

Chelsea Village Limited and Subsidiaries

9536231

Financial Statements
For The Year Ended 30th June 1995



Chelsea Village Limited and Subsidiaries
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For The Year Ended 30th June 1995

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Chelsea Village Limited and Subsidiaries

Directors' Report

For The Year Ended 30th June 1995

The directors present their annual report on the affairs of the company and its subsidiaries together with the Accounts and Auditors' Report for the year ended 30th June 1995.

Results and Dividends

The net profit for the year, after taxation, was £3,097,409. (1994 loss £1,639,033.)

The directors recommend that this be deducted from the deficit at the beginning of the year and that the adverse balance of £740,358 be carried forward.

Review of the Business

The groups principal activities during the year were those of a Premier League Football Club and property developers.

Having regard to the current stage of the development programme the directors consider the groups result for the year and the position of the group and company at the end of the year to be satisfactory.

During the year the group commenced development of an underground car park and also commenced operations in the catering and entertainment sector.

Directors

The directors of the company during the year, were as follows:

K. W. Bates
M. C. Harding
C. Hutchinson
Y. S. Todd (resigned 28th March 1995)
M. I. Russell (appointed 28th March 1995)

Directors' interests

Mr. K.W. Bates had a beneficial interest in 30,000,000 ordinary shares of 1p each at the beginning and end of the financial year by virtue of his interests in Mayflower Securities Limited.

Mr. M.C. Harding had a beneficial interest in £5,000,000 zero coupon convertible unsecured loan stock 2008 at the beginning and end of the financial year. The loan stock is convertible at any time up until 30th October 2008 into 14,285,714 ordinary shares at the rate of 35p of stock for each share.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company or group will continue in business.

Chelsea Village Limited and Subsidiaries

Directors' Report (Continued)

For The Year Ended 30th June 1995

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors and Officers Insurance

The group maintains insurance policies on behalf of the directors and officers against liability arising from negligence, breach of duty and breach of trust in relation to the company and the group.

Fixed Assets

The movements in fixed assets during the year are set out in note 11 to the accounts.

Players Valuation

Two directors of Chelsea Football Club Limited together with the team manager have each independently valued the playing staff. The mean average of their aggregate valuation as at 30th June 1995 was £24,691,666.

This assumes willing buyers for the relevant player's registrations on normal contractual terms and an orderly disposal over a period of time.

Donations

During the year the group made charitable donations in the United Kingdom of £7,435 (1994 £66,675).

Auditors

It is proposed that Hargreaves Brown & Benson be re-appointed as auditors to the company to hold office for the ensuing year.

Signed on behalf of the
Board of Directors



A. L. Shaw
Secretary

27th September 1995

Chelsea Village Limited and Subsidiaries

Auditors' Report to the Members of Chelsea Village Limited

For the Year Ended 30th June 1995

We have audited the financial statements on pages 4 to 29 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in note 1 to the accounts.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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 of the state of affairs of the company and of the group as at 30th June 1995 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hargreaves, Brown & Benson

**Hargreaves, Brown & Benson
Chartered Accountants and
Registered Auditor**

Colne, Lancashire

28th September 1995

Chelsea Village Limited and Subsidiaries**Group Profit And Loss Account****For The Year Ended 30th June 1995**

	<u>Notes</u>	£	<u>1995</u> £	£	<u>1994</u> £
Turnover					
Continuing operations	2		13,195,251		10,398,046
Direct operating costs			(6,392,158)		(5,317,343)
Gross Profit			<u>6,803,093</u>		<u>5,080,703</u>
Administrative expenses			(3,792,516)		(3,295,480)
			<u>3,010,577</u>		<u>1,785,223</u>
Other operating income	3		-		12,115
Operating Profit Before Transfer Fees					
Continuing operations	4		3,010,577		1,797,338
Net transfer fees	6		<u>558,929</u>		<u>(3,236,253)</u>
Profit/(Loss) Before Interest					
Continuing operations			3,569,506		(1,438,915)
Interest receivable	7	132,076		109,543	
Provision for diminution in value of current asset investment		(19,188)		-	
Interest payable	8	(584,985)		(309,661)	
			<u>(472,097)</u>		<u>(200,118)</u>
Profit/(Loss) on Ordinary Activities Before Taxation			3,097,409		(1,639,033)
Taxation	10		-		-
Profit/(Loss) on Ordinary Activities After Taxation			<u>3,097,409</u>		<u>(1,639,033)</u>
Retained Profit/(Loss) Transferred to Reserves	23		<u>£ 3,097,409</u>		<u>£(1,639,033)</u>

Chelsea Village Limited and Subsidiaries

Group Balance Sheet

As at 30th June 1995

	Notes	£	1995 £	£	1994 £
Fixed Assets					
Tangible assets	11		28,204,044		20,145,182
Investments	12		-		154,288
			<u>28,204,044</u>		<u>20,299,470</u>
Current Assets					
Stock	13	11,268		-	
Debtors	14	2,397,704		2,742,393	
Investments	15	135,100		-	
Cash at bank and in hand		1,399,791		2,164,024	
		<u>3,943,863</u>		<u>4,906,417</u>	
Creditors - amounts falling due within one year					
Loan from director		(6,858,180)		(8,229,762)	
Advance income 1995/96		(2,500,000)		(2,229,375)	
		<u>(1,827,678)</u>		<u>(1,639,292)</u>	
	16	(11,185,858)		(12,098,429)	
Net Current Liabilities			(7,241,995)		(7,192,012)
Total Assets Less Current Liabilities			<u>£20,962,049</u>		<u>£13,107,458</u>
Creditors - amounts falling due after more than one year					
Advance income 1996/97 onwards			2,969,250		-
			<u>112,027</u>		<u>33,000</u>
	17		3,081,277		33,000
Football trust grants	18		2,600,000		638,914
Convertible liabilities	19		5,000,000		5,000,000
Capital And Reserves					
Called up share capital	22		1,026,481		1,026,481
Share premium account	23		2,954,299		2,954,299
Revaluation reserve	23		7,040,350		7,292,531
Profit and loss account		11,942,100		7,368,391	
Cost of current playing staff		<u>(12,682,458)</u>		<u>(11,206,158)</u>	
	23		(740,358)		(3,837,767)
Shareholders' Funds			<u>10,280,772</u>		<u>7,435,544</u>
			<u>£20,962,049</u>		<u>£13,107,458</u>

These financial statements were approved by the board of directors on 27th September 1995, and are signed on their behalf by:

K. W. Bates
Director

M. C. Harding
Director

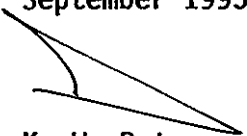
Chelsea Village Limited and Subsidiaries

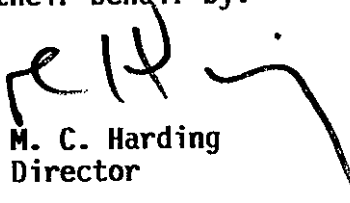
Company Balance Sheet

As at 30th June 1995

	Notes	£	1995 £	£	As Re-stated 1994 £
Fixed Assets					
Tangible assets	11		6,121,301		8,456,564
Investments	12		10,689,704		6,723,167
			<u>16,811,005</u>		<u>15,179,731</u>
Current Assets					
Debtors	14	57,175		283,437	
Investments	15	135,100		-	
Cash at bank and in hand		3,293		76,239	
		<u>195,568</u>		<u>359,676</u>	
Creditors - amounts falling due within one year	16	(1,527,712)		(2,600,863)	
Net Current Liabilities			(1,332,144)		(2,241,187)
Total Assets Less Current Liabilities			<u>£15,478,861</u>		<u>£12,938,544</u>
Creditors - amounts falling due after more than one year:					
Subsidiary company			5,505		4,596
Other			32,324		-
	17		<u>37,829</u>		<u>4,596</u>
Convertible liabilities	19		5,000,000		5,000,000
Capital And Reserves					
Called up share capital	22		1,026,481		1,026,481
Share premium account	23		2,954,299		2,954,299
Revaluation reserve	23		7,511,490		4,766,005
Profit and loss account	23		(1,051,238)		(812,837)
Shareholders' Funds			<u>10,441,032</u>		<u>7,933,948</u>
			<u>£15,478,861</u>		<u>£12,938,544</u>

These financial statements were approved by the board of directors on 27th September 1995, and are signed on their behalf by:


K. W. Bates
Director


M. C. Harding
Director

Chelsea Village Limited and Subsidiaries

Group Statement of Total Recognised Gains and Losses

For The Year Ended 30th June 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Profit/(loss) for the financial year	3,097,409	(1,639,033)
Unrealised deficit on revaluation of short leasehold property	(685,267)	-
Unrealised surplus on revaluation of freehold property	374,442	-
Reduced/(additional) costs attributable to acquisition of short lease	58,644	(528,120)
	<u>£ 2,845,228</u>	<u>£(2,167,153)</u>

Notes of Historical Cost Profits and Losses

For The Year Ended 30th June 1995

There is no material difference between reported profits and losses and the profits and losses on an historical basis.

Chelsea Village Limited and Subsidiaries

Group Cash Flow Statement

For The Year Ended 30th June 1995

	£	1995 £	£	1994 £
Net cash inflow from operating activities		1,853,667		7,388,988
Net cash inflow/(outflow) from exceptional items		558,929		(3,236,253)
		<u>2,412,596</u>		<u>4,152,735</u>
Returns on investments and servicing of finance				
Interest receivable	132,076		109,543	
Interest payable	<u>(584,985)</u>		<u>(309,661)</u>	
Net cash outflow		(452,909)		(200,118)
Investing activities				
Payments to acquire:				
Tangible fixed assets	(8,445,761)		(3,973,077)	
Deemed cost of lease	-		(528,120)	
Receipts from:				
Football Trust grants	1,961,086		638,914	
Deemed cost of lease	<u>58,644</u>		<u>-</u>	
Net cash outflow from investing activities		(6,426,031)		(3,862,283)
Net cash inflow/(outflow) before financing		<u>(4,466,344)</u>		<u>90,334</u>
Financing				
Issue of ordinary share capital	-		1,019,460	
Movement of long term loans	<u>2,969,250</u>		<u>1,280,575</u>	
Net cash inflow from financing		<u>2,969,250</u>		<u>2,300,035</u>
(Decrease)/increase in cash and cash equivalents		<u>£(1,497,094)</u>		<u>£ 2,390,369</u>

Further information to the Cash Flow Statement is given in Note 24.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

1. Accounting Policies

1.1 Accounting conventions

The financial statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of the land and buildings.

The principal accounting policies which the directors have adopted within that convention are set out below.

The accounts are prepared in accordance with applicable accounting standards.

1.2 Consolidation

The Group financial statements incorporate the financial statements of Chelsea Village Limited and all its subsidiaries for the year ended 30th June 1995.

1.3 Investment in subsidiaries

Subsidiary companies are valued in the parent company balance sheet at their net asset value. Where a diminution in value is considered to be permanent, the cost of the investment, including loans, is written off to the profit and loss account. This represents a change in accounting policy over previous years when investments in subsidiaries were included at cost. Comparative figures have been re-stated to reflect this change. Had the accounting policy not been changed, investments in subsidiaries and the company's total assets less current liabilities would have been £3,668,027 and £8,457,184 respectively.

1.4 Depreciation

Depreciation is not provided on freehold land. The board do not consider it appropriate to amortise the value of short and long leasehold properties since the leases are held for future group development of the Stamford Bridge site on which options are held to purchase the freeholds.

The leases are revalued annually, and their residual value is at least equal to their book value. Having regard to this, it is the opinion of the directors that the depreciation of any such property as required by the Companies Act 1985 and accounting standards would not be material.

Freehold property is maintained by a programme of repair and refurbishment such that the residual value is at least equal to its book value. Having regard to this, it is the opinion of the directors that the depreciation of any such property as required by the Companies Act 1985 and accounting standards would not be material.

Depreciation is provided on other tangible fixed assets in equal instalments over their estimated useful lives. The following rates apply :

Plant and equipment	10% - 25%
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Chelsea Village Limited and Subsidiaries

Notes to the Accounts

1.5 Deferred taxation

Deferred taxation is provided using the liability method to take account of all material timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

1.6 Transfer Fees

Transfer fees are included on the basis of the amount incurred or earned in the year.

1.7 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.

1.8 Grants

Capital expenditure grants are brought into account on an accruals basis, and are released to non-distributable capital reserves over the estimated life of the asset to which they relate. Revenue expenditure grants are brought into the profit and loss account on an accruals basis.

1.9 Hire purchase and leasing 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 the contracts or leases. 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. Rentals paid under operating leases are charged to income as incurred.

1.10 Pensions

The group operates a number of defined contribution schemes. Contributions to these schemes are charged to profit and loss account as incurred.

A subsidiary company is one of a number of employers in a shared defined contribution scheme for playing staff and defined benefit scheme for certain other members of staff. Since the effect of any fluctuation in contributions to the defined benefit scheme would not be material to the results of the group all contributions to these schemes are charged to profit and loss account as incurred.

1.11 Stocks

Stocks have been valued at lower of cost and net realisable value.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

2. Turnover

Turnover which excludes value added tax, comprises the value of services provided and goods sold excluding those between group undertakings. All turnover was attributable to continuing operations wholly within the United Kingdom.

	<u>1995</u> £	<u>1994</u> £
Premier League Football Club	12,703,386	10,223,177
Property leasing	211,266	174,869
Catering services	280,599	-
	<u>£13,195,251</u>	<u>£10,398,046</u>

3. Other Operating Income

	<u>1995</u> £	<u>1994</u> £
Sundry income	-	12,115
	<u>£ -</u>	<u>£12,115</u>

4. Operating Profit/(Loss)

	<u>1995</u> £	<u>1994</u> £
This is stated after charging:		
Depreciation:		
Owned assets	67,455	31,827
Assets held under finance leases and hire purchase contracts	8,619	-
Operating lease rentals:		
Equipment & vehicles	10,000	9,167
Land and buildings	1,561,876	1,551,556
Auditors' remuneration	62,083	49,476
	<u> </u>	<u> </u>

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

5. Employee Information

5.1 Staff costs

	<u>1995</u> £	<u>1994</u> £
Wages and salaries	5,306,543	4,492,658
Social security costs	504,636	432,928
Other pension costs	93,136	33,085
	<u>£5,904,315</u>	<u>£4,958,671</u>

5.2 Average number of employees

	<u>No.</u>	<u>No.</u>
Playing staff (including managers & coaches)	59	57
Ground staff	8	8
Administration and commercial	28	25
	<u>95</u>	<u>90</u>

5.3 Directors emoluments

	<u>1995</u> £	<u>1994</u> £
Other emoluments	205,019	176,100
Pension contributions	20,094	9,878
	<u>£225,113</u>	<u>£185,978</u>

Further details, excluding pension contributions:

Chairman	<u>£1,807</u>	<u>£3,704</u>
Highest paid director	<u>£157,865</u>	<u>£133,039</u>

Other directors' emoluments fell within the following ranges:

	<u>No.</u>	<u>No.</u>
£ 1 - £ 5,000	1	1
£15,001 - £20,000	1	-
£25,001 - £30,000	1	-
£35,001 - £40,000	-	1

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

5.4 Directors interests

M. C. Harding has an interest in £5,000,000 convertible unsecured loan stock 2008. The stock is zero coupon and is convertible at the option of M. C. Harding into ordinary shares of the company at any time to 30th October 2008 at the rate of 35p of stock for each ordinary share.

K. W. Bates has an interest in 30,000,000 ordinary shares by virtue of his interests in Mayflower Securities Limited.

5.5 Transactions with directors

During the year M. C. Harding became the beneficial owner of Stardust Investments Limited (formerly West Register Properties Limited) which owns the freehold of Stamford Bridge. In the year ended 30th June 1995 the group paid rent amounting to £1,557,376 under the terms of its lease with Stardust Investments Limited. The group has an option to purchase the freehold for a consideration of £16,500,000 at any time before 8th December 2012.

On 16th February 1995 an interest free loan of £15,000 was made to M. I. Russell. The loan is repayable over three years by equal monthly instalments. On 28th March 1995 he was appointed a director of the parent company when the balance due on the loan was £14,583. The amount due on the loan at 30th June 1995 is included in other debtors as follows:

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
M. I. Russell	<u>£12,917</u>	<u>£ -</u>

During the year an interest free loan of £6,000 was made to Y. S. Todd. The loan is repayable over three years by equal monthly instalments. On 28th March 1995 she resigned as a director of the parent company when the balance due on the loan was £5,500.

K. W. Bates has an interest in a material contract between a subsidiary company and Mayflower Securities Limited. During the year ended 30th June 1995 the group expended £177,252 in respect of publicity and promotion of the group's business, under the principal terms of the contract.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

6. Transfer Fees

	<u>1995</u> £	<u>1994</u> £
Net transfer fee receipts/(payments)	£ 558,929	£(3,236,253)

Net transfer fees comprise payments to and receipts from other football clubs in respect of the transfer of players and managers, plus league levies and termination payments to players and managers. The current year also includes a receipt from the group's insurers in respect of a player who retired through injury.

7. Interest Receivable

	<u>1995</u> £	<u>1994</u> £
Bank interest	115,656	109,543
Other interest	16,420	-
	<u>£132,076</u>	<u>£109,543</u>

8. Interest Payable

	<u>1995</u> £	<u>1994</u> £
On amounts wholly repayable within five years:		
Bank loans and overdrafts	375,799	309,661
Hire purchase and finance leases	209,186	-
	<u>£584,985</u>	<u>£309,661</u>

9. Profit For The Financial Year

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements.

The consolidated profit for the financial year of £3,097,409 (1994 loss £1,639,033) includes a loss of £238,401 (1994 loss £421,085) which is dealt with in the financial statements of the company.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

10. Taxation

No liability to corporation tax arises in either this or the previous year due to taxation losses incurred in previous periods and the availability of group relief.

11. Tangible Fixed Assets

11.1 Group

	<u>Land and buildings</u> £	<u>Plant and equipment</u> £	<u>Site development costs</u> £	<u>Total</u> £
Cost or valuation:				
At 1st July 1994	19,588,484	255,458	358,958	20,202,900
Transfer	188,524	-	(188,524)	-
Additions	7,514,967	294,882	635,912	8,445,761
Revaluation adjustment	(310,825)	-	-	(310,825)
At 30th June 1995	<u>£26,981,150</u>	<u>£ 550,340</u>	<u>£ 806,346</u>	<u>£28,337,836</u>
At valuation	26,900,000	-	-	26,900,000
At cost	81,150	550,340	806,346	1,437,836
At 30th June 1995	<u>£26,981,150</u>	<u>£ 550,340</u>	<u>£ 806,346</u>	<u>£28,337,836</u>
Depreciation:				
At 1st July 1994	-	57,718	-	57,718
Charge for the year	-	76,074	-	76,074
At 30th June 1995	<u>£ -</u>	<u>£ 133,792</u>	<u>£ -</u>	<u>£ 133,792</u>
Net book value at 30th June 1995	<u>£26,981,150</u>	<u>£ 416,548</u>	<u>£ 806,346</u>	<u>£28,204,044</u>
Net book value at 30th June 1994	<u>£19,588,484</u>	<u>£ 197,740</u>	<u>£ 358,958</u>	<u>£20,145,182</u>

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

The net book value of land and buildings comprises:

	<u>1995</u> £	<u>1994</u> £
Freehold land and buildings	2,500,000	2,018,165
Long leasehold building	81,150	81,150
Short leasehold land and buildings	24,400,000	17,489,169
	<u>£26,981,150</u>	<u>£19,588,484</u>

The net book value of fixed assets includes £3,339,993 in respect of assets held under finance leases and hire purchase contracts.

Included in revalued land and buildings are

	<u>1995</u> £	<u>1994</u> £
Finance arrangement costs	63,508	-
Interest payable	2,292	-
	<u>£70,800</u>	<u>-</u>

Comparable amounts determined in accordance with the historical cost convention:

	<u>Freehold property</u> £	<u>Short leasehold property</u> £
Cost	1,468,021	17,841,032
Accumulated depreciation	-	(869,576)
	<u>£ 1,468,021</u>	<u>£16,971,456</u>

The open market value of the groups freehold and leasehold interest in the hotel, office, car park development and football stadium was valued by Chesterton International plc, Chartered Surveyors as at 30th June 1995 in the sum of £21,510,000 in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

The open market value of the groups leasehold interest in the residential and leisure developments and the groups freehold and leasehold residential properties were valued by Rawley & Co., Surveyors, Valuers and Property Consultants as at 30th June 1995 in the sum of £ 5,390,000 in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

11. Tangible Fixed Assets

11.2 Company

	Land and buildings £	Plant and equipment £	Site development costs £	Total £
Cost or valuation:				
At 1st July 1994	8,097,606	-	358,958	8,456,564
Transfer	90,674	-	(90,674)	-
Additions	16,719	51,452	528,973	597,144
Revaluation adjustment	(2,823,849)	-	-	(2,823,849)
Disposals	-	-	(97,850)	(97,850)
At 30th June 1995	£ 5,381,150	£ 51,452	£ 699,407	£ 6,132,009
At valuation	5,300,000	-	-	5,300,000
at cost	81,150	51,452	699,407	832,009
At 30th June 1995	£ 5,381,150	£ 51,452	£ 699,407	£ 6,132,009
Depreciation:				
Charge for the year	-	10,708	-	10,708
At 30th June 1995	£ -	£ 10,708	£ -	£ 10,708
Net book value at 30th June 1995	£ 5,381,150	£ 40,744	£ 699,407	£ 6,121,301
Net book value at 30th June 1994	£ 8,097,606	£ -	£ 358,958	£ 8,456,564

The net book value of land and buildings comprises:

	1995 £	1994 £
Freehold land	250,000	96,456
Long leasehold building	81,150	81,150
Short leasehold land and buildings	5,050,000	7,920,000
	£5,381,150	£8,097,606

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

The net book value of fixed assets includes £34,376 in respect of assets held under finance leases and hire purchase contracts.

Comparable amounts determined in accordance with the historical cost convention:

	<u>Freehold Land £</u>	<u>Short Leasehold property £</u>
Costs of acquisition	203,849	5,078,166
Accumulated depreciation	-	(675,422)
	<u>£ 203,849</u>	<u>£4,402,744</u>

The company's property investments were valued at 30th June 1995 as follows:

Freehold land	<u>£250,000</u>
Short leasehold property	
Hotel, office and car park development	2,150,000
Residential and leisure development	2,900,000
	<u>£5,050,000</u>

The open market value of the company's freehold land and leasehold interest in the hotel, office and car park development were valued by Chesterton International plc, Chartered Surveyors as at 30th June 1995 in the sum of £2,400,000 in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

The open market value of the company's leasehold interest in the residential and leisure developments were valued by Rawley & Co., Surveyors, Valuers and Property Consultants as at 30th June 1995 in the sum of £2,900,000 in accordance with the Statement of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

12. Fixed Asset Investments

12.1 Group and company

	<u>Unlisted</u> <u>£</u>
Cost:	
1st July 1994	154,288
Provision for diminution in value	(19,188)
Transfer to current assets	(135,100)
30th June 1995	<u>£ -</u>

At 30th June 1995 the company was actively seeking a sale of the investment and consequently the investment is disclosed as a current asset in the balance sheet at 30th June 1995.

12.2 Company

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Investments in subsidiary undertakings:		
Shares at cost	642,005	642,003
Balances on current account	3,026,435	4,418,648
Provision for diminution	(472,241)	(474,587)
Revaluation	7,493,505	1,982,815
	<u>£10,689,704</u>	<u>£6,568,879</u>

13. Stocks

Group

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Food and beverages	<u>£11,268</u>	<u>£ -</u>

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

14. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Trade debtors	2,006,075	1,690,186	21,423	4,194
Other debtors	72,454	648,018	12,917	28,563
Prepayments and accrued income	211,339	404,189	22,835	250,680
VAT recoverable	107,836	-	-	-
	<u>£2,397,704</u>	<u>£2,742,393</u>	<u>£ 57,175</u>	<u>£ 283,437</u>

Included in the above are the following in respect of amounts due outside one year:

Other debtors	£ 20,916	£ -	£ 7,916	£ -
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15. Current Asset Investment

Group and company

	<u>1995</u>	<u>1994</u>
	£	£
Unlisted investment:		
Transfer from fixed assets investments	<u>£135,100</u>	<u>£ -</u>

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

16. Creditors - Amounts Falling Due Within One Year

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans and overdrafts (note 20)	3,582,861	2,850,000	1,086,876	1,200,000
Trade creditors	1,060,429	3,380,605	94,006	27,505
Other creditors	248,153	148,943	-	-
Other taxes and social security costs	540,485	257,444	9,723	-
Bills of exchange payable	-	1,000,000	-	1,000,000
Loan from director (note 20)	2,500,000	2,229,375	-	-
Obligations under hire purchase contracts and finance leases (note 20)	546,253	-	8,616	-
Accruals	879,999	592,770	328,491	373,358
Advance income 1995/96	1,827,678	1,639,292	-	-
	<u>£11,185,858</u>	<u>£12,098,429</u>	<u>£1,527,712</u>	<u>£2,600,863</u>

17. Creditors - Amounts Falling Due After More Than One Year

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank loans and overdrafts (note 20)	577,955	-	-	-
Amounts owed to subsidiary undertakings	-	-	5,505	4,596
Obligations under hire purchase contracts and finance leases (note 20)	2,391,295	-	32,324	-
Advance income 1996/97 onwards	112,027	33,000	-	-
	<u>£3,081,277</u>	<u>£33,000</u>	<u>£37,829</u>	<u>£4,596</u>

18. Football Trust Grants

Group

Grants from the Football Trust totalling £2,600,000 (1994 £638,914) are receivable to date in connection with the completed North Stand development.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

19. Convertible Liabilities

Group and company

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Convertible zero coupon unsecured loan stock 2008 (note 20)	<u>£5,000,000</u>	<u>£5,000,000</u>

The loan stock is zero coupon and is convertible into ordinary shares of the company at any time between 15th October 1993 and 30th October 2008 at the rate of 35p of stock for each ordinary share. Conversion is at the option of the holder.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

20. Borrowings and secured liabilities

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
The aggregate borrowings amounted to:				
Bank loans and overdrafts	4,160,816	2,850,000	1,086,876	1,200,000
Bills of exchange payable	-	1,000,000	-	1,000,000
Convertible unsecured loan stock 2008	5,000,000	5,000,000	5,000,000	5,000,000
Obligations under hire purchase contracts and finance leases	2,937,548	-	40,940	-
Loan from director	2,500,000	2,229,375	-	-
	<u>£14,598,364</u>	<u>£11,079,375</u>	<u>£6,127,816</u>	<u>£7,200,000</u>
Which are repayable as follows:				
Within one year or on demand				
Bank loans and overdrafts	3,582,361	2,850,000	1,086,876	1,200,000
Bills of exchange payable	-	1,000,000	-	1,000,000
Obligations under hire purchase contracts and finance leases	546,253	-	8,616	-
Loan from director	2,500,000	2,229,375	-	-
	<u>6,629,114</u>	<u>6,079,375</u>	<u>1,095,492</u>	<u>2,200,000</u>
Between two and five years				
Bank loan	575,000	-	-	-
Obligations under hire purchase contracts and finance leases	2,391,295	-	32,324	-
	<u>9,595,409</u>	<u>6,079,375</u>	<u>1,127,816</u>	<u>2,200,000</u>
After five years				
Convertible unsecured loan stock 2008	5,000,000	5,000,000	5,000,000	5,000,000
Bank loan	2,955	-	-	-
	<u>£14,598,364</u>	<u>£11,079,375</u>	<u>£6,127,816</u>	<u>£7,200,000</u>

The obligations under hire purchase contracts and finance leases are secured by the related leased assets.

The bank loans and overdrafts are secured by debentures giving fixed and floating charges over the undertakings and all property and assets, present and future.

The loan of £2,500,000 advanced by M. C. Harding is secured by a legal charge over monies held in a bank account for the purpose of repayment of the loan. At 30th June 1995 the amount secured was £1,087,500.

A subsidiary company has a bank loan of £577,955 repayable in variable annual instalments of which £2,955 falls due in more than five years. The rate of interest on this loan is Libor plus 2.5625%

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

21. Deferred Taxation

No provision has been made for deferred taxation. An analysis of the deferred tax (assets)/liabilities unprovided calculated at 33% (1994 33%) is:

	<u>Group</u>		<u>Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Capital allowances in advance of depreciation	779,465	31,621	(268)	(358)
Short term timing differences	(28,802)	(22,027)	-	-
Other timing differences	(23,561)	(150)	(143)	(150)
Taxation losses	(1,081,417)	(1,204,405)	(153,804)	(84,233)
	<u>(354,315)</u>	<u>(1,194,961)</u>	<u>(154,215)</u>	<u>(84,741)</u>
Property and investment revaluations	2,964,957	4,544,749	2,902,951	2,024,126
	<u>£2,610,642</u>	<u>£3,349,788</u>	<u>£2,748,736</u>	<u>£1,939,385</u>

22. Share Capital

Group and company

	<u>Authorised</u>	<u>Allotted, issued and fully paid</u>	
	<u>1995 & 1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£
150,000,000 ordinary shares of 1p each	<u>£1,500,000</u>		
102,648,083 ordinary shares of 1p each		<u>£1,026,481</u>	<u>£1,026,481</u>

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

23. Movement On Reserves And Reconciliation of Movements In Shareholders' Funds

23.1 Group

	Share capital £	Share premium account £	Revalu- ation reserve £	Profit & loss account £	Total share- holders funds £
Balance at 30th June 1993	165	2,961,155	7,820,651	(2,198,734)	8,583,237
Loss attributable to the shareholders				(1,639,033)	(1,639,033)
Additional deemed costs of lease acquisition			(528,120)		(528,120)
New share capital subscribed	26,516	992,944			1,019,460
Scrip issue	999,800	(999,800)			-
Balance at 30th June 1994	1,026,481	2,954,299	7,292,531	(3,837,767)	7,435,544
Profit attributable to the shareholders				3,097,409	3,097,409
Reduction in deemed cost of lease acquisition			58,644		58,644
Deficit on property revaluations			(310,825)		(310,825)
At 30th June 1995	£ 1,026,481	£ 2,954,299	£ 7,040,350	£ (740,358)	£10,280,772
The aggregate amount of shareholders funds are analysed as:					
				<u>1995</u> £	<u>1994</u> £
Equity interests				£10,280,772	£ 7,435,544

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

23.2 Company

	<u>Share capital</u> £	<u>Share premium account</u> £	<u>Revalu- ation reserve</u> £	<u>Profit & loss account</u> £	<u>Total share- holders funds</u> £
Balance at 30th June 1993	165	2,961,155	3,311,310	(99,634)	6,172,996
Prior year adjustment			3,385,141	(292,118)	3,093,023
Balance at 30th June 1993 as restated	165	2,961,155	6,696,451	(391,752)	9,266,019
Loss attributable to the shareholders				(421,085)	(421,085)
Investment revaluation			(1,402,326)		(1,402,326)
Additional deemed costs of lease acquisition			(528,120)		(528,120)
New share capital subscribed	26,516	992,944			1,019,460
Scrip issue	999,800	(999,800)			-
Balance at 30th June 1994	1,026,481	2,954,299	4,766,005	(812,837)	7,933,948
Loss attributable to the shareholders				(238,401)	(238,401)
Investment revaluation			5,510,690		5,510,690
Reduction in deemed cost of lease acquisition			58,644		58,644
Deficit on property valuations			(2,823,849)		(2,823,849)
At 30th June 1995	£ 1,026,481	£ 2,954,299	£ 7,511,490	£(1,051,238)	£10,441,032

The aggregate amount of shareholders funds
are analysed as:

	<u>1995</u> £	<u>1994</u> £
Equity interests	£10,441,032	£ 7,933,948

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

24. Notes to the Cash Flow Statement

24.1 Reconciliation of operating profit to net cash inflow from operating activities

	<u>1995</u> £	<u>1994</u> £
Operating profit	3,010,577	1,797,338
Depreciation charges	76,074	31,827
Movement in stocks	(11,268)	-
Movement in debtors	344,689	(1,376,493)
Movement in creditors	(2,104,443)	4,215,979
Movement in loan from director	270,625	2,229,375
Movement in advance income	267,413	490,962
Net cash inflow from operating activities	£ 1,853,667	£ 7,388,988

24.2 Analysis of changes in cash and cash equivalents during the year

	<u>1995</u> £	<u>1994</u> £
Balance at 1st July 1994	(685,976)	(226,345)
Net cash (outflow)/inflow	(1,497,094)	2,390,369
Balance at 30th June 1995	£(2,183,070)	£ 2,164,024

24.3 Analysis of changes in cash and cash equivalents during the year as shown in the balance sheet

	<u>1995</u> £	<u>1994</u> £	<u>Change in year</u> £
Cash at bank and in hand	1,399,797	2,164,024	(764,233)
Bank overdrafts	(3,582,867)	(2,850,000)	(732,861)
	£(2,183,070)	£ (685,976)	£(1,497,094)

24.4 Analysis of changes in financing during the year

	<u>Share Capital</u>	<u>Long Term Loans</u>
Balance at 1st July 1994	3,980,780	5,000,000
Cash inflow		2,969,250
Balance at 30th June 1995	£ 3,980,780	£ 7,969,250

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

25. Commitments And Contingent Liabilities

25.1 Commitments under operating leases

At 30th June 1995 the group was committed to making the following payments during the forthcoming year in respect of non-cancellable operating leases:

	<u>Group</u> £	<u>Company</u> £
Contracts in respect of land and buildings:		
Expiring outside five years	<u>£1,567,376</u>	<u>£1,557,376</u>

25.2 Capital commitments

At 30th June 1995 capital expenditure commitments were as follows:

	<u>Group</u> £	<u>Company</u> £
Contracted but not provided in the accounts	<u>£2,548,727</u>	<u>£ Nil</u>
Authorised by the directors but not contracted for	<u>£ 33,854</u>	<u>£ Nil</u>

25.3 Pension commitments

A subsidiary company contributes to pension schemes providing benefits based both upon contributions made and upon final salary. Both schemes are administered by the Football League Limited. 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 cost charge of £93,136 (1994 £33,085) is payable to these funds.

25.4 Contingent liabilities

Grants totalling £564,217 have been received in respect of the refurbishment of residential freehold property. If conditions attaching to the grants are not complied with until 1998, then the whole or a part of the grants may become repayable.

Chelsea Village Limited and Subsidiaries

Notes to the Accounts

26. Subsidiary Undertakings

Trading

Chelsea Football Club Limited	(1)
Fulham Securities Limited	(2)
Stamford Bridge Properties Limited	(2)
Stamford Bridge Securities Limited	(2)
Chelsea Village Catering Limited	(3)
Chelsea Car Parks Limited	(4)

Nature of business

- (1) Premier League Football Club
- (2) Property Lessors
- (3) Catering Services
- (4) Car Park Development

Dormant

Chelsea Limited
Chelsea Caterers Limited
Chelsea Collection Limited
Chelsea Financial Consultants Limited
Chelsea Garden Village Limited
Chelsea Leisure Services Limited
Chelsea Pensioner Limited
Chelsea Television Limited
Chelsea T.V. Limited
Chelsea Worldwide Travel Limited
Stamford Bridge Hotel Limited
The Chelsea Style Limited

The list above comprises the subsidiary undertakings, all of which are incorporated in Great Britain and registered in England and Wales.

The entire issued share capital of Chelsea Car Parks Limited is held by The Co-operative Bank Plc. However, the voting rights attached to those shares are exercised at the direction of the company and the company directs the financial and operating policies of Chelsea Car Parks Limited.

The entire issued share capital of all the other subsidiary undertakings is held by the company.

The company controls 100% of the voting rights in all its subsidiary undertakings.