Chelsea FC plc

Annual report and financial statements

Registered number 2536231

Year ended 30 June 2014

Contents

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2014.

Principal activities

The principal activities of the Group are the operation of a professional football club, the provision of catering and function facilities, hoteliers, retailing and media activities, car park management, event organisation and property development and management.

Results

The net profit for the year, after taxation and minority interest, was £18,416,000 *(2013: loss £49,440,000).*

Review of the business

The profit for the year was £18.4m compared to a loss of £49.4m for the previous year.

The year saw turnover increase to £319.8m from £255.8m, an increase of £64.0m. This was predominantly due to an increase in sponsorship income due to additional agreements being signed in the year and an increase in the broadcasting and match-day revenues as a result of increased centralised distributions from the FAPL and being Champions League semi-finalists during the season. Other business activities also saw increases in turnover compared with the previous year, predominantly merchandising.

Pre-exceptional item operating expenses of £349.2m were £32.1m up on the previous year. This was due to a increase in payroll costs (before exceptional items) of £7.9m, a decrease in the loss arising on foreign exchange movements of £5.5m, an increase in other operating expenses of £15.8m and player amortisation and depreciation of £13.9m.

The business had an exceptional cost of £16.8m (*2013: cost £4.0m*) in the year. This is explained in note 3 to the accounts.

The football club made a profit on player trading of £65.1m in the year *(2013: £14.5m)* principally due to the sale of Juan Mata to Manchester United, Kevin De Bruyne to Wolfsburg and David Luiz to Paris Saint-Germain.

Balance Sheet

Intangible assets have increased to £230.2m from £195.7m. This is as a result of £152.7m of player acquisitions offset by the net book value of disposals of £30.5m and amortisation of £72.3m. There has also been an impairment in respect of player registrations of £19.0m. A new class of Intangible assets has been recognised with additions of £3.7m in relation to internally generated software.

Tangible fixed assets are £183.8m at the year end. As in prior years, the bulk of the £5.8m additions have been spent on improving facilities at Stamford Bridge and the training ground at Cobham.

The net current liabilities at £10.5m have decreased by £38.5m. This is as a result of an increase in trade debtors of £58.8m, mainly due to the amounts owed following player trading activities, and an increase in amounts owed by group companies of £3.1m. This has been offset by an increase in trade creditors of £19.6m predominantly due to player trading activities, and an increase in accruals and deferred income of £3.1m. Other net movements have resulted in a change in working capital of £0.7m.

Creditors falling due after more than one year of £32.9m have increased by £3.8m from £29.1m in 2013. This is predominantly due to the amounts owed in relation to player trading.

Strategic report *(continued)*

Principal risks and uncertainties

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

Income

The Group derives the bulk of its income from football activities and related merchandising of which three principal sources stand out; gate receipts, television and commercial income including merchandising.

All three sources of income are dependent on the performance of the first team and its appeal to football supporters. The performance of the first team is significantly influenced by the quality of the coaching staff and the players that the football club can attract in a highly competitive market both on the domestic and European levels.

Expenditure

In order to attract the talent which will continue to win domestic and European trophies and therefore drive increases in our revenue streams, the football club continually invests in the playing staff by way of both transfers and wages.

Regulatory Environment

The football club is regulated by the rules of the FA, FAPL, UEFA and FIFA. These regulations have a direct impact on the football club as they cover areas such as the division of centrally negotiated television deals and the operation of the transfer market. The football club has staff whose roles include ensuring that the football club monitors the evolution of these rules and ensures compliance with them.

The introduction of the UEFA financial fair play regulations from the 2011/12 season provides a significant challenge. The football club needs to balance success on the field together with the financial imperatives of this new regime.

Funding

Funds are provided by the football club's parent company Fordstam Limited, which is supported by the ultimate owner, Mr. R Abramovich. The Group has increased net debt by £57.1m in the last financial year *(2013: increase in net debt of £75.0m)*, however as described in the review of the business and in note 18 to the accounts, the debt has been converted into equity during the year via the allotment of ordinary shares.

The football club reviews and updates its forecasts on a regular basis and keeps the owner aware of its financial commitments going forward.

Key Performance Indicators

The principal key performance indicators for 2013/14 of both a financial and non-financial nature were as follows:-

Non-Financial

- Champions League Semi-finalists (*2013: Europa League winners*)
- FAPL 3rd place (*2013: FAPL 3rd place*)
- FA Cup 5th round (*2013: FA Cup Semi-finalists*)
- Average league attendance of 40,979 (*2013: 40,072*)

Financial (reviewed by the board on a monthly basis)

- Revenue growth
- Payroll costs
- Operating result before player trading and amortisation
- Gains/losses on player trading
- Player acquisition costs
- Compliance with UEFA Financial Fair Play Regulations
- Compliance with FAPL enhanced financial regulations

Strategic report *(continued)*

Going concern basis

The Company is reliant on its parent undertaking, Fordstam Limited, for its continued financial support. The Company has received confirmation from its parent undertaking that sufficient funds will be provided to finance the business for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

Fixed assets

The movements in fixed assets during the year are as shown in notes 10 to 12 to the financial statements. The intangible fixed assets include the unamortised portion of the cost of players' registrations and internally generated software.

At 30 June 2014 the Directors do not consider the net book value to be lower than market value of land and buildings.

Officers of Chelsea Football Club Limited have valued the playing staff. The average of their aggregate valuation as at 30 June 2014 was £352,950,000 *(2013: £272,200,000)*. The valuations assume willing buyers for the relevant players' registrations on normal contractual terms and an orderly disposal over a period of time.

By order of the Board

AL Shaw
Secretary

Stamford Bridge
Fulham Road
LONDON
SW6 1HS

30th September 2014

Directors' report

Results and dividends

The net profit for the year, after taxation and minority interest, was £18,416,000 *(2013: loss £49,440,000).* The Directors do not recommend the payment of a dividend for the financial year *(2013: £nil).*

Directors

The Directors who held office during the year were as follows:

B Buck
E Tenenbaum
R Gourlay
M Granovskaia

Company Secretary

AL Shaw served as Company Secretary throughout the year.

Suppliers

The Company agrees terms and conditions for its goods and services with suppliers and seeks to abide by these payment terms subject to the agreed terms and conditions being met by the supplier. Amounts due to the Company's suppliers at the balance sheet date represent approximately 13 days *(2013: 24 days)* credit based on the total amounts of goods and services invoiced by them.

Employees

The Group recognises the importance of good employee relations and communications and involves employees as appropriate to each Company's circumstances. Employees are regularly kept informed of and express their view on activities which are of concern to them or are likely to affect their interests.

Disabled persons are given full and fair consideration in all applications for employment. Equal consideration is also given for training, career development and opportunities for promotion. If an existing employee becomes disabled, such steps that are practical are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given.

Political and charitable donations

The Group made charitable donations of £2,886,186 *(2013: £751,564).*

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director 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 re-appointed and KPMG LLP will therefore continue in office.

By order of the Board

AL Shaw
Secretary

Stamford Bridge
Fulham Road
LONDON
SW6 1HS

30t September 2014

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements

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 Group and Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

KPMG LLP
15 Canada Square
London
E14 5GL

Independent auditor's report to the members of Chelsea FC plc

We have audited the financial statements of Chelsea FC plc for the year ended 30 June 2014 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 30 June 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Chelsea FC plc *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

M Maloney

Michael Maloney (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
London

30 September 2014

Consolidated profit and loss account

for the year ended 30 June 2014

	Note	**Operations excluding player trading 2014 £000**	**Player amortisation and trading 2014 £000**	**Total 2014 £000**	Total 2013 £000
Turnover	*1,2*	**319,843**	**-**	**319,843**	255,772
Operating expenses		**(276,854)**	**(72,325)**	**(349,179)**	(317,053)
Exceptional items	*3*	**2,132**	**(18,962)**	**(16,830)**	(3,983)
Group operating loss		**45,121**	**(91,287)**	**(46,166)**	(65,264)
Profit on disposal of player registrations	*3*	**-**	**65,072**	**65,072**	14,452
Loss on disposal of tangible fixed assets	*3*	**-**	**-**	**-**	(57)
Profit/(loss) before interest and taxation		**45,121**	**(26,215)**	**18,906**	(50,869)
Other interest receivable and similar income	*6*	**163**	**-**	**163**	158
		163	**-**	**163**	158
Interest payable and similar charges	*7*	**(1)**	**-**	**(1)**	(1)
		(1)	**-**	**(1)**	(1)
Profit/(loss) on ordinary activities before taxation	*3*	**45,283**	**(26,215)**	**19,068**	(50,712)
Taxation on profit/(loss) on ordinary activities Group	*8*	**(652)**	**-**	**(652)**	1,272
Profit/(loss) for the financial year	*19*	**44,631**	**(26,215)**	**18,416**	(49,440)

All activities relate to continuing operations.

The notes on pages 12 to 28 form part of these financial statements.

Consolidated statement of total recognised gains and losses

for the year ended 30 June 2014

	Note	**2014** **£000**	2013 £000
Profit/(loss) for the financial year	*19*	**18,416**	(49,440)
Gain on revaluation of fixed assets	*19*	-	205
Total recognised gains and losses relating to the year		**18,416**	(49,235)

Consolidated statement of historical cost profits and losses

for the year ended 30 June 2014

	Note	**2014** **£000**	2013 £000
Profit/(loss) on ordinary activities before taxation		**19,068**	(50,712)
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	*19*	**1,261**	1,261
Historical cost profit/(loss) on ordinary activities before taxation		**20,329**	(49,451)

The notes on pages 12 to 28 form part of these financial statements.

Balance sheet
at 30 June 2014

	Note	Group 2014 £000	Group 2013 £000	Company 2014 £000	Company 2013 £000
Fixed assets					
Intangible assets	*10*	**230,193**	195,674	**3,557**	-
Tangible assets	*11*	**183,839**	181,339	**3,877**	3,869
Investments	*12*	**-**	-	**780,000**	780,287
		414,032	377,013	**787,434**	784,156
Current assets					
Stocks	*13*	**1,145**	1,024	**-**	-
Debtors: Due in one year	*14*	**82,957**	47,526	**74,400**	36,885
Due after one year	*14*	**54,995**	30,625	**48,067**	22,361
Total debtors		**137,952**	78,151	**122,467**	59,246
Cash at bank and in hand		**19,902**	26,107	**19,412**	25,867
		158,999	105,282	**141,879**	85,113
Creditors: Amounts falling due within one year	*15*	**(169,546)**	(154,299)	**(29,318)**	(23,113)
Net current (liabilities)/assets		**(10,547)**	(49,017)	**112,561**	62,000
Total assets less current liabilities		**403,485**	327,996	**899,995**	846,156
Creditors: Amounts falling due after one year	*16*	**(32,876)**	(29,050)	**-**	-
Net assets		**370,609**	298,946	**899,995**	846,156
Capital and reserves					
Called up share capital	*18*	**1,983**	1,956	**1,983**	1,956
Share premium account	*19*	**1,050,442**	996,469	**1,050,442**	996,469
Revaluation reserve	*19*	**20,042**	21,303	**12,881**	12,881
Retranslation reserve	*19*	**(753)**	-	**-**	-
Profit and loss account	*19*	**(701,142)**	(720,819)	**(165,311)**	(165,150)
Shareholders' funds		**370,572**	298,909	**899,995**	846,156
Minority interests		**37**	37	**-**	-
		370,609	298,946	**899,995**	846,156

The notes on pages 12 to 28 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30t September 2014 and were signed on its behalf by:

Mr B Buck
Director

Registered number 2536231

Consolidated cash flow statement

for the year ended 30 June 2014

	Note	2014 £000	2013 £000
Cash inflow from operating activities	*20*	**49,996**	1,234
Returns on investments and servicing of finance	*21*	**162**	157
Capital expenditure and financial investment	*21*	**(106,514)**	(76,424)
Financing	*21*	**50,904**	84,154
Net cash flow	*22*	**(5,452)**	9,121
Unrealised forex	*21*	**(753)**	-
(Decrease)/increase in cash	*22*	**(6,205)**	9,121

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2014

	Note	2014 £000	£000	2013 £000	£000
(Decrease)/increase in cash	22	**(6,205)**		9,121	
Cash outflow from change in net debt and lease financing	22	**(50,904)**		(84,154)	
Movement in net debt in period			**(57,109)**		(75,033)
Debt repaid through issue of equity shares			**54,000**		85,000
Net debt at 1 July	22		**28,113**		18,146
Net debt at 30 June	22		**25,004**		28,113

The notes on pages 12 to 28 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

Basis of preparation of financial statements

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention, as modified where applicable to include the revaluation of freehold and long leasehold land and buildings, and within the requirements of the Companies Act 2006.

Basis of consolidation

The Group financial statements incorporate the financial statements of Chelsea FC plc and all its subsidiary undertakings for the year ended 30 June 2014 (see note 28). Acquisitions are accounted for under the acquisition method of accounting with goodwill representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, being capitalised in the consolidated balance sheet and amortised over its expected useful life, being no greater than 20 years.

A separate profit and loss account dealing with the results of the Company alone has not been presented as permitted by Section 408 of the Companies Act 2006 (see note 9).

Going concern

The Company is reliant on its parent undertaking, Fordstam Limited, for its continued financial support. The Company has received confirmation from its parent undertaking that sufficient funds will be provided to finance the business for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

Related party transactions

The Directors have taken advantage of the exemption in FRS 8, paragraph 3(a), and have therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Investment in subsidiaries

Subsidiary companies are valued in the parent Company balance sheet at cost. Where an impairment in value occurs and it is considered to be permanent, the impairment below the cost of the investment, including loans, is written off to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land	Not depreciated
Long leasehold land	Not depreciated
Assets in the course of construction	Not depreciated
Freehold and long leasehold buildings	50 years on a straight line basis
Plant and equipment	2 to 10 years on a straight line basis

Intangible assets and amortisation

Intangible assets are stated at cost or valuation less amortisation. Amortisation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Software	3-5 years

Intangible assets recognised relate to internally generated software and website costs.

Players' registrations

All costs associated with the acquisition of player's registrations are capitalised as intangible fixed assets and are amortised evenly over the period of the players' initial contract of employment with the Group. In the

Notes *(continued)*

1 Accounting policies *(continued)*

event that the initial contract is renegotiated prior to expiry, the written down value at the date of renegotiation is amortised over the extended period. Fees receivable are set off against the players' net book value at the date of sale, plus any payments made in settlement of the contracts, and the difference is treated as a profit or loss on disposal.

The Directors review the carrying value of the players' registrations for impairment where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. To the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss account.

Players' signing on fees

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of contract. The Group's policy is to charge such fees to the profit and loss account as they fall due under the terms of the contract.

Stadium development

The Group capitalises all expenditure incurred for the development of the Stamford Bridge Stadium.

Capitalised Interest

Separately identifiable borrowing costs and interest incurred on the development of specific projects are capitalised as part of the Group's development costs for that project.

Investment properties

In accordance with Statements of Standard Accounting Practice ("SSAP") 19 "Accounting for Investment Properties", investment properties are revalued periodically and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation is provided in respect of investment properties.

The investment properties were valued by Rawley&Co Surveyors in accordance with Royal Institute of Chartered Surveyors (RICS) Guidelines and were valued based on an open market basis for existing use.

Compliance with SSAP 19 requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of the departure is given below.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The Directors consider that, as these properties are held for their investment potential, to depreciate them would not give a true and fair view and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the year would have been decreased by a charge for depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the periodic valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

Taxation

The charge for tax is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

Turnover

Turnover represents all income arising from the ordinary activities of the Group excluding transfer fees and excluding Value Added Tax. Principal sources of income include match day, media, commercial and operation of hotel and stadium facilities.

Notes (continued)

1 Accounting policies *(continued)*

Leasing and hire purchase commitments

Assets held under hire purchase contracts and finance leases, and the related obligations, are recorded in the balance sheet at the fair value of the assets at the inception of each contract or lease. The amounts by which the payments exceed the recorded obligations are amortised over each contract or lease term to give a constant rate of charge on the remaining balance of the obligation.

Classification of financial instruments issued by the Group

Under FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) 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 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 Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company 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 Group'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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividend policy) are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Operating leases

Payments made under leases regarded as operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The Group operates a number of defined contribution schemes. Contributions to these schemes are charged to the profit and loss account as incurred. The Group is one of a number of employers in a shared defined benefit scheme for playing staff. The defined benefit scheme is a multi-employer scheme and in accordance with FRS 17 has been treated as a defined benefit contribution scheme.

Stocks

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

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the transaction date. Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

Deferred 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.

Debt

Debt is initially stated at the amount of the net proceeds after deducting any issue costs which are amortised over the life of the debt, in accordance with FRS 4 'Capital Instruments'.

Notes *(continued)*

2 Segmental analysis of turnover

	2014 £000	2013 £000
Broadcasting	**139,858**	105,435
Matchday	**71,019**	70,693
Commercial	**108,966**	79,644
	319,843	255,772

All turnover arises in the United Kingdom and relates to continuing operations.

3 Profit/(loss) on ordinary activities before taxation

	2014 £000	2013 £000
Profit/(loss) on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets	**8,327**	8,032
Amortisation of intangible assets	**72,360**	58,758
Amortisation of goodwill	**93**	93
Operating lease rentals:		
Land and buildings	**332**	322
Plant and equipment	**157**	45
Auditor's remuneration :		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**17**	18
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**67**	68
The review of the Company's interim accounts	**29**	29
Other	**7**	7
Tax services	**45**	45
All other services	**25**	56
Profit on disposal of player registrations	**(65,072)**	(14,452)
Exceptional items	**16,830**	3,983
Loss on disposal of tangible fixed assets	**-**	57

Exceptional items consist of impairment of player registrations £19.0m (*2013: £nil*), and a release of a provision for termination payments and compensation in relation to the changes in the first team management structure during the year £2.1m (*2013: cost £4.0m*).

Notes *(continued)*

4 Staff numbers and costs

The average number of employees (including directors) of the Group during the year was as follows:

	2014 Number	2013 Number
Playing staff, managers and coaches	**89**	95
Administration and commercial	**580**	534
	669	629

The Group also employs approximately 600 (*2013: 570*) temporary staff on match days.

The aggregate payroll costs of these employees (including directors) were as follows:	**2014 £000**	2013 £000
Wages and salaries	**167,666**	151,649
Social security costs	**20,412**	18,579
Other pension costs	**2,503**	6,340
	190,581	176,568

In 2014, wages and salaries includes an exceptional credit of £2,132,000 (*2013: cost £3,983,000)*. See note 3 for explanation.

5 Directors' remuneration

	2014 £000	2013 £000
Directors' emoluments	**1,377**	1,333
Company contributions to money purchase pension schemes	**48**	50
	1,425	1,383

	Number	Number
The number of directors to whom retirement benefits are accruing is:		
Money purchase schemes	**1**	1

The emoluments of the highest paid director were:

	£000	£000
Aggregate emoluments	**1,377**	1,333
Money purchase pension contributions	**48**	50
	1,425	1,383

Other directors were paid for their services outside of the group.

6 Other interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	**163**	158

Notes *(continued)*

7 Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	**1**	1

8 Taxation

	2013 £000	2012 £000
Current tax:		
UK corporation tax at 22.5% *(2013: 23.75%)*	-	-
Total current tax	-	-
Deferred tax (see note 17):		
Reversal/origination of timing differences	**(652)**	1,272
Total deferred tax	**(652)**	1,272
Factors affecting the tax charge for the year:		
Profit/(loss) on ordinary activities before taxation	**19,068**	(50,712)
Profit/(loss) on ordinary activities multiplied by the standard rate of UK corporation tax of 22.5% *(2013: 23.75%)*	**4,290**	(12,044)
Effects of:		
Non-deductible expenditure	**1,907**	2,288
Effect of tax rates in foreign jurisdictions	-	(821)
Losses available to carry forward	-	11,307
Group relief claimed	**(846)**	(495)
Utilisation of losses brought forward	**(5,523)**	(613)
Movement on deferred tax not provided	**172**	378
	(4,290)	12,044
Current tax charge	-	-
Losses available to carry forward at 30 June	**608,060**	632,596

9 Company result for the financial year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not presented its own profit and loss account. The loss for the financial year dealt with in the accounts of Chelsea FC plc was £161,000 *(2013: £46,043,000)*.

Notes *(continued)*

10 Intangible fixed assets

Group

	Software £000	Goodwill £000	Cost of players' registrations £000	Total £000
Cost				
At 30 June 2013	-	860	384,571	385,431
Additions	3,694	-	152,731	156,425
Disposals	-	-	(122,170)	(122,170)
At 30 June 2014	**3,694**	**860**	**415,132**	**419,686**
Amortisation				
At 30 June 2013	-	131	189,626	189,757
Charge for the year	35	93	72,325	72,453
Impairment of player registrations	-	-	18,962	18,962
Disposals	-	-	(91,679)	(91,679)
At 30 June 2014	**35**	**224**	**189,234**	**189,493**
Net book value				
At 30 June 2014	**3,659**	**636**	**225,898**	**230,193**
At 30 June 2013	-	729	194,945	195,674

Company

	Software £000
Cost	
At 30 June 2013	-
Additions	3,557
Disposals	-
At 30 June 2014	**3,557**
Amortisation	
At 30 June 2013	-
Charge for the year	-
Disposals	-
At 30 June 2014	-
Net book value	
At 30 June 2014	**3,557**
At 30 June 2013	-

The software additions in the current year relate to internally generated platforms and applications developed, largely relating to website costs and the club's new digital platform.

Notes *(continued)*

11 Tangible fixed assets

Group	Investment property freehold £000	Land and buildings £000	Plant and equipment £000	Assets in the course of construction £000	Total £000
Cost or valuation					
At 30 June 2013	2,796	188,213	43,539	179	234,727
Additions	-	-	5,043	5,784	10,827
Disposals	-	-	(832)	-	(832)
Assets brought in to use	-	-	179	(179)	-
At 30 June 2014	**2,796**	**188,213**	**47,929**	**5,784**	**244,722**
Depreciation					
At 30 June 2013	-	30,784	22,604	-	53,388
Charge for the year	-	3,408	4,919	-	8,327
On Disposals	-	-	(832)	-	(832)
At 30 June 2014	-	**34,192**	**26,691**	-	**60,883**
Net book value					
At 30 June 2014	**2,796**	**154,021**	**21,238**	**5,784**	**183,839**
At 30 June 2013	2,796	157,429	20,935	179	181,339

The Group does not hold any fixed assets under hire purchase or finance lease at the year end. Finance costs capitalised included in the value of tangible fixed assets amount to £2,003,000 (*2013: £2,003,000*).

The net book value of land and buildings comprises:	**2014 £000**	2013 £000
Freehold	**35,423**	36,759
Long leasehold	**121,384**	123,456
Short leasehold	**10**	10
	156,817	160,225

Notes *(continued)*

11 Tangible fixed assets *(continued)*

The value of land and buildings determined according to the historical cost accounting rules is as follows:

Group	2014	2013
	£000	£000
Cost		
Freehold property	40,984	40,984
Long leasehold property	122,495	122,495
	163,479	163,479
Depreciation		
Freehold property	8,877	8,257
Long leasehold property	26,080	23,631
	34,957	31,888
Net book value		
Freehold property	32,107	32,727
Long leasehold property	96,415	98,864
	128,522	131,591

Company	Freehold land £000	Plant and Equipment £000	Total £000
Cost or valuation			
At 30 June 2013	312	7,752	8,064
Additions	-	1,511	1,511
Disposals	-	(358)	(358)
At 30 June 2014	312	8,905	9,217
Depreciation			
At 30 June 2013	-	4,195	4,195
Charge for the year	-	1,503	1,503
Disposals	-	(358)	(358)
At 30 June 2014	-	5,340	5,340
Net book value			
At 30 June 2014	312	3,565	3,877
At 30 June 2013	312	3,557	3,869

Notes *(continued)*

12 Fixed asset investments

Company	Subsidiary undertakings	Loan to group undertaking	Total
	£000	£000	£000
Cost			
At 30 June 2013	128,636	773,370	902,006
Disposals	(9,309)	(126)	(9,435)
At 30 June 2014	**119,327**	**773,244**	**892,571**
Provision			
At 30 June 2013	2,922	118,797	121,719
Impairment	-	161	161
Disposals	-	(9,309)	(9,309)
At 30 June 2014	**2,922**	**109,649**	**112,571**
Net book value			
At 30 June 2014	**116,405**	**663,595**	**780,000**
At 30 June 2013	125,714	654,573	780,287

As required under FRS 11 'Impairment of fixed assets and goodwill', the Directors have re-assessed the appropriateness of the carrying value of subsidiary undertakings and an impairment of £161,000 *(2013: £46,031,000)* against the value of investments in subsidiary undertakings was recorded following a review of the carrying value in comparison with recent corporate transactions involving FA Premier League football clubs.

13 Stocks

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Goods held for resale	**1,145**	1,024	-	-

14 Debtors

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Due in less than one year				
Trade debtors	**68,937**	34,480	**68,123**	33,529
Other debtors	**1,604**	2,221	**84**	24
Prepayments and accrued income	**7,314**	8,819	**1,091**	1,326
Amounts owed by Group Companies	**5,102**	2,006	**5,102**	2,006
	82,957	47,526	**74,400**	36,885

Included within the other debtors balance is a deferred tax asset of £907,449 (*2013: £1,559,069*).

Notes *(continued)*

14 Debtors *(continued)*

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Due after one year:				
Trade debtors	**46,559**	22,189	**39,631**	13,925
Other debtors	**8,436**	8,436	**8,436**	8,436
	54,995	30,625	**48,067**	22,361

As part of the Eurobond issue in 1997 the Company made a loan to Chelsea Pitch Owners plc of £11,151,000, which is interest free and has an unspecified repayment date. This was used to acquire the share capital of Chelsea Stadium Limited (previously Stardust Investments Limited) and discharge the debts of that Company in order to leave the freehold interest in the stadium site unencumbered.

On the same date, Chelsea Stadium Limited (previously Stardust Investments Limited) granted a long leasehold interest over the stadium site at a peppercorn rent to Chelsea Football Club Limited. Chelsea Pitch Owners plc is obliged to repay the debt in full. The balance outstanding at 30 June 2014 was £8,436,416 (*2013: £8,436,416*). The directors believe that the balance outstanding will be ultimately recovered.

15 Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade creditors	**71,079**	51,511	**9,384**	8,624
Other taxes and social security	**13,904**	14,870	**13,772**	10,624
Other creditors	**2,621**	2,863	**83**	333
Accruals and deferred income	**81,942**	85,055	**6,079**	3,532
	169,546	154,299	**29,318**	23,113

£41,821,000 *(2013: £35,095,000)* of the accruals and deferred income balance represents season ticket sales for the 2014/15 season.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Trade creditors	**32,876**	29,050	-	-
	32,876	29,050	-	-

Notes *(continued)*

17 Provisions for liabilities and charges

Deferred tax asset

Group

	2014	2013
	£000	£000
At beginning of year:	**1,559**	287
(Charge)/credit to the profit and loss for the year	**(652)**	1,272
End of year	**907**	1,559

The elements of deferred taxation are as follows:

	2014	2013
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	**(28)**	(108)
Other timing differences	**1**	1
Tax losses	**934**	1,666
	907	1,559

A deferred tax asset of £907,449 (*2013: £1,559,069*) has been recognised predominantly in respect of trading losses within The Hotel at Chelsea Limited. The Directors believe these trading losses to be recoverable by offsetting against future trading profits.

Where there is uncertainty over the ability to utilise the losses against future taxable profits then no deferred tax asset has been recognised. No deferred tax asset has been recognised in the Company.

The Group and the Company have unrecognised deferred tax assets as follows:

	Group		**Company**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Accelerated capital allowances	**3,316**	3,737	**1,746**	2,113
Tax losses	**120,678**	142,645	**-**	-
Other short term timing differences	**20**	24	**9**	11
Unrecognised deferred tax asset	**124,014**	146,406	**1,755**	2,124

18 Called up share capital

	Company		**Company**	
	2014	2013	**2014**	2013
	Number	Number	**£000**	£000
Allotted, issued and fully paid				
Ordinary shares of 1p each	**198,285,000**	195,585,000	**1,983**	1,956

The Company made an allotment of 2,700,000 ordinary shares of £0.01 each at £20.00 per share. The difference between the total consideration of £54,000,000 and the nominal value of £27,000 has been credited to the share premium account (£53,973,000).

Notes *(continued)*

19 Reconciliation of movement in equity shareholders' funds

Group	Share Capital £000	Share premium account £000	Revaluation reserve £000	Retranslation reserve £000	Profit and loss account £000	Equity shareholders' funds £000
At 30 June 2013	1,956	996,469	21,303	-	(720,819)	298,909
Issued share capital	27	53,973	-	-	-	54,000
Profit for the financial year	-	-	-	-	18,416	18,416
Historic cost depreciation difference transfer	-	-	(1,261)	-	1,261	-
Retranslation	-	-	-	(753)	-	(753)
Shareholders' funds at 30 June 2014	**1,983**	**1,050,442**	**20,042**	**(753)**	**(701,142)**	**370,572**

Company	Share Capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Equity shareholders' funds £000
At 30 June 2013	1,956	996,469	12,881	(165,150)	846,156
Issue share capital	27	53,973	-	-	54,000
Loss for the year	-	-	-	(161)	(161)
Shareholders' funds at 30 June 2014	**1,983**	**1,050,442**	**12,881**	**(165,311)**	**899,995**

20 Reconciliation of operating loss to net cash outflow from operating activities

	2014 £000	2013 £000
Operating loss	**(46,166)**	(65,264)
Depreciation	**8,327**	8,032
Amortisation of goodwill	**93**	93
Amortisation of intangible fixed assets	**72,360**	58,758
Impairment of players' registrations	**18,962**	-
(Increase)/decrease in stocks	**(121)**	76
Decrease/(increase) in debtors	**3,521**	(10,085)
(Decrease)/increase in creditors	**(6,980)**	9,624
Net cash inflow from operating activities	**49,996**	1,234

Notes *(continued)*

21 Analysis of cash flows for headings netted in the cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	**163**	158
Interest paid	**(1)**	(1)
	162	157
Capital expenditure		
Purchase of tangible fixed assets	**(10,827)**	(4,470)
Purchase of intangible fixed assets	**(129,537)**	(86,899)
Sale of intangible fixed assets	**33,850**	14,945
	(106,514)	(76,424)
Financing		
Repayment of loans	**(51,200)**	(25,000)
Receipt from borrowings	**102,104**	109,154
	50,904	84,154
Unrealised Forex		
Retranslation of foreign currency subsidiary	**(753)**	-

22 Analysis of net debt

	At 30 June 2013 £000	Cash flow £000	Other non-cash changes £000	**At 30 June 2014 £000**
Cash movements				
Cash at bank and in hand	26,107	(5,452)	(753)	**19,902**
	26,107	(5,452)	(753)	**19,902**
Debt due after one year	2,006	(50,904)	54,000	**5,102**
Net debt	28,113	(56,356)	53,247	**25,004**

Notes *(continued)*

23 Pension Commitments

a) Defined Benefit Scheme

Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme ('the scheme'). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is advised only of its share of the deficit in the scheme. The latest actuarial valuation as at 31 August 2008 highlighted that the Group share of the deficit was £199,443. The revised deficit is being paid off over a period of 10 years from 01 September 2009. The charge for the year is £225,995 *(2013: £58,948).*

b) Defined Contribution Schemes

The Group also contributes to other schemes providing benefits based upon contributions made. The assets of these other schemes are held separately from those of the Company in independently administered funds. The pension charge for the year was £2,503,000 (*2013: £6,340,000).* Amounts owed to the Schemes at the year-end amounted to £157,664 (*2013: £137,828)*, which represents the current amount due to be paid across to the schemes within the statutory time frame.

24 Operating leases and capital commitments

The annual commitments under non-cancellable operating leases are as follows for the Group:

	Group		**Company**	
	2014	2013	**2014**	2013
	£000	£000	**£000**	£000
Land and buildings:				
Leases expiring in one year	-	70	-	-
Leases expiring between two to five years	**70**	252	-	-
Leases expiring in more than five years	**262**	-	-	-
	332	322	-	-
Plant and equipment:				
Leases expiring in one year	**30**	36	**30**	32
Leases expiring between two to five years	**127**	9	**127**	9
	157	45	**157**	41
Capital expenditure commitments were as follows:				
Contracted for but not provided:				
Tangible fixed assets	**3,807**	3,457	-	-
	3,807	3,457	-	-

25 Contingent liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum amount that could be payable is £2,743,637 (*2013: £2,125,357).*

Notes *(continued)*

26 Control

The Directors consider Fordstam Limited to be the ultimate parent company of the Group, and the ultimate controlling party is Mr R Abramovich. The largest group of undertakings for which group accounts have been drawn up is that headed by Fordstam Limited.

The consolidated accounts of this Company and its parent Company may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

27 Post balance sheet events

Acquisition and disposal of players

Since the year end the Group has acquired the registration of five football players at an initial cost of £62,997,000 (*2013: £56,172,000*) and disposed of the registration of five players at a profit of £19,602,000 (*2013: £673,000*).

The Group also received £nil (*2013: £nil*) in respect of sell on clauses for players disposed of in previous years.

28 Principal subsidiary undertakings

The Company has the following subsidiary undertakings. All are 100% directly owned unless otherwise stated:

Trading	Nature of Business
Chelsea Car Parks Limited	Car park management
Chelsea Digital Media Limited	Television and Internet broadcasters
Chelsea Football Club Limited	Professional football club
The Hotel at Chelsea Limited	Hotel management and catering services
Chelsea FC Merchandising Limited	Merchandising, mail order and publications
Stamford Bridge Securities Limited	Property holding
Briskspring Limited	Investment holding company
Burnaby Investments LP	Investment company

Dormant

Chelsea TV Limited
Chelsea Limited
Chelsea Financial Consultants Limited
Fulham Holdings Limited

All the subsidiary undertakings are incorporated in Great Britain and registered in England and Wales, with the exception of Burnaby Investments LP which is a partnership registered in Jersey.

Burnaby Investments LP is a partnership between Briskspring Limited (the limited partner) and Burnaby GP Limited (the general partner).

The entire ordinary share capital and control of 100% of the voting rights of all the subsidiary undertakings are held by the Company, with the exception of Burnaby Investments LP, which is a direct subsidiary of Briskspring Limited.

Notes *(continued)*

29 Transactions with related parties

The Company conducts business transactions on a normal commercial basis with, and receives a number of services from the following related Companies:

Group	**2014 Sales to related party £000**	**2014 Purchases from related party £000**	**2014 Balance receivable £000**	**2014 Balance payable £000**
Mr R Abramovich	**1,000**	**-**	**-**	**-**
Skadden, Arps, Slate, Meagher & Flom UK	**-**	**86**	**-**	**-**

Company	**2014 Sales to related party £000**	**2014 Purchases from related party £000**	**2014 Balance receivable £000**	**2014 Balance payable £000**
Skadden, Arps, Slate, Meagher & Flom UK	**-**	**-**	**-**	**-**

Group	2013 Sales to related party £000	2013 Purchases from related party £000	2013 Balance receivable £000	2013 Balance payable £000
Mr R Abramovich	2,038	-	-	-
Skadden, Arps, Slate, Meagher & Flom UK	-	74	-	-

Company	2013 Sales to related party £000	2013 Purchases from related party £000	2013 Balance receivable £000	2013 Balance payable £000
Skadden, Arps, Slate, Meagher & Flom UK	-	-	-	-

Sales to the Ultimate Controlling Party, Mr R Abramovich were in relation to corporate hospitality boxes. These sales were made at current market rates in line with other corporate hospitality box sales.

Purchases from Skadden, Arps, Slate, Meagher & Flom UK were in relation to legal and professional fees.

Mr Buck is a partner at Skadden, Arps, Slate, Meagher & Flom