

**Chelsea Football Club Limited**

Annual report and financial statements

Registered number 01965149

Year ended 30 June 2015

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## Strategic report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2015.

### Principal activity

The Company's principal activity during the year continued to be that of a Premier League football club.

### Results for the year

The loss for the year, after taxation, was £27.0m (2014: profit £14.3m).

### Review of the business

#### *Profit and Loss*

The Football Club had a successful year on the pitch winning the FAPL and Capital One Cup.

The loss for the year was £27.0m compared to a profit of £14.3m for the previous year.

Turnover of £283.0m was down on the previous year turnover of £291.5m by £8.5m. This was predominantly due to a decrease in broadcasting revenue due to the team performance in the Champions league in the 2014/15 season compared to the 2013/14 season.

Pre-exceptional item operating expenses of £352.0m have increased by £26.6m compared with £325.4m in the previous year. This was due to an increase in payroll costs of £23.2m, a decrease in the foreign exchange movements of £2.4m, an increase in other operating expenses of £3.1m offset by a decrease in player amortisation and depreciation of £2.1m.

The business had an exceptional cost of £nil (2014: £16.8m) in the year. This is explained in note 2 to the accounts.

The football club made a profit on player trading of £42.0m in the year (2014: £65.1m) principally due to the sale of Romelu Lukaku to Everton, Andre Schurrle to Wolfsburg, Ryan Bertrand to Southampton and Thorgan Hazard to Monchengladbach.

#### *Balance Sheet*

Intangible assets have decreased to £223.4m from £226.0m as a result of £93.6m of player acquisitions offset by the net book value of disposals of £26.9m and amortisation of £69.4m. Other intangible assets have been recognised with £0.4m of additions and an amortisation charge of £0.8m in relation to internally generated software.

Tangible fixed assets are £149.5m at the year end. As in prior years, the bulk of the £9.2m additions have been spent on improving facilities at Stamford Bridge and the training ground at Cobham.

The net current liabilities at £123.0m have decreased by £10.3m. This is as a result of a decrease in trade creditors of £28.7m offset by an increase in accruals and deferred income of £15.2m and an increase in other creditors of £2.6m. Other net movements have resulted in a decrease in working capital of £0.6m.

Creditors falling due after more than one year of £821.6m include £804.3m owed to the Company's parent company, Chelsea FC plc. This is the Company's principal source of finance.

### Principal risks and uncertainties

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

#### *Income*

The football club derives its income from three principal sources: gate receipts, television and commercial relationships.

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.

## Strategic report *(continued)*

### *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 continue 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 Chelsea FC plc which in turn is supported by Fordstam Limited. The football club reviews and updates its cash 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 2014/15 of both a financial and non-financial nature were as follows:-

#### *Non Financial*

- FAPL Champions (2014: *FAPL 3rd place*)
- Champions League Round of 16 (2014: *Champions League Semi-finalists*)
- FA Cup 4th round (2014: *FA Cup 5<sup>th</sup> Round*)
- League Cup Winners (2014: *Quarter Finalists*)
- Average league attendance of 41,546 (2014: 40,979)

#### *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

### **Fixed assets**

The movements in fixed assets during the year are as shown in notes 6 and 7 to the Financial Statements. The intangible fixed assets comprises the unamortised portion of the cost of players' registrations as well as a small balance in relation to internally generated software.

Officers of the Company have valued the playing staff. The average of their aggregate valuation as at 30 June 2015 was £349.7m (2014: £353.0m). This assumes willing buyers for the relevant players' registrations on normal contractual terms and an orderly disposal over a period of time.

## **Strategic report** *(continued)*

### **Going concern basis**

The Company has received confirmation from the ultimate funding party 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.

By order of the Board



**Cl Alexander**  
*Secretary*

Stamford Bridge  
Fulham Road  
LONDON  
SW6 1HS

8 October 2015

## Directors' report

### Results and dividends

The loss for the year, after taxation, was £26,978,000 (2014: *profit* £14,301,000). The Directors do not recommend the payment of a dividend for the financial year (2014: *£nil*).

### Directors

Directors who held office during the year are as follows:

B Buck  
E Tenenbaum  
D Barnard  
R Gourlay (Resigned 22<sup>nd</sup> October 2014)  
M Granovskaia

None of the Directors held any beneficial interest in the share capital of the Company.

### Company Secretary

AL Shaw served as Company Secretary throughout the year. AL Shaw resigned as Company Secretary on 27<sup>th</sup> August 2015. CI Alexander was appointed as Company Secretary on 27<sup>th</sup> August 2015.

### Political and charitable donations

The Company made charitable donations of £2,192,514 during the year (2014: *£2,224,901*). The Company made no political donations and did not incur any political expenditure during the year (2014: *£nil*).

### 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. Suppliers are paid via the Company's immediate parent undertaking, Chelsea FC plc; further disclosure is provided in their financial statements.

### Employees

The Group recognises the importance of good employee relations and communications and involves employees as appropriate to the 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.

### 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/she 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



CI Alexander  
Secretary

Stamford Bridge  
Fulham Road  
LONDON  
SW6 1HS

8 October 2015

## **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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 Company will continue in business.

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

## **KPMG LLP**

15 Canada Square  
London  
E14 5GL

### **Independent auditor's report to the members of Chelsea Football Club Limited**

We have audited the financial statements of Chelsea Football Club Limited for the year ended 30 June 2015 set out on pages 8 to 20. 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 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 web-site at [www.frc.org.uk/auditscopeukprivate](http://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 Company's affairs as at 30 June 2015 and of its loss 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 Football Club Limited** *(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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



**Michael Maloney (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP,  
**Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

8 October 2015

## Profit and loss account

for the year ended 30 June 2015

	Note	Operations excluding player trading 2015 £000	Player amortisation and trading 2015 £000	Total 2015 £000	Total 2014 £000
Turnover	1	282,974	-	282,974	291,505
Operating expenses	2	(282,616)	(69,363)	(351,979)	(325,446)
Exceptional items	2	-	-	-	(16,830)
<b>Operating loss</b>		<b>358</b>	<b>(69,363)</b>	<b>(69,005)</b>	<b>(50,771)</b>
Profit on disposal of player registrations	2	-	42,027	42,027	65,072
<b>(Loss)/profit on ordinary activities before taxation</b>	2	<b>358</b>	<b>(27,336)</b>	<b>(26,978)</b>	<b>14,301</b>
Tax on (loss)/profit on ordinary activities	5	-	-	-	-
<b>(Loss)/profit for the financial year</b>	14, 15	<b>358</b>	<b>(27,336)</b>	<b>(26,978)</b>	<b>14,301</b>

The results for the year relate to continuing operations.

The Company had no recognised gains or losses during the current or preceding year, other than the gains and losses reported in the profit and loss account.

## Note of historical cost profits and losses

for the year ended 30 June 2015

	Note	2015 £000	2014 £000
<b>Reported (loss)/profit on ordinary activities before taxation</b>		<b>(26,978)</b>	<b>14,301</b>
Difference between a historical cost depreciation charge and the depreciation charge calculated on the revalued amount	14	1,216	1,216
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>		<b>(25,762)</b>	<b>15,517</b>
<b>Historical cost (loss)/profit for the financial year</b>		<b>(25,762)</b>	<b>15,517</b>

The notes on pages 10 to 19 form an integral part of these financial statements.

## Balance sheet

at 30 June 2015

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Intangible assets	6	223,380	226,000
Tangible assets	7	149,481	146,274
		<u>372,861</u>	<u>372,274</u>
<b>Current assets</b>			
Stock	8	77	15
Debtors	9	4,409	5,208
Cash at bank and in hand		3	5
		<u>4,489</u>	<u>5,228</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(127,513)</u>	<u>(138,524)</u>
<b>Net current liabilities</b>		<u>(123,024)</u>	<u>(133,296)</u>
<b>Total assets less current liabilities</b>		<u>249,837</u>	<u>238,978</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(821,622)</u>	<u>(783,785)</u>
<b>Net liabilities</b>		<u>(571,785)</u>	<u>(544,807)</u>
<b>Capital and reserves</b>			
Called up share capital	13	10	10
Share premium account	14	99,990	99,990
Revaluation reserve	14	14,221	15,437
Profit and loss account	14	(686,006)	(660,244)
<b>Equity shareholders' deficit</b>	15	<u>(571,785)</u>	<u>(544,807)</u>

These financial statements were approved by the Board of Directors on its behalf by:

8 October 2015 and were signed on



**Mr B Buck**  
Director

Registered number 01965149

The notes on pages 10 to 19 form an integral 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 Company's financial statements.

#### *Basis of preparation*

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

Under Financial Reporting Standard ('FRS') Number 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own consolidated financial statements.

#### *Going concern*

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate. The Company is reliant on its ultimate parent undertaking, Fordstam Limited, for its continued financial support. Fordstam Limited has indicated its continued support for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

#### *Related party transactions*

As the Company is a wholly owned subsidiary of the ultimate parent undertaking Fordstam Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Fordstam Limited, within which this Company is included, can be obtained from the address given in note 18.

#### *Turnover*

Turnover is stated net of value added tax and amounts due to the Football Association and visiting clubs, and includes gate receipts, sponsorships, advertising, television fees, donations and sundry net related income.

Gate, match and other event day revenue is recognised over the period of the football season as games are played and events are staged. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned at the point of broadcast. Merit awards are accounted for over the period of the football season based on known position in the league compared to the previous season's final table. UEFA pool distributions relating to participation in the Champions League are recognised when received whilst distributions relating to match performance are taken when earned; these distributions are classified as broadcasting revenues.

#### *Players' registrations*

All costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets and are amortised evenly over the period of the players' initial contract of employment with the Company. In the event that the initial contract is renegotiated prior to completion, 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.

#### *Other 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
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Other intangible assets recognised relate to the cost of internally generated software.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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
Construction in progress	Not depreciated
Long leasehold buildings	50 to 100 years on a straight line basis
Computers	4 years on a straight line basis
Fixtures, fittings & equipment	2 to 10 years on a straight line basis

#### *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 Company*

Under FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- Where the instrument will or may be settled in the Company'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 Company'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 shareholders' funds (see dividend policy) are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Pensions*

The Company is one of a number of employers in a shared defined benefit scheme for playing staff and defined contribution scheme for certain other members of staff. The defined benefit scheme is a multi-employer scheme and in accordance with FRS 17 has been treated as a defined contribution scheme. The Company also operates other defined contribution schemes.

#### *Derivative Financial Instruments*

The Group uses derivative financial instruments to reduce exposure to foreign exchange movements. The Group does not hold derivative financial instruments for speculative purposes.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision without discounting is made for deferred taxation in accordance with FRS 19.

#### *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.

#### *Players' signing on fees*

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

#### *Deferred income*

Deferred income comprises amounts received on sales of millennium suites relating to future seasons, in addition to advance sales of season tickets and sponsorship income. These amounts will be released over the periods for which the income relates.

#### *Stadium development*

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

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

### 2 (Loss)/profit on ordinary activities before taxation

	2015 £000	2014 £000
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	5,979	5,168
Amortisation of intangible assets	69,449	72,360
Profit on disposal of player registrations	(42,027)	(65,072)
Exceptional items	-	16,830
Auditor's remuneration:		
- fees payable to the Company auditor for the audit of the Company's annual accounts	28	28
- fees payable to the Company auditor for the review of the Company's interim accounts	9	8
- other fees payable to the Company auditor	3	3
- tax services	24	24

Exceptional items consist of impairment of player registrations £nil (2014: £19.0m), and a release of an accrual for termination payments and compensation in relation to the changes in the first team management structure £nil (2014: £2.2m).

## Notes (continued)

### 3 Remuneration of directors

	2015 £000	2014 £000
Emoluments for qualifying services	215	433
Company pension contributions to money purchase schemes	21	31
	<u>236</u>	<u>464</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 1 (2014: 2).

The other directors do not receive any emoluments from the Company.

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2015 £000	2014 £000
Emoluments for qualifying services	<u>215</u>	<u>235</u>

### 4 Staff numbers and costs

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

	2015 Number	2014 Number
Playing staff (including managers/coaches)	92	89
Administration and commercial	206	201
	<u>298</u>	<u>290</u>

The Company also employs approximately 1,000 (2014: 600) temporary staff on match days.

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	177,425	155,364
Social security costs	21,659	19,267
Other pension costs	747	2,011
	<u>199,831</u>	<u>176,642</u>

In 2015 wages and salaries there is an exceptional credit of £nil (2014: exceptional credit of £2,132,000). See note 2 for explanation.

## Notes (continued)

### 5 Taxation

	2015 £000	2014 £000
<b>Factors affecting the tax charge for the year:</b>		
(Loss)/profit on ordinary activities before taxation	(26,978)	14,301
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 20.75% (2014: 22.5%)	(5,598)	3,218
Effects of:		
Non deductible expenditure	1,127	1,475
Utilisation of losses brought forward	-	(4,940)
Movement on deferred tax	605	247
Other short term timing differences	(13)	-
Group relief surrendered	993	-
Unrelieved tax losses arising in the period	2886	-
	5,598	(3,218)
Current tax charge	-	-
Losses available to carry forward at 30 June	615,951	602,011

A potential deferred tax asset of £125,018,540 (2014: £121,666,161) has not been recognised due to uncertainty over future profits.

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

### 6 Intangible fixed assets

	Players Registrations £000	Software £000	Total £000
<i>Cost</i>			
At 30 June 2014	415,132	137	415,269
Additions	93,575	119	93,694
Disposals	(100,501)	-	(100,501)
<b>At 30 June 2015</b>	<b>408,206</b>	<b>256</b>	<b>408,462</b>
<i>Amortisation</i>			
At 30 June 2014	189,234	35	189,269
Charge for the year	69,363	86	69,449
Impairment of player registrations	-	-	-
On disposal	(73,636)	-	(73,636)
<b>At 30 June 2015</b>	<b>184,961</b>	<b>121</b>	<b>185,082</b>
<i>Net book value</i>			
<b>At 30 June 2015</b>	<b>223,245</b>	<b>135</b>	<b>223,380</b>
At 30 June 2014	225,898	102	226,000



## Notes (continued)

### 7 Tangible fixed assets

	Freehold land & buildings £000	Long lease land & buildings £000	Computers, fixtures and fittings £000	Construction in progress £000	Total £000
<i>Cost or valuation</i>					
At 30 June 2014	8,899	142,350	31,859	5,748	188,856
Additions	1,543	-	7,539	104	9,186
Disposals	-	-	(704)	-	(704)
Assets brought in to use	1,204	-	4,544	(5,748)	-
<b>At 30 June 2015</b>	<b>11,646</b>	<b>142,350</b>	<b>43,238</b>	<b>104</b>	<b>197,338</b>
<i>Depreciation</i>					
At 30 June 2014	5,685	22,255	14,642	-	42,582
Charge for the year	891	2,037	3,051	-	5,979
Disposals	-	-	(704)	-	(704)
<b>At 30 June 2015</b>	<b>6,576</b>	<b>24,292</b>	<b>16,989</b>	<b>-</b>	<b>47,857</b>
<i>Net book value</i>					
<b>At 30 June 2015</b>	<b>5,070</b>	<b>118,058</b>	<b>26,249</b>	<b>104</b>	<b>149,481</b>
At 30 June 2014	3,214	120,095	17,217	5,748	146,274

As required under FRS 11 'Impairment of fixed assets and goodwill' the Directors have re-assessed the carrying values and are of the opinion that no impairments are required in the current year (2014: £nil).

#### Comparable historical cost for the land and buildings included at valuation:

	Total £000
<i>Cost</i>	
At 1 July 2014 and 30 June 2015	129,562
<i>Depreciation</i>	
At 30 June 2014	27,471
Charge for the year	2,591
<b>At 30 June 2015</b>	<b>30,062</b>
<i>Net book value</i>	
<b>At 30 June 2015</b>	<b>99,500</b>
At 30 June 2014	102,091

### 8 Stocks

	2015 £000	2014 £000
Goods held for resale	77	15

## Notes (continued)

### 9 Debtors

	2015 £000	2014 £000
Other debtors	390	201
Prepayments and accrued income	4,019	5,007
	<u>4,409</u>	<u>5,208</u>

### 10 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	33,030	61,695
Other creditors	5,087	2,464
Taxes and social security costs	-	133
Accruals and deferred income	89,396	74,232
	<u>127,513</u>	<u>138,524</u>

£43,246,000 (2014: £41,821,000) of the accruals and deferred income balance represents season ticket sales for the 2015/16 season.

### 11 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Trade creditors	17,335	32,876
Amounts owed to Group undertakings	804,287	750,909
	<u>821,622</u>	<u>783,785</u>

### 12 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 2014 highlighted that the Group share of the deficit was £284,158. The revised deficit is being paid off over a period of 5 ½ years from 1<sup>st</sup> September 2014. The charge for the year was £64,572 (2014: £225,995).

#### b) Defined Contribution Schemes

The Group also contributes to other schemes providing benefits based upon contributions made. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension charge for the year was £746,875 (2014: £2,011,442). Amounts owed to the schemes at the year-end amounted to £3,551 (2014: £2,790), which represents the current amount due to be paid across to the schemes within the statutory time frame.

## Notes (continued)

### 13 Called up share capital

	2015 Number	2014 Number	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,100	10,100	10	10

The Articles of Association limit dividends payable on ordinary shares to 15% of the paid up share capital in any one year.

### 14 Statement of movement on reserves

	Share premium account £000	Revaluation reserve £000	Profit & loss account £000	Total £000
Balance at 30 June 2014	99,990	15,437	(660,244)	(544,817)
Loss for the year	-	-	(26,978)	(26,978)
Difference on depreciation	-	(1,216)	1,216	-
<b>Balance at 30 June 2015</b>	<b>99,990</b>	<b>14,221</b>	<b>(686,006)</b>	<b>(571,795)</b>

### 15 Reconciliation of movements in shareholders' deficit

	2015 £000	2014 £000
(Loss)/profit for the financial year	(26,978)	14,301
Opening equity shareholders' deficit	(544,807)	(559,108)
Closing equity shareholders' deficit	(571,785)	(544,807)

### 16 Contingent liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Company if certain conditions are met. The maximum amount that could be payable is £1,483,214 (2014: £2,743,637).

### 17 Financial commitments

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

	2015 £000	2014 £000
<b>Land and buildings:</b>		
Leases expiring in one year	6	-
	<b>6</b>	<b>-</b>

## Notes (continued)

### 17 Financial commitments (continued)

Capital expenditure as follows:

	2015 £000	2014 £000
Contracted for but not provided		
Tangible fixed assets	2,554	3,452

### 18 Ultimate Parent Company

The Directors consider the Ultimate Parent Undertaking to be Fordstam Limited, a company incorporated in England and Wales and the Ultimate Controlling Party is Mr R Abramovich. The largest group of undertakings in which the Company's results are included is Fordstam Limited. The smallest group of undertakings in which the Company's results are included is Chelsea FC plc.

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

### 19 Post Balance Sheet Events

Since the year end the Group has acquired the registration of 8 football players at an initial cost of £69,052,000 (2014: £62,997,000) and disposed of the registration of 6 players at a profit of £21,285,000 (2014: £19,602,000).

The Group also received £5,686,000 (2014: £nil) in respect of sell on clauses for players disposed of in previous years.

## Notes (continued)

### 20 Transactions with related parties

The Company conducts business transactions on a normal commercial basis with the following related parties:

	2015 Sales to related party £000	2015 Purchases from related party £000	2015 Balance receivable £000	2015 Balance payable £000
Mr R Abramovich	1,000	-	-	-
Skadden, Arps, Slate, Meagher & Flom UK	-	-	-	-
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	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	-	-
	<u>1,000</u>	<u>86</u>	<u>-</u>	<u>-</u>

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 of Skadden, Arps, Slate, Meagher & Flom.

### 21 Derivative Financial Instruments

The Group is mainly exposed to the foreign currencies of the Euro and US Dollar. The Group's financial instruments comprise mainly of borrowings, cash and bank balances, and various items such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations. The main risks arising from the Group's financial instruments are foreign currency risks and the Board reviews and agrees its policy for managing these risks.

The Group has entered into forward exchange contracts the purpose of which is to minimise its exposure to exchange rate risk in relation to certain US Dollar denominated receivables. The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group has entered into certain foreign currency contracts which hedge its exposure to exchange rate fluctuations and provide for the future sale of US Dollars at a rate of £1:\$1.5216. Gains and losses on these contracts are not recognised until the exposure being hedged is itself recognised.