to time certain transactions involving the acquisition of overseas players may be in Euros. In these cases, the 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 company use hedging instruments.

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

**FULHAM FOOTBALL LEISURE LIMITED  
DIRECTORS' REPORT (CONTINUED)**

**FINANCIAL INSTRUMENTS AND RISKS (Continued)**

The Group's main commercial risk is that associated with potential failure to retain membership of the Football Association Premier League. Of the Group's total revenues in the year to 30 June 2006, 62% came from sources controlled by the FAPL (2005 63%). In the event of relegation from the FAPL, the Group's revenues would fall in the next two years to a level which would not finance ongoing contractual commitments, and the Group would therefore have to place more reliance on funds provided by the parent company and take action to significantly reduce operating costs. Such action could prevent the maintenance of a playing squad capable of gaining promotion back to the FAPL. Therefore the Group's main aim is to prevent this risk becoming a reality.

**POST BALANCE SHEET EVENTS**

On 10 April 2007, following a period of poor playing results, Fulham Football Club terminated the employment contracts of the Team Manager, Chris Coleman, and his assistant, Steve Keen. In order to reduce the risks of failing to achieve satisfactory results in the remaining games of the 2006/07 season, which could result in relegation from the Premier League, an experienced football manager, Lawrie Sanchez, was appointed to take charge of the first team for the remainder of the season.

Since the year end, Fulham Football Club (1987) Ltd has acquired the registrations of Franck Queudrue, Gabriel Zakuani, Bjorn Runstrom, Clint Dempsey and Simon Davies. In addition, the Group has disposed of the registrations of Steed Malbranque, Dean Leacock, Zesh Rehman, Liam Fontaine and Luis Boa Morte. The net outflow from player trading is approximately £3.4 million.

Further development of Craven Cottage to increase capacity to 24,000 was completed in August 2006. Planning permission for further increases in seating capacity was granted in March 2007.

On 12 December 2006, Fulham Football Club (1987) Ltd entered into a loan agreement with Fortis Bank S.A/N.V for £9 million secured on future broadcasting amounts receivable.

On 12 July 2006, £34.5 million in respect of Harrods trading and payroll loans were repaid by Fulham Football Club (1987) Ltd, utilising proceeds of an equivalent increase in the debt due to Fulham Leisure Holdings Limited, the parent undertaking.

On 10 January 2007, £35.2 million in respect of Harrods trading and payroll loans were repaid by Fulham Football Club (1987) Ltd, utilising proceeds of an equivalent increase in the debt due to Fulham Leisure Holdings Limited, the parent undertaking. As a consequence the charge over the assets of Fulham Stadium Limited, which was security for this debt, was released.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and their beneficial interests in the shares of the Company are as follows -

	'A' Ordinary shares of £1 each 30 June 2006	'B' Ordinary shares of £1 each 30 June 2006	'A' Ordinary shares of £1 each 30 June 2005	'B' Ordinary shares of £1 each 30 June 2005
M Al Fayed	5,550,000	-	5,550,000	-
S H Benson	-	-	-	-
M A E Collins	-	-	-	-
J P Hone (resigned 10 10 05)	-	-	-	-

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors has confirmed that

- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**THE ENVIRONMENT**

The Group has continued to adopt policies and procedures which take account of the need to preserve and protect the environment. The directors are committed to compliance with environmental best practice in all aspects of the business.

**FULHAM FOOTBALL LEISURE LIMITED  
DIRECTORS' REPORT (CONTINUED)**

**POLICY ON PAYMENT OF CREDITORS**

It is the Group's policy to agree payment terms as part of any formal contract with a supplier and to make every endeavour to abide by the agreed terms. Where a purchase is not covered by a formal contract, and no agreement is reached in advance of raising an order, the policy is that any valid invoice will be paid in full. The Group is sympathetic to, and pays particular attention to, the cash flow needs of its smaller suppliers. The Group takes an average of 24 (2005 26) days to pay its creditors.

**CHARITABLE DONATIONS**

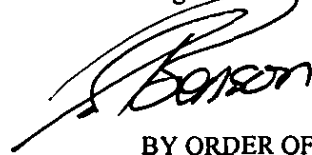
During the year, the group donated £85,000 to Fulham FC Community Sports Trust.

**POLICY ON DISABLED PERSONS**

It is the Group's policy to provide full and fair consideration of applications, continuing employment and training while employed for disabled persons in the business and to make our facilities available to disabled supporters as far as is possible within the constraints of a concern for the health and safety of all of our staff and customers.

**POLICY ON EMPLOYEE INVOLVEMENT**

It is the Group's policy to keep all staff informed as to the development of the business and then 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.



BY ORDER OF THE BOARD  
S H Benson  
Secretary  
19<sup>th</sup> April 2007

**FULHAM FOOTBALL LEISURE 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 apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare financial statements on a 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 FOOTBALL LEISURE LIMITED**

We have audited the financial statements of Fulham Football Leisure Limited for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These 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 within it.

### **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 group's and company's circumstances, consistently applied and adequately disclosed.

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

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FULHAM FOOTBALL LEISURE LIMITED (CONTINUED)**

**Emphasis of matter - Going Concern**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 (b) to the financial statements concerning the trading performance and the cash flows of the group, the continuing financial support that has been indicated by the parent company and the ultimate controlling party and the consequent adoption of the going concern basis for the preparation of the financial statements. The group has incurred significant losses in recent years and has accumulated a significant deficit of shareholders funds. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

London, UK

23 April 2007

  
PKF (UK) LLP  
Registered Auditors

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30 June 2006**

	Notes	2006			2005
		Operations excluding player trading £'000	Player trading £'000	Total £'000	Total £'000
Turnover	2	37,126	-	37,126	37,123
Other operating income		332	-	332	2,347
		<u>37,458</u>	<u>-</u>	<u>37,458</u>	<u>39,470</u>
Operating expenses	3	(43,654)	(6,959)	(50,613)	(53,143)
Exceptional item	5	-	-	-	(1,000)
<b>Operating loss</b>		<u>(6,196)</u>	<u>(6,959)</u>	<u>(13,155)</u>	<u>(14,673)</u>
Profit on disposal of players' registrations		-	852	852	3,726
<b>Loss before interest and taxation</b>		<u>(6,196)</u>	<u>(6,107)</u>	<u>(12,303)</u>	<u>(10,947)</u>
Net interest payable	7			(3,555)	(1,984)
<b>Loss on ordinary activities before taxation</b>				<u>(15,858)</u>	<u>(12,931)</u>
Taxation of loss on ordinary activities	8			-	-
<b>Retained loss for the year</b>	16			<u>(15,858)</u>	<u>(12,931)</u>

All amounts relate to continuing operations

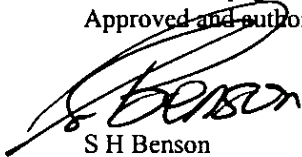
The group has no recognised gains or losses other than the loss for the year

The notes on pages 12 to 27 form part of these accounts

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
30 June 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		£'000	£'000
<b>FIXED ASSETS</b>			
Intangible assets	9	14,068	10,600
Tangible assets	10	19,829	18,255
		33,897	28,855
<b>CURRENT ASSETS</b>			
Stocks		175	89
Debtors	12	3,003	3,065
Cash at bank and in hand		716	2,723
Bank deposit account – charged		1,442	689
		5,336	6,566
<b>CREDITORS</b>			
Amounts falling due within one year	13	(35,261)	(59,922)
<b>NET CURRENT LIABILITIES</b>		(29,925)	(53,356)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,972	(24,501)
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(143,918)	(100,382)
<b>DEFERRED INCOME</b>		(4,283)	(3,488)
<b>NET LIABILITIES</b>		(144,229)	(128,371)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	6,000	6,000
Profit and loss account	16	(150,229)	(134,371)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(144,229)	(128,371)

The notes on pages 12 to 27 form part of these accounts  
Approved and authorised for issue by the board on 19th April 2007

  
S H Benson  
Director

  
M A E Collins  
Director

**FULHAM FOOTBALL LEISURE LIMITED**  
**BALANCE SHEET**  
**30 June 2006**

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		£'000	£'000
<b>FIXED ASSETS</b>			
Investments	11	-	-
<b>CURRENT ASSETS</b>			
Debtors	12	8,955	9,809
Cash at bank and in hand		9	6
		<hr/>	<hr/>
		8,964	9,815
<b>CREDITORS</b>			
Amounts falling due within one year	13	(3,445)	(14,155)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>5,519</b>	<b>(4,340)</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,519</b>	<b>(4,340)</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(100,382)	(100,382)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		<b>(94,863)</b>	<b>(104,722)</b>
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	6,000	6,000
Profit and loss account	16	(100,863)	(110,722)
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>(94,863)</b>	<b>(104,722)</b>
		<hr/>	<hr/>

The notes on pages 12 to 27 form part of these accounts  
Approved and authorised for issue by the board on 19th April 2007

  
S H Benson  
Director

  
M A E Collins  
Director

**FULHAM FOOTBALL LEISURE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 30 June 2006**

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		£'000	£'000
<b>Net cash outflow from operating activities</b>	18	(7,836)	(8,140)
<b>Returns on investment and servicing of finance</b>	19	(3,555)	(1,796)
<b>Capital expenditure</b>	19	(11,796)	(5,511)
<b>Acquisitions and disposals</b>	19	(49)	-
<b>Net cash outflow before use of liquid resources and financing</b>		<u>(23,236)</u>	<u>(15,447)</u>
<b>Management of liquid resources</b>	19	(753)	731
<b>Financing</b>	19	21,982	16,843
<b>(Decrease)/increase in cash in the year</b>		<u><u>(2,007)</u></u>	<u><u>2,127</u></u>
<b>Reconciliation Of Net Cash Flow To Movement In Net Debt</b>			
(Decrease)/increase in cash in the year		(2,007)	2,127
Cash inflow from increase in debt and lease financing		(21,982)	(16,843)
Cash outflow/(inflow) from increase in liquid resources		753	(731)
<b>Change in net debt resulting from cash flows</b>		<u>(23,236)</u>	<u>(15,447)</u>
<b>Non-cash changes</b>		-	(10,672)
<b>Movement in net debt in the year</b>		<u>(23,236)</u>	<u>(26,119)</u>
<b>Net debt at 30 June 2005</b>		<u>(144,106)</u>	<u>(117,987)</u>
<b>Net debt at 30 June 2006</b>		<u><u>(167,342)</u></u>	<u><u>(144,106)</u></u>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**1 ACCOUNTING POLICIES**

**(a) Accounting convention**

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

**(b) Going concern**

The group has a deficit of shareholders' funds at 30 June 2006 and has operated at a loss in recent years. The financial statements have been prepared on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future. The Directors are aware of their duty to present a balanced assessment of the group's financial position and prospects and in concluding that it is appropriate to adopt the going concern basis they have had regard to the trading performance and cashflows since the year end. They continue to take action to improve the cashflow position of the group.

They have also had regard to the written indications received from the ultimate parent company, Fulham Leisure Holdings Limited and from the ultimate controlling party, Mr M Al Fayed, 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 2006/07 season or not. Although there is no legal obligation for either Fulham Leisure Holdings Limited or Mr M Al Fayed to provide this continued support, the Directors are confident that such funding will be forthcoming.

**(c) Basis of consolidation**

The results of subsidiaries are consolidated from the date of acquisition. The financial statements incorporate the audited assets and liabilities and results of subsidiary undertakings for the year. Goodwill arising on consolidation of subsidiaries is capitalised and written off on a straight-line basis over its estimated useful life.

No profit and loss account is presented for Fulham Football Leisure Limited in accordance with the exemption provided by Section 230 of the Companies Act 1985. The company's profit for the year amounted to £9,859,146 (2005 Loss - (£3,197,000)).

**(d) Turnover**

Turnover represents match receipts and all other income associated with the principal activity of running a professional football club and excludes value added tax. Season tickets and other revenues relating to future periods are accounted for in the period to which they relate.

**(e) Depreciation**

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The depreciation rates are as follows:

Stands, fixtures, fittings and equipment	- 10 - 50% per annum
Leasehold improvements	- Over period of lease
Motor vehicles	- 25% per annum

Depreciation is only charged on assets brought into use during the year.

The group 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.

**(f) Stocks**

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

**(g) 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.

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**1 ACCOUNTING POLICIES (Continued)**

**(h) Leasing and hire purchase**

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to the profit and loss account as incurred.

**(i) Pension costs**

The cost of defined contribution pensions represent the contributions payable by the group during the year.

**(j) Grants**

Grants receivable in respect of ground safety and maintenance are credited to the profit and loss account in the same period as the expenditure is incurred.

Grants receivable in respect of fixed assets are credited to deferred income and released to the profit and loss account over the asset's useful economic life.

**(k) Signing on fees**

Signing on fees relating to players' contracts are charged to the profit and loss account on a payable basis. Signing on fees are considered to be part of players' emoluments packages and are included in the accounts as part of staff costs.

**(l) Transfer fees**

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

Fees payable which are contingent on a future event are recorded as intangible fixed assets, if in the opinion of the Directors, the future event is more likely than not to occur during the life of the player's contract. Fees contingent on a future event which has a material uncertainty are only brought into intangible fixed assets when the event actually occurs.

Player registration costs are amortised over the life of the players' contract with the club. These intangible assets are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

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

**(m) Player Trading**

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

**(n) Foreign Currency**

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

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**2 TURNOVER**

	<u>Year ended</u> <u>30 June 2006</u> £'000	<u>Year ended</u> <u>30 June 2005</u> £'000
Match Day	7,540	8,201
Broadcasting	23,156	23,493
Commercial activities	6,430	5,429
	37,126	37,123
	37,126	37,123

**3 OPERATING EXPENSES**

	<u>Year ended</u> <u>30 June 2006</u> £'000	<u>Year Ended</u> <u>30 June 2005</u> £'000
Auditors' remuneration - audit	38	35
- other fees	36	27
Staff costs (Note 4)	30,102	33,884
Depreciation of owned fixed assets	1,594	1,350
Depreciation of assets held under finance leases and hire purchase contracts	16	14
Amortisation of owned player registrations	6,959	6,389
Amortisation of player registrations under finance leases	-	1,160
Operating lease rentals - plant and machinery	70	50
- land and buildings	60	269
Other external charges	11,738	9,965
	50,613	53,143
Exceptional impairment loss	-	1,000
	50,613	54,143



**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**4 STAFF COSTS**

Staff costs in the year (including directors' emoluments) were

	<u>Year ended</u> <u>30 June 2006</u>	<u>Year ended</u> <u>30 June 2005</u>
	£'000	£'000
Wages and salaries	26,780	30,327
Social security costs	3,202	3,382
Other pension costs	120	175
	30,102	33,884
	30,102	33,884
Average numbers employed by the group during the year	<u>Number</u>	<u>Number</u>
Administration and ground staff	119	141
Players (including Ladies Squad)	61	60
	180	201
Casual and part-time staff	435	525
	615	726
	615	726

The Company had no staff costs during the year (2005 £Nil)

**5 EXCEPTIONAL ITEMS**

	<u>Year ended</u> <u>30 June 2006</u>	<u>Year Ended</u> <u>30 June 2005</u>
	£'000	£'000
Impairment of player registrations	-	1,000
	-	1,000
	-	1,000

The impairment loss in the prior year arose from the directors' review of the carrying value of players' registrations

**6 DIRECTORS' EMOLUMENTS**

Aggregate directors emoluments during the year totalled £552,617 (2005 £599,190) The highest paid director's emoluments totalled £240,875 (2005 £180,648), including pension contributions of £22,500 (2005 £15,233) Contributions were made to a related party's pension scheme in relation to one director (2005 one)

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>7 NET INTEREST PAYABLE</b>	<b>Year ended 30 June 2006 £'000</b>	<b>Year Ended 30 June 2005 £'000</b>
<b>Interest receivable on deposits:</b>		
Bank interest	115	132
	115	132
<b>Interest payable on borrowings repayable within five years:</b>		
Bank and loan interest	(573)	(717)
Hire and lease purchase obligations	(5)	(119)
Amounts payable to related parties	(2,834)	(963)
Other interest payable	(258)	(317)
	(3,670)	(2,116)
	(3,555)	(1,984)
<b>8 TAX ON LOSS ON ORDINARY ACTIVITIES</b>	<b>Year ended 30 June 2006 £'000</b>	<b>Year Ended 30 June 2005 £'000</b>
<b>(a) The tax for the year comprises:</b>		
Current tax		
Corporation tax at 30% (2005 30%)	-	-
	-	-
Total current tax (note 8(b))	-	-
<b>(b) Factors affecting tax charge for the year</b>		
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	(15,858)	(12,931)
	(15,858)	(12,931)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30% (2005 30%)	(4,757)	(3,879)
Effects of		
Expenses not deductible for tax purposes	367	302
Depreciation (less than)/in excess of capital allowances	(159)	24
Short term timing differences	-	(625)
Losses in year carried forward	4,842	4,531
Losses utilised	(293)	(353)
	-	-
Current tax charge for the year (note 8(a))	-	-

**FULHAM FOOTBALL LEISURE LIMITED**  
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**8 TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)**

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

At the year end the group has an unprovided deferred tax asset of approximately £42m (2005 £37m), as analysed below. This asset has not been recognised as the group is currently incurring operating losses and recoverability is dependent on there being future taxable trading profits against which to offset the asset.

The potential deferred tax asset is analysed below

	<u>Year ended</u> <u>30 June 2006</u> £'000	<u>Year Ended</u> <u>30 June 2005</u> £'000
Depreciation in excess of capital allowances	417	464
Short term timing differences	3	2
Tax losses carried forward	41,242	36,804
	<hr/>	<hr/>
	<b>41,662</b>	<b>37,270</b>
	<hr/> <hr/>	<hr/> <hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>9 INTANGIBLE FIXED ASSETS</b>			
<b>Group</b>	<b><u>Goodwill</u></b>	<b><u>Player</u></b>	<b><u>Total</u></b>
	<b>£'000</b>	<b>registrations</b>	<b>£'000</b>
		<b>£'000</b>	
<b>Cost</b>			
At 1 July 2005	2,940	41,693	44,633
Additions	-	10,427	10,427
Disposals	-	(18,196)	(18,196)
At 30 June 2006	<u>2,940</u>	<u>33,924</u>	<u>36,864</u>
<b>Amortisation</b>			
At 1 July 2005	2,940	31,093	34,033
Provided during the year	-	6,959	6,959
Disposals	-	(18,196)	(18,196)
At 30 June 2006	<u>2,940</u>	<u>19,856</u>	<u>22,796</u>
<b>Net book amount</b>			
At 30 June 2006	-	14,068	14,068
At 30 June 2005	<u>-</u>	<u>10,600</u>	<u>10,600</u>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**10 TANGIBLE FIXED ASSETS**  
**Group**

	Assets in the course of construction	Freehold Land	Leasehold Improve- ments	Motor Vehicles	Stands, Fixtures, Fittings & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 July 2005	71	9,209	934	39	17,336	27,589
Additions	1,472	-	-	-	1,712	3,184
Transfers	(71)	-	-	-	71	-
<b>At 30 June 2006</b>	<b>1,472</b>	<b>9,209</b>	<b>934</b>	<b>39</b>	<b>19,119</b>	<b>30,773</b>
<b>Depreciation</b>						
At 1 July 2005	-	-	773	6	8,555	9,334
Provided during the year	-	-	32	11	1,567	1,610
<b>At 30 June 2006</b>	<b>-</b>	<b>-</b>	<b>805</b>	<b>17</b>	<b>10,122</b>	<b>10,944</b>
<b>Net Book Amount</b>						
At 30 June 2006	1,472	9,209	129	22	8,997	19,829
At 30 June 2005	71	9,209	161	33	8,781	18,255

The net book value of fixed assets above includes an amount of £56,273 (2004 £52,668) in respect of assets held under finance leases and hire purchase contracts

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**11 FIXED ASSET INVESTMENTS**

**Company**

**Investments in subsidiary undertakings**

	<u>Cost</u> £'000	<u>Provision</u> £'000	<u>Net</u> £'000
At 1 July 2005 and 30 June 2006	11,999	(11,999)	-

At 30 June 2006, the Group owned the following principal subsidiaries all of which are incorporated in Great Britain and operate in the United Kingdom

<u>Company</u>	<u>Principal Activity</u>	<u>Interest in</u> <u>Ordinary shares</u>
Fulham Football Club (1987) Limited	Operation of a professional football club	100%
Fulham Stadium Limited	Football stadium development	100%
FL Property Management Limited*	Training ground development	100%
Fulhamfc co uk Limited	Dormant	100%
Fulham Football Club Limited (by Guarantee)	Dormant	80% of voting rights

\* Owned via Fulham Stadium Limited

On 1 July 2005, Fulham FC Community Sports Trust which had previously been a subsidiary, was demerged from the group. The assets and liabilities of the Trust on this date consisted of debtors of £127k, cash of £49k and creditors of £192k. No consideration was received or paid and therefore the resultant profit on disposal of £16,000 has been included within operating expenses in the current period.

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

12 DEBTORS	<u>Group</u> <u>2006</u> £'000	<u>Group</u> <u>2005</u> £'000	<u>Company</u> <u>2006</u> £'000	<u>Company</u> <u>2005</u> £'000
<b>Amounts falling due in one year</b>				
Trade debtors	1,694	1,590	-	-
Amounts owed by group undertakings	-	-	8,955	9,809
Other debtors	111	24	-	-
Prepayments and accrued income	1,198	1,451	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,003	3,065	8,955	9,809
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
13 CREDITORS	<u>Group</u> <u>2006</u> £'000	<u>Group</u> <u>2005</u> £'000	<u>Company</u> <u>2006</u> £'000	<u>Company</u> <u>2005</u> £'000
<b>Due within one year:</b>				
Bank loan (secured)	2,000	8,121	-	-
Finance lease obligations	21	49	-	-
Trade creditors	4,771	6,537	5	20
Amounts owed to parent company	3,134	13,931	3,134	13,931
Amounts due to related parties	20,427	25,035	-	-
Other taxation and social security	2,706	2,931	16	8
Accruals and deferred income	2,202	3,318	290	196
	<hr/>	<hr/>	<hr/>	<hr/>
	35,261	59,922	3,445	14,155
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Due after more than one year:</b>				
Bank loan (secured)	8,045	-	-	-
Amounts due to Harrods (UK) Limited	35,491	-	-	-
Amounts owed to parent company	100,382	100,382	100,382	100,382
	<hr/>	<hr/>	<hr/>	<hr/>
	143,918	100,382	100,382	100,382
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
The amounts owed to parent company are repayable as follows				
In less than one year	3,134	13,931	3,134	13,931
Between one and two years	44,882	44,882	44,882	44,882
In more than five years	55,500	55,500	55,500	55,500
	<hr/>	<hr/>	<hr/>	<hr/>
	103,516	114,313	103,516	114,313
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**13 CREDITORS (continued)**

£2,000,000 of the bank loan is repayable within one year, with the balance due between one and two years. The bank loan is secured by a first legal charge on certain of the groups land and building assets and a charge over the bank deposit account. The interest rate payable on the loan is 2.5% above LIBOR. In addition, the ultimate controlling party has provided a guarantee for the loan, the guarantee is secured by a second charge on the groups land and buildings.

Amounts due to Harrods (UK) Limited were secured by a fixed and floating third charge over Fulham Stadium Limited's rights to and title of the whole of its property, assets, rights and revenues. The loan bears interest at a rate of 7.11% per annum. The loan due to Harrods (UK) Limited was fully repaid subsequent to the year end following payments in July 2006 and January 2007 (see note 25), and as a consequence the charge was released.

At 30 June 2006, the total loaned by Fulham Leisure Holdings Limited was £100,382,000 (2005 £100,382,000) by Interest-Free Loan Notes, of which £55.5m is unsecured and repayable on 28 May 2017, and the balance secured and repayable no earlier than 28 March 2008, and £3,134,000 (2005 £13,931,000) by other unsecured advances repayable on demand.

**14 DEFERRED INCOME**

	<u>Group</u> <u>2006</u> £'000	<u>Group</u> <u>2005</u> £'000
Season ticket sales in advance	2,378	2,344
Commercial income and sponsorship	1,905	1,144
	4,283	3,488
	4,283	3,488

The Company has nil deferred income in 2005 & 2006



**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

<b>15</b>	<b>SHARE CAPITAL</b>	<u><b>2006</b></u>	<u><b>2005</b></u>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	61,050,000 "A" Ordinary shares of £1 each	61,050,000	61,050,000
	450,000 "B" Ordinary Shares of £1 each	450,000	450,000
		<hr/>	<hr/>
		61,500,000	61,500,000
		<hr/>	<hr/>
	<b>Allotted, called up and fully paid</b>		
	5,550,000 "A" Ordinary shares of £1 each	5,550,000	5,550,000
	450,000 "B" Ordinary shares of £1 each	450,000	450,000
		<hr/>	<hr/>
		6,000,000	6,000,000
		<hr/>	<hr/>

*Rights of each class of shares*

The "A" Ordinary shares and the "B" ordinary shares rank pari passu in all respects, except that during such time as the "B" Ordinary shares represent at least ten per cent in the nominal value of the issued share capital, certain limited decisions require the consent of the majority in nominal value of the "B" Ordinary shares

<b>16</b>	<b>PROFIT AND LOSS ACCOUNT</b>	<u><b>Group</b></u>	<u><b>Company</b></u>
		<b>£'000</b>	<b>£'000</b>
	At 1 July 2005	(134,371)	(110,722)
	Retained (loss)/profit for the year	(15,858)	9,859
		<hr/>	<hr/>
	At 30 June 2006	(150,229)	(100,863)
		<hr/>	<hr/>

<b>17</b>	<b>SHAREHOLDERS' FUNDS</b>	<u><b>Group</b></u>	<u><b>Group</b></u>
		<b>2006</b>	<b>2005</b>
		<b>£'000</b>	<b>£'000</b>
	The reconciliation of movements in equity shareholders' funds is as follows		
	Opening shareholders' funds	(128,371)	(115,440)
	Loss for the year	(15,858)	(12,931)
		<hr/>	<hr/>
	Closing shareholders' funds	(144,229)	(128,371)
		<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

<b>18 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS</b>	<b>Year ended</b> <b>30 June 2006</b>	<b>Year ended</b> <b>30 June 2005</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(13,155)	(14,673)
Depreciation charges	1,610	1,364
Amortisation of players' registrations	6,959	7,549
Impairment of player registrations	-	1,000
(Increase)/decrease in stocks	(86)	274
(Increase)/decrease in debtors	(65)	74
(Decrease) in creditors	(3,878)	(3,776)
Increase in deferred income	795	48
Profit on disposal of subsidiary	(16)	-
	<hr/>	<hr/>
Net cash outflow from operating activities	(7,836)	(8,140)
	<hr/>	<hr/>
<b>19 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT</b>	<b>Year ended</b> <b>30 June 2006</b>	<b>Year ended</b> <b>30 June 2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>Returns on investment and servicing of finance</b>		
Interest received	115	132
Interest paid	(3,665)	(1,809)
Interest element of finance lease rental payments	(5)	(119)
	<hr/>	<hr/>
Net cash outflow from returns on investment and servicing of finance	(3,555)	(1,796)
	<hr/>	<hr/>
<b>Capital expenditure</b>		
Purchase of players' registrations	(10,427)	(6,566)
Sale of players' registrations	852	4,301
Purchase of tangible fixed assets	(2,221)	(3,246)
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(11,796)	(5,511)
	<hr/>	<hr/>
<b>Acquisitions and disposals</b>		
Cash disposed of with subsidiary	(49)	-
	<hr/>	<hr/>
<b>Management of liquid resources</b>		
Cash transferred (to)/from deposit account subject to charge	(753)	731
	<hr/>	<hr/>
<b>Financing</b>		
Debt due within one year.		
- bank loan	(6,121)	(1,784)
- advance from group companies	(10,797)	7,224
- advance from related parties	(4,608)	14,363
	<hr/>	<hr/>
	(21,526)	19,803
Debt due after one year		
- bank loan	8,045	-
- advances from related parties	35,491	-
	<hr/>	<hr/>
	43,536	-
Capital element of finance lease rental payments	(28)	(2,960)
	<hr/>	<hr/>
Net cash inflow from financing	21,982	16,843
	<hr/>	<hr/>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**20 ANALYSIS OF CHANGES IN NET DEBT**

	At 30 June <u>2005</u> £'000	Cash <u>flows</u> £'000	Non- cash <u>changes</u> £'000	At 30 June <u>2006</u> £'000
Cash at bank and in hand	2,723	(2,007)	-	716
Bank deposit account – charged	689	753	-	1,442
Debt due within a year	(47,087)	21,526	-	(25,561)
Debt due after one year	(100,382)	(43,536)	-	(143,918)
Finance leases	(49)	28	-	(21)
	<u>(144,106)</u>	<u>(23,236)</u>	-	<u>(167,342)</u>

**21 FINANCIAL COMMITMENTS**

*a) Operating leases*

At 30 June 2006, the group had annual commitments under non-cancellable operating leases as follows

	<u>2006</u>		<u>2005</u>	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	-	-	7,236
In the second to fifth years inclusive	-	61,183	25,500	28,600
Over five years	245,998	-	245,998	-
	<u>245,998</u>	<u>61,183</u>	<u>271,498</u>	<u>35,836</u>

*b) Other commitments*

The maximum commitment for additional transfer fees payable in respect of future possible appearances amounts to £1,545,000 (2005 £1,850,000)

*c) Future receipts*

In the course of normal business the group enters into contracts that include clauses contingent upon future events. The directors have assessed such contracts and can receive additional transfer fees in respect of future events in relation to those contracts up to a maximum of £250,000 (2005 £750,000)

**22 CAPITAL COMMITMENTS**

Amounts contracted for but not provided for in the accounts amounted to £1,308,648 (2005 £560,274) for the group and Nil (2005 £Nil) for the company

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**23 RELATED PARTY TRANSACTIONS**

At the balance sheet date there were arm's length agreements between the group 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 period were:

	2006		2005	
	Purchases £	Sales £	Purchases £	Sales £
Harrods Estates Limited	95,594	7,650	33,183	7,502
Harrods (UK) Limited	37,054	-	268,438	-
Harrods Limited	169,892	4,985	169,406	12,729
Kurt Geiger	-	-	51	-
Harrods Aviation Limited	3,376	-	1,543	-
Liberty Publishing Limited	228	-	64	-
Hyde Park Residence Limited	-	543	-	-
Genavco Insurance Limited	89,340	-	69,471	-
Harrods International Limited	-	-	4,018	-
	<u>395,484</u>	<u>13,178</u>	<u>546,174</u>	<u>20,231</u>

During the year to 30 June 2006, Harrods (UK) Ltd recharged payroll services and payroll costs of £29,674,674 (2005 £32,536,233) and settled on behalf of the company external charges of £2,605,381 (2005 £Nil). These costs are included within staff costs in note 4 and within other external charges in note 3, respectively.

During the year to 30 June 2006, Harrods Ltd project management charges of £73,885 (2005 £101,504) were capitalised as part of the Stadium redevelopment works.

Balances with related parties as at 30<sup>th</sup> June 2006 are as follows:

**Falling due within 1 year**

	2006	2006	2005	2005
	Due To £	Due From £	Due To £	Due From £
Harrods Estates Ltd	41,233	-	28,313	-
Harrods (UK) Ltd	20,125,539	-	24,870,778	-
Harrods Ltd	260,612	60	133,041	60
Harrods International Ltd	-	-	3,042	-
<b>Total</b>	<u>20,427,384</u>	<u>60</u>	<u>25,035,174</u>	<u>60</u>

**Falling due after more than 1 year**

	2006	2006	2005	2005
	Due To £	Due From £	Due To £	Due From £
Harrods (UK) Ltd	35,491,461	-	-	-
<b>Total</b>	<u>35,491,461</u>	<u>-</u>	<u>-</u>	<u>-</u>

**FULHAM FOOTBALL LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 30 June 2006**

**23 RELATED PARTY TRANSACTIONS (Continued)**

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

	2006 Paid To	2006 Received From	2005 Paid To	2005 Received From
	£	£	£	£
Harrods (UK) Ltd	2,821,577	-	955,355	-
Harrods Ltd	12,519	60	7,844	-
Harrods International Ltd	-	-	16	-
<b>Total</b>	<b>2,834,096</b>	<b>60</b>	<b>963,215</b>	<b>-</b>

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

During the year, the group donated £85,000 to Fulham FC Community Sports Trust

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

**24 PENSION SCHEME**

Payments are made into a number of defined contribution schemes. Total contributions charged during the year amounted to £120,257 (2005 £175,245)

**25 POST BALANCE SHEET EVENTS**

On 10 April 2007, following a period of poor playing results, Fulham Football Club terminated the employment contracts of the Team Manager, Chris Coleman, and his assistant, Steve Keen. In order to reduce the risks of failing to achieve satisfactory results in the remaining games of the 2006/07 season, which could result in relegation from the Premier League, an experienced football manager, Lawrie Sanchez, was appointed to take charge of the first team for the remainder of the season.

Since the year end, Fulham Football Club (1987) Ltd has acquired the registrations of Franck Queudrue, Gabriel Zakuani, Bjorn Runstrom, Clint Dempsey and Simon Davies. In addition, the group has disposed of the registrations of Steed Malbranque, Dean Leacock, Zesh Rehman, Liam Fontaine and Luis Boa Morte. The net outflow from player trading is approximately £3.4 million.

Further development of Craven Cottage to increase capacity to 24,000 was completed in August 2006. Planning permission for further increases in seating capacity was granted in March 2007.

On 12 December 2006, Fulham Football Club (1987) Ltd entered into a loan agreement with Fortis Bank S A/N V for £9 million secured on future broadcasting amounts receivable.

On 12 July 2006, £34.5 million in respect of Harrods trading and payroll loans were repaid by Fulham Football Club (1987) Ltd, utilising proceeds of an equivalent increase in the debt due to Fulham Leisure Holdings Limited, the parent undertaking.

On 10 January 2007, £35.2 million in respect of Harrods trading and payroll loans were repaid by Fulham Football Club (1987) Ltd, utilising proceeds of an equivalent increase in the debt due to Fulham Leisure Holdings Limited, the parent undertaking. As a consequence the charge over the assets of Fulham Stadium Limited, which was security for this debt, was released.

**26 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company's immediate and 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.

**FULHAM FOOTBALL LEISURE LIMITED  
 COMPANY PROFIT AND LOSS ACCOUNT  
 YEAR ENDED 30 June 2006**

**FOR CONSOLIDATION PURPOSES ONLY**

	<u>2006</u> £'000	<u>2005</u> £'000
Turnover	-	-
Other operating income	-	-
	<hr/>	<hr/>
	-	-
External charges	(573)	(909)
Staff costs	-	-
Decrease/(increase) in provision against debts due from subsidiaries	10,432	(2,289)
	<hr/>	<hr/>
Operating profit/(loss)	9,859	(3,198)
Interest receivable and similar income	-	1
	<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>	<u><u>9,859</u></u>	<u><u>(3,197)</u></u>