

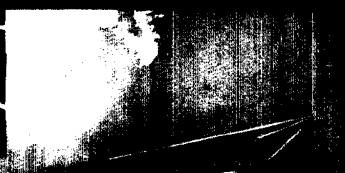
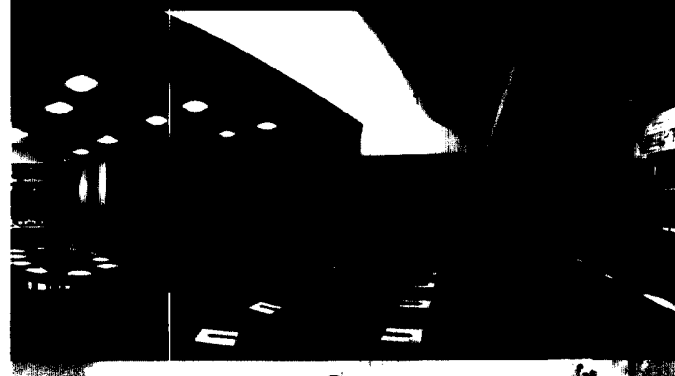


Chelsea Village plc Annual Report 2000

The impressive
main entrance to
Chelsea Village



The new West Stand with
a Millennium Suite



The new Health Club and
Visitor Attraction



Chelsea Village today...with still more tomorrow

DIRECTORS AND ADVISORS

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EXECUTIVE DIRECTORS:

KEN BATES – CHAIRMAN

Age 68. Chairman of the Group since 1992 and of Chelsea Football Club since 1982.

MICHAEL RUSSELL, ACMA

– CHIEF EXECUTIVE & FINANCE DIRECTOR

Age 43. Appointed Chief Executive October 2000, after serving over five years as Finance Director. Previous to that, he was Finance Director at London Transport Property for four years.

ALAN SHAW, FCIS

– COMPANY SECRETARY

Age 53. Appointed October 1998. Mr Shaw joined the Group in 1993 after being company secretary of S G Warburg Securities.

NON-EXECUTIVE DIRECTORS:

PATRICK MURRIN

Age 48. Appointed July 1996. A Chartered Accountant, he is a director of an international fiduciary services group based in Guernsey. He is also a director of several trust companies.

MARK TAYLOR

Age 40. Appointed May 1996. Worked in a City law firm from 1982 to 1998 when he formed his own legal firm situated at Stamford Bridge.

STEWART THOMPSON

Age 50. Appointed May 1996. Mr Thompson was Chief Executive of Single Service Ltd., which he founded in 1984, until 1998. The company was subsequently acquired by H J Heinz Corporation. Mr Thompson has a number of business interests in the U.S.

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CHAIRMAN'S STATEMENT

REVIEW OF THE YEAR

Chelsea Village approaches the completion of a dream and vision, which started over 18 years ago when I walked into Stamford Bridge in 1982 and became Chairman. It has been a long hard slog with setbacks along the way, but we are nearly there.

During that time there has been a number of significant steps - smashing Cabra Estates as they lost the fight to evict Chelsea Football Club from their ancestral home, thereby obtaining security of tenure in 1992. Commencing the North Stand in 1993, the Matthew Harding saga, which started so brightly, degenerated into a forlorn power struggle and ended in tragedy. The flotation in 1996 and subsequent raising of £38.2m of new capital, and the 10 year £75m Eurobond issue in 1997, (the first of any sporting club in the world). But probably the most significant step of all was the strategic alliance signed with BSkyB in March and completed in July of this year. That increased our share capital to nearly £72m and net assets to over £100m (both including preference shares) with cash balances in excess of £46m. However, the effect of the BSkyB deal is of much more significance than mere money and I will deal with the implications of our 80/20 joint venture with them in more detail later.

The implications of our financial strength are such that if in the end the European Commission abolishes the transfer system and we have to take a one-off hit by writing off our intangible (player) assets, we will still have sufficient financial strength, whereas some other clubs could become insolvent. Chelsea would still have a strong balance sheet and a substantial tax loss to set against future profits. Again, I will deal with the EU situation in more detail later.

The Chelsea 'game plan' has been consistent throughout. Dash for growth, complete the development as quickly as possible in parallel with strengthening the football team to enable us to compete at the highest level and sacrificing profit in the short term for the long term benefit of shareholders when all is complete. In the year under review we have made great progress. The current year will virtually see the task completed save for the North East corner infill of the Stadium and the opening of the Health Club and Visitor Attraction (both scheduled for August 2001). With the work finished we will then be able to exploit to the full the various services and facilities we have to offer, with considerable benefits in cross-selling and synergy, which should result in a substantial contribution to the financial bottom line.

BSkyB

As already said, this was the most significant financial event of the year under review. In March Chelsea signed a Strategic Alliance Agreement with BSkyB, the major points of which were:

1. BSkyB purchased a 9.9% shareholding in Chelsea Village plc.
2. BSkyB purchased £15 million non-voting preference shares in CFC.
3. BSkyB signed a 10 year lease on a Millennium Suite and paid the rent up front.
4. BSkyB was appointed as our sole commercial agent for 5 years to exploit our non matchday opportunities in return for 30% of any income generated above current levels. (However, central FA Premier League contracts including TV revenue are excluded.)
5. CV, CFC and BSkyB agreed to establish a joint venture company with CV owning 80% and Sky with 20%.

CHAIRMAN'S STATEMENT

Chelsea Village and BSkyB are forming a joint venture company to exploit all new media opportunities and create an Internet portal - and the sky literally is the limit. Live daily broadcasting and major television production can be a reality with the company becoming a major force in all aspects of television production.

The joint venture will be totally financed by BSkyB, which will also provide the technical skills required to exploit all of Chelsea's media interests, including TV, our Internet website, and the delayed transmission rights that revert to Chelsea under the new TV agreement, which commences in the 2001/2 season.

Other developments with BSkyB include the launch of Chelsea's own WAP Portal with special offers to our supporters not only to receive a free Chelsea mobile phone at special air time rates, but also to receive exclusive, up-to-date information on the Team, Club and Village, via their mobile phones where ever they may be.

One of the possible courses open to the joint venture company is to float on the Stock Exchange and in which case the Chelsea Village stake would decline to 71½% and BSkyB's holding would increase to 28½%.

It is proving to be an increasingly wise move on our part as new developments in the media emerge almost weekly. The joint venture company will collectively exploit our commercial rights within a highly competitive market place. The joint venture with BSkyB to create an independent Chelsea Village Dot Com business is well advanced and progressing well.

CHELSEA VILLAGE TELEVISION (CVTV)
Chelsea Village Television goes from strength to strength.

In June it moved into a purpose-built fully air-conditioned studio of over 2,000 sq ft. It consists of an acoustically dampened studio with full lighting rigs; a control gallery equipped with the latest digital technology; a sound booth for voice-overs and post-synchronised commentary.

The main production work continues to be the product of Channel Chelsea - a live six hour Matchday programme reputed to be the best example of its type within Europe.

Blue Tomorrow, a half hour programme produced by CVTV has a large following due to it being broadcast weekly throughout London and the South West via cable networks, and also its availability world-wide via Chelsea's own website. BSkyB will shortly be showing the programme on one of its sports channels.

CVTV also produces bespoke promotional and training videos for a growing number of external clients. The studio environment and the technical facilities are such that all these requirements can be catered for.

CHELSEA VILLAGE INTERNET WEBSITE

The past 12 months have seen further growth on the website both in terms of the number of visitors and the number of pages. The site now gets around 4.5m page impressions a month making it one of the most visited sports sites in the UK.

The site, and primarily the merchandising section, was voted the best football club website in the UK and received glowing praise from *Which?* the Consumers' Association magazine.

A few examples of recent additions include an expanded Megastore section to include over 3,000 product lines and which has shown good growth in turnover.

CHAIRMAN'S STATEMENT

The e-commerce operation was expanded to sell Match tickets on-line, which since October 1999 has seen over £1 million worth of ticket sales over the Internet. Two state of the art Webcams have been installed, one inside the stadium giving fans a live view of the West Stand construction and the other at the entrance to the Village complex.

The future is particularly exciting in terms of what the Club can offer fans throughout the Internet and the revenue that can be generated. Detailed plans are being made to expand the website into new and exciting territories and promote both the football club and Village to a world wide audience. Within a year we could be at the stage of a subscription section showing delayed video coverage of Chelsea's games over the Internet using Sky's media and journalistic resources together with its financial clout.

CHELSEA FOOTBALL CLUB (CFC)

In September Gianluca Vialli relinquished his responsibilities as coach of our first team. We acknowledge a considerable debt of gratitude to him for establishing our team in the top flight in Europe including collecting five trophies in his three and a half year reign. However, following our indifferent start to the season, it was felt that the team needed a change of direction and decisive action was required and in consequence, Gianluca left the Club. His successor, Claudio Ranieri, comes with a pedigree of building successful teams and we look forward to him putting us back on course, despite a disappointingly early exit from the UEFA Cup.

It is a measure of our progress that last season, finishing fifth in the FA Premiership, reaching the quarter finals of the European Champions League, in company with Manchester United and winning the last FA Cup final at Wembley was considered by some pundits to be disappointing.

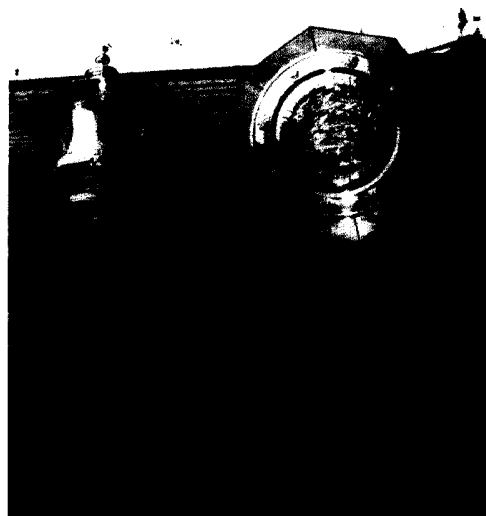
Even five years ago it would have been considered outstanding. However, success is like a drug, the more you get the more you want and Chelsea continues to adjust its sights upwards and to invest in a squad commensurate with its financial strength.

Much has been said and written about our investment in foreign players. Our approach has been, and will continue to be, to acquire the best we can within our budget. If this means we get better value from abroad, then so be it. However, in conjunction with our acquisition policy, there is recognition that a sound youth policy ultimately pays handsome dividends. While continuing to invest in top class international players in the short term, the youth coaching and scouting activities continue apace.

Since Chelsea is perceived by some as a team of ageing stars it should be pointed out that the current first team squad include Harley (21), Terry (20), DallaBona (19), Forssell (19), Gudjohnsen (22), Aleksidze (22), Morris (21), Babayaro (22), and Melchiot (24), and in addition there are a number of other young players beginning to make their presence felt in the Reserves. At the time of writing the Reserve team are top of their league, leading by seven points after 6 games.

No matter which way players arrive in the First Team, it is the management and staff at all playing levels that bring in or bring on players who desire to play for Chelsea.

*Holding the FA Cup
John Terry, and the
Charity Shield Jon
Harley, both
graduates of the
Chelsea Youth
Academy.*



CHAIRMAN'S STATEMENT

The permanent loss through injury of Casiraghi had a negative impact on our final results and with Roberto di Matteo unlikely to play again this season following his horrific accident in Zurich, it means that we have had to spend again to replace him. We have signed Slavisa Jokanovic from Deportivo La Coruna, (Spain) for US\$2.5m.

We plan to enhance our backroom facilities during the year by establishing our own training centre and academy with the quality of facilities required of a top flight club. We have endured our current arrangement for many years now, but our ability to get the best out of our players at all levels will not be fully accomplished until we have a dedicated facility where we can coach and accommodate all levels and ages. However, to locate and acquire a site convenient to Stamford Bridge and the players' homes is far from easy. A number of options have emerged from which we should, for the season 2002/3 have such a facility.

At the time of writing the position going forward on the future of the transfer system within the European Community is still debatable. We believe the existing system is fair and equitable to both parties: ie, both Club and player. However, in the event that the current transfer system is abolished and not replaced by some alternative fudge to please the bureaucrats in Brussels, we will have to consider our Youth policies and academy.

There is little point in our spending huge sums of money in developing youth talent if they can walk out at any time, without any compensation.

COMMUNITY RELATIONS AND INITIATIVES

We have substantially increased our commitment to the local community and are participating in joint initiatives with Hammersmith & Fulham Council. We actively seek to recruit staff locally and so help reduce local unemployment and continue in our efforts to improve the environment approaching East Fulham. The reason for these initiatives are twofold: first, to improve the ambience around Chelsea Village; and second, we recognised that as a major employer we have a responsibility to help in the development of the Borough. We support Hammersmith and Fulham Council whenever we can in its quest to make Fulham a better place to live and work.

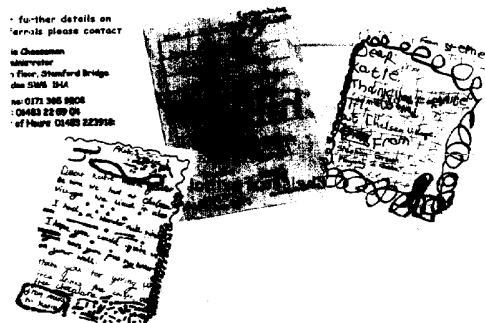
We are pleased to maintain our support of the Chelsea Children's Trust, which has been responsible for bringing some 500 underprivileged children, plus helpers, to the Club's home games last season.

We were the first Club in the country to form a Disabled team, which has been consistently successful.

Our Ladies section goes from strength to strength, such that there are now five teams playing under the Chelsea banner.

The Chelsea Football in the Community Scheme was formed as a one man operation in October 1992. Today it has six full time officers covering London, Kent and Surrey. In the current calendar year, 5,000 children will receive in-school football coaching; a further 2,500 children will benefit from out-of-hours tuition; holiday coaching camps will provide places for 5,000 youngsters and there are residential coaching courses for 600 children. In the year 2000, over 13,000 children will have benefited from this Chelsea Community Initiative.

Some of the letters from children expressing their thanks and appreciation for Chelsea's interest through the Children's Trust.



CHAIRMAN'S STATEMENT

Our relations with our neighbours continue to improve with a number of liaison committees established to ensure a genuine two way dialogue, so that we can live and work together in harmony.

HOTELS AND BANQUETING

This division continued to grow with both occupancy and room rates continuing to improve at the Chelsea Village Hotel. However, the overall performance was impaired by the launch cost of our second Village hotel, the Court Hotel, that opened in January. The increased total capacity of 291 rooms enables us to compete in the profitable residential conference market, with the knock-on effect of increased trade in the restaurants and bars. However, this type of conference business tends to have a longer lead time and consequently the benefits should be enjoyed in the longer rather than the short term.

Conference and Banqueting activity had another successful year when turnover rose by 20%. However, the sales team now have tougher targets. As the West Stand comes on stream next April there will be another six function rooms available, bringing the total to 15 at Chelsea Village. With the existing five business suites, we can now cater for anything from a board meeting of six to a product launch involving 5,000 people. Chelsea Village is destined to be a pre-eminent London venue with a variety of function rooms, restaurants and clubs unrivalled in London and with that rare commodity, secure and safe car parking.

In the current season, Chelsea Matchday executive area tickets are now sold inclusive of hospitality and we are currently providing approximately 2,150 silver service covers on Matchdays. On completion of the West Stand this will more than double to reach 5,000, by far the highest number in the country.

The benefit of selling the executive seats as a combined package is that it simplifies administration, enabling us to give a better service and extra sales of beverages.

MERCHANDISING

As with other clubs, replica kit sales have been flat this year and consequently in common with many retailers, this past year has not been easy. We believe the future lies in extending our range of Chelsea products under the Blue Flag label where there are higher margins and to concentrate on exploiting the brand name of both Chelsea Football Club and Chelsea Village. The percentage of sales via Mail Order continues to grow and our Internet site is playing a bigger part in the selling process, with overseas sales becoming more significant. In addition, merchandising now organises stadium tours and birthday parties for younger fans.

So far, over 30,000 people have experienced a Stadium Tour and incredibly, less than 25 per cent have been Chelsea supporters, which is evidence of a growing and healthy tourist market. This operation will be greatly expanded as we open the Visitor Attraction.

Chelsea parties continue to grow and prove increasingly popular. Last year, over 180 parties were booked with just under 4,000 young guests.

CHELSEA VILLAGE TRAVEL (CVT)

I reported last year that our management controls in Chelsea Village Travel (formerly EDT) were being improved and as a result running costs have been reduced. Despite this, it has been a difficult year generally within the trade as customers trade down to save costs and delay decisions on review or tender processes following British Airways postponement of its new agency scheme until April 2001.

CHAIRMAN'S STATEMENT

As a result, turnover was down on the previous year, a trend which is continuing through the current year with new sales opportunities remaining scarce.

We are of the strong opinion, that the business we thought we were acquiring is not the business we actually acquired. In consequence and accordingly, we have issued a writ against the former proprietor, alleging misrepresentation, false accounting and fraud, and seeking substantial damages, plus costs.

MILLENNIUM SUITES

There are just 17 of these remarkable suites being built in the West Stand. Marketed as a 365 day a year fully serviced London office/meeting room, they are fully self contained with their own bathroom and kitchen. On Matchdays companies can entertain up to 24 people with a comfortable silver service meal and outside seating. We have already sold two suites and we are in active discussion for another three. The suites will be a commercial alliance, which will embrace international companies of the highest repute.

The provision of a dedicated receptionist, secretarial services, catering and up to date technology such as plasma screens and Internet / e-mail access will ensure these suites offer a unique office London facility.

THE HEALTH CLUB

"Create and design the best Health Club in London. We want a 25M pool, state of the art fitness equipment, an outside running track, an environment and service that Chelsea residents can't already get and will want to join. We want the best". That was my brief.

The Health Club will be operated internally and the infrastructure is being put in place to do so.

The Club will be recognised in the market as being innovative with high levels of customer service and refreshing in its management style.

The Chelsea Club must set standards within all aspects of its business that will dilute all competitive offers and attract the attention of potential members.

The Club will offer an array of state-of-the-art fitness equipment, studio programmes to match the best personal training of the highest standards, aqua facilities to be unrivalled and relaxation areas that will be inviting. There will also be a first rate sports injury and rehabilitation clinic with the specialists necessary to ensure that customers receive excellent advice and treatment. Therapy and beauty treatments will complete the offer.

Marketing of the Club will begin in January 2001. It is anticipated that membership of the Club will be fully subscribed by the year 2003/4.

THE VISITOR ATTRACTION

"Something that will appeal to anyone interested in sport and football in particular, will become a major London Tourist Attraction and will promote Chelsea Village as the best Sports and Leisure Complex in the UK" - Again that was the brief.

The year 2001 will herald the launch of this major tourist attraction, situated above the Health Club behind the North Stand. Chelsea Village has joined forces with the Science Museum to create an exhibition comprising both a history of Chelsea and the Football Club, together with a derivative of the successful Science of Sport Exhibition previously located at the Science Museum in London. The Chelsea Village Visitor Attraction will host this on an exclusive, permanent basis within the UK.

CHAIRMAN'S STATEMENT

The Attraction will be high tech, very interactive, educational, and above all else, entertaining, and it is planned to open next August.

LOOKING FORWARD

Looking forward the future is bright. During 2001, the Chelsea Village development will be complete with the opening of the West Stand, Health Club and Visitor Attraction providing substantial new income streams.

The opening of the nightclub in November ('Bluebells' on Matchdays, 'Purple' on non-Matchdays) will be a contributor in its own right.

Whilst we will not enjoy any financial benefit in the 2000/01 year from the West Stand completion, revenues for all the businesses from 2001/2 onwards should be material as an extra 7,000 fans per game will be able to attend Stamford Bridge.

To date we have leased two millennium suites at the rate sought and the executive boxes have a substantial waiting list

The advent of the new FAPL TV deal will increase our TV income from £8m to between £25-30m a year until 2004. Our shirt sponsorship is up for renegotiation at the end of this season and discussions with possible commercial partners are in progress which should result in a substantial increase in revenue.

In September our Chief Executive, Peter Bewsey, left to pursue his personal interests. Our Finance Director, Michael Russell has now assumed that responsibility in his stead. Michael has been with us for five and a half years and that experience will be to our benefit for the future. We are confident that he will play a significant part in taking the Group forward.

The current year will be a difficult one as we try to strike a balance between our current playing demands and investing in our commercial future, but the seed corn investment is starting to grow and should yield a rich harvest in the future. As the development plan draws to a close, our focus has shifted towards developing the Group into a lean, ambitious and profitable organisation.

Having completed the transaction with BSKyB which drew upon the remaining unauthorised share capital, your Directors recognised the need to increase the Authorised Share Capital to accommodate the Share Option Scheme for staff approved by shareholders in 1997.

Whilst at this stage we have no current plans to utilise the additional authorised capital for other than the Share Option Scheme, your Board thinks it prudent to increase the Authorised Share Capital from 170 million to 200 million ordinary shares of 1p each. A resolution to this effect will be put before you at the Annual General Meeting; hopefully, you will feel able to support this.

Developing a business on a site, which itself is being redeveloped, has placed a great strain on the Board, the management and our staff during the past year, and it is right that I recognise this above-the-call-of-duty contribution to our progress, which is still on-going. Without this effort, we would not be where we are today and I am personally very grateful for all the support and encouragement that they have given to me.

KEN BATES

1 November 2000

MARKETING REVIEW

As each 12 months period goes by, the customer offer expands with new services and facilities coming on stream as the investment in Chelsea Village turns it into a prestigious mixed-use sports and leisure destination.

More people than ever are experiencing and appreciating the range of leisure-related offerings, according to customer feedback questionnaires that were introduced during the year – from nights at the hotel, conferences and dinners, restaurants, tours, shopping and sporting activities.

Shared customer databases have been developed to maximise the opportunity presented by each customer interface to encourage use of the full range of Chelsea Village leisure experiences. As a result, the customer appeal is being extended well beyond the surrounding local community and traditional followers of Chelsea football.

The new Visitor Attraction at Chelsea Village incorporating a development of the successful interactive exhibition from the Science Museum and a Chelsea interactive display, 'Science of Sport' will be unveiled along with the Health and Fitness Club in 2001, and this will extend still further the appeal of Chelsea Village as a top leisure destination.

But more than this, the continuing expansion of Chelsea Village is providing a dynamism that will see a still growing range of Village offers and promotional opportunities to keep alive the unique Chelsea leisure experience.

All under the powerful Chelsea Village brand.

CHELSEA VILLAGE MERCHANDISING

The promotional activity generated by the on-site Megastore – one of the country's largest Premiership Club retail units – and its sister Chelsea Club Shop in Guildford, Surrey, along with the Mail Order activity is carrying the Chelsea name far and wide.

Customers coming from as far away as Australia and South Africa via the Internet.

Orders placed via the Chelsea website grew by an amazing 320% in the past year, illustrating the power of e-commerce whilst offering convenient shopping for visitors. There is strong potential for Chelsea to do even better in this area during the current year.

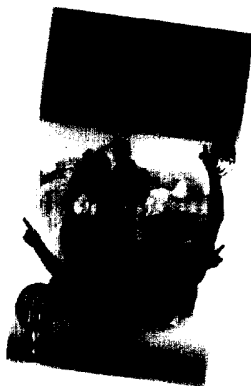
Nevertheless, the Mail Order side of merchandising supply continues to expand its operations and this was particularly well illustrated by the launch of a Spring/Summer catalogue, representing another 'first' for Chelsea. This new catalogue, complementing the usual Autumn/Winter edition and containing the Football Club Team's new Away Kit, proved particularly popular and substantially raised sales of comparable merchandise on a year-on-year basis. A new Christmas catalogue supplements the year-round Mail Order offer.

The Club's success in the FA Cup and Charity Shield represented a golden opportunity for the special 'photo booth' to be reintroduced, allowing customers to be pictured alongside the trophies and at times up to 50 people have been queuing to gain their personal photographic memento.

But the need for customer care remains paramount, which is why the merchandising team was keen to gain in May 1999 the ISO 9002 award for quality management to see that both the goods and the service provided meet customer requirements. Every six months, the award is audited by The British Standards Institute to ensure that this valued quality standard for retailers and associated businesses is maintained.

Making sure that every opportunity is taken to gain customer attention, the ever-popular Chelsea Stadium Tours always embrace the Megastore.

*One of the Chelsea
Football Club
Videos.*



MARKETING REVIEW

In the last 12 months, over 30,000 people have experienced a tour and last year saw a 20 per cent increase in numbers with visitors coming from such places as North America, Japan and Australia.

Now a second 'deluxe' tour is being developed that will extend to Corporate clients and a third 'mini' tour option introduced to coincide with the opening of the Visitor Attraction.

Details & bookings for Stadium Tours and for the Mail Order catalogue are on 0870 603 0005, or the Chelsea website www.chelseafc.co.uk.

CHELSEA FOOTBALL CLUB

Club membership continues to grow and now stands at 40,000, with demand for season tickets continuing to exceed their 20,000 availability. As further evidence of the Club's popularity, the numerous corporate facilities for the season, including Executive Boxes, the Executive Club, and the Canaletto and Bluebells Clubs are sold out, as well as the Galleria in the South Stand with superb views of the pitch and pre-match dining.

With only a few months to go before the new West Stand is complete, demand should be eased with the availability of additional corporate facilities. These include 28 Executive Boxes with eight seats, plus two with 16 seats – all with the benefit of being able to view games from a private balcony fitted out to the highest specification – together with two further Executive Club rooms with dining.

Less than a handful of Premiership matches remain available for Match Sponsorship, an ideal way to promote companies and entertain in the Directors' box, whilst one-off Matchday 'Gold Packages' are convenient to add to the hospitality offering with prices that start from £150 per person, plus VAT.

Advertising opportunities at sites around the Ground and in the Matchday Programme complete the picture.

For corporate hospitality bookings and details of advertising costs, telephone 020 7385 7809.

CHELSEA VILLAGE HOTELS

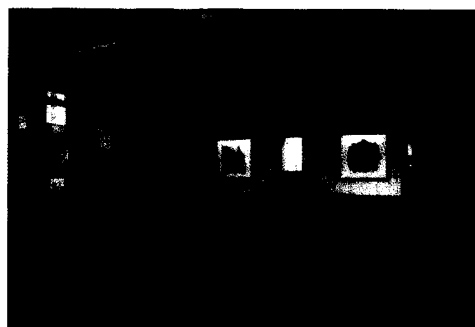
Whilst Chelsea's football matches attract some supporters to stay close to the action at one of the two hotels at Chelsea Village, there is also a huge appeal to visitors attending exhibitions, conferences and events both on-site and at nearby centres, as well as to tourists.

The hotels' sales team has had particular success in the corporate and conference markets, which, when coupled with the increasingly strong Chelsea brand awareness, has produced more than a 50 per cent increase in room nights in the financial year on a comparable basis, and room revenue growing similarly.

In January, the second 4-star hotel at Chelsea Village - the 131-bedroom Court Hotel - was opened and just two days later both it and the original 161-bedroom Chelsea Village Hotel were both fully occupied.

Special offers to encourage international as well as UK customers, aided by messages posted on the Chelsea web-site, have been keenly taken up, resulting not only in greater hotel occupancy but also more footfall at the Megastore and Stadium Tour bookings, which clearly demonstrates the power of Chelsea's integrated marketing approach.

The new Court Hotel reception area.



MARKETING REVIEW

Strong connections with the capital's two major exhibition centres – Earls Court and Olympia – nearby, has helped to gain still better general awareness of the hotels to benefit both exhibitors and their customers, as well as Chelsea Village.

This is well illustrated by the fact that Chelsea Village Hotel has been nominated for an unprecedented third successive time as the headquarters hotel for the prestigious World Travel Market, a high-profile exhibition at Earls Court that provides a shop window for the full range of Chelsea-branded products on offer to business people and tourists.

For Hotel bookings and information telephone 020 7565 1400.

CHELSEA VILLAGE CONFERENCE & BANQUETING

Working with the hotels, the specialist conference and banqueting sales team has established Chelsea Village as an exhibition centre in its own right and particularly for residential conferences, utilising both on-site hotels and where a special rate structure has been established. The success of this approach can be seen in the hosting of conferences and displays by such well-known organisations as KPMG, Visa, and others.

It is not surprising therefore, to find that in the first year of our Client Evaluation programme, more than 40% of conference and banqueting business in the last year arose from personal recommendation. And the survey found that at least nine out of ten clients would encourage their colleagues or associates to also use Chelsea Village services and facilities!

With sales efforts concentrated on building relationships with clients to secure new and repeat business, the net result has been a further 20 per cent year-on-year sales growth in this part of the Chelsea Village business.

Part of the sales effort has been directed at developing use of the Chelsea website and the introduction of a dedicated conference and banqueting e-mail address, which now accounts for a fifth of all new business leads.

The Galleria in the South Stand, with expansive views directly over the Chelsea pitch, continues to be the most popular function room with obvious attraction to an increasing number of blue chip clients.

The Dixons and Tamblings function rooms in the North Stand similarly are strongly corporate business-orientated, but here it has proved particularly appealing to training companies where, as a result of new arrangements, both turnover and usage is increasing still further. Drakes, also in the North Stand, remains popular for private dinners and wedding receptions, utilising the Chelsea Licence to perform wedding ceremonies.

The famous Stamford Bridge pitch was used in the 'off-season' on just 12 days – fewer than in 1999 – in May/June, when business trebled to produce net sales of £191,000, with a rise in both average spend per booking and total revenue. This was the result of the introduction of an innovative 'per hour' booking rate being offered to fill gaps between day and evening events.

The conference & banqueting team is expecting still further growth in on-pitch events income with the prospect of again having more days available between football seasons, particularly since Chelsea is one of only a few London Clubs where such events can be held.

A 'soft' launch of the new West Stand is being implemented with a pre-opening brochure. Special previews were arranged in October for Agents and Corporate clients to introduce the facilities at Chelsea Village.

MARKETING REVIEW

Christmas comes but once a year and the one-off advent of the Millennium Year celebrations combined to make the 1999 festive season particularly successful. Turnover grew by 37 per cent on a like for like basis as parties were held over an unusually extended period between November and January. An extension to the drinks licence to midnight gave wider appeal to the Galleria as a venue. This Christmas and New Year will continue the success of last year with 'packages' still available.

'Beam Backs', where Chelsea away games were shown on six occasions on large TV screens at special events, were an innovation last year. These attracted an average of 900 fans to each event – at usually short notice because of last-minute administrative approvals – and generated £100,000 net revenue. It is expected that the number of these events will more than double in the current season.

For more information on Conferences and Banqueting telephone 020 7915 1962.

CHELSEA VILLAGE RESTAURANTS

The Shed Bar, the popular 'local' at Chelsea Village, has grown its business in the year by a third, helped in part by utilising the 'Beam Backs' as an opportunity to attract customers, as well as a series of theme nights where both the customers and the décor of the bar transform at '70's' and 'salsa' evenings.

In the meantime, Fishnets as the main focus restaurant at the Village, was revamped under new management with a new chef and menu and re-launched in February with praise from such diverse publications as the *Financial Times* and *Where in London*. Indeed *Goodlife Magazine* commented: "The presentation [of food] was five star and there is a stunning selection of deserts from which to choose.

Everything is reasonably priced and beautifully served." That was praise indeed!

The Fishnets business continues to grow aided by the recently launched "Fridays in Fishnets" events featuring music from a live combo that has proved popular with local residents too.

Arkles, the Irish restaurant, earned a 100 per cent score in a recent survey of customers for its style of cooking and service level and this restaurant has also just been re-launched with a new chef and management before an invited 'elite' of London's Irish community.

And a restaurant that has consistently earned praise for its quality of food is Kings Brasserie in the Chelsea Village Hotel, re-awarded an AA rosette in October.

Utilising both Arkles and the Galleria, the restaurants marketing team have developed the Chelsea Sporting Supper Club with monthly celebrity speakers, such as ex-England cricketer Alec Stewart, politician David Mellor and several Chelsea Football personalities past and present including the 70's player, Peter Osgood.

In addition, three boxing nights in association with London's oldest amateur boxing club, the Fitzroy Lodge, were sell-out dinner events and are being repeated in the current year.

Overall, the revenue produced by the restaurants grew by some 37 per cent.

**For restaurant bookings,
telephone 020 7565 1435.**

PURPLE - THE NIGHTCLUB

The current financial year sees the public launch on 17 November of the Purple night club at Chelsea Village, extending still further the appeal.

MARKETING REVIEW

The club, which will accommodate up to 600 people, brings West End standards to the Chelsea and Fulham areas, but with many advantages, including the large on-site car park with valet service, and neighbouring Chelsea Village hotels, and Sports Bar.

Draped with plush purple velvet and with leather banquettes and other seating, the Purple night club has three VIP sections catering for parties of up to 25 people, who will enjoy upmarket disco and occasional live entertainment.

For Purple club membership telephone 020 7610 6028.

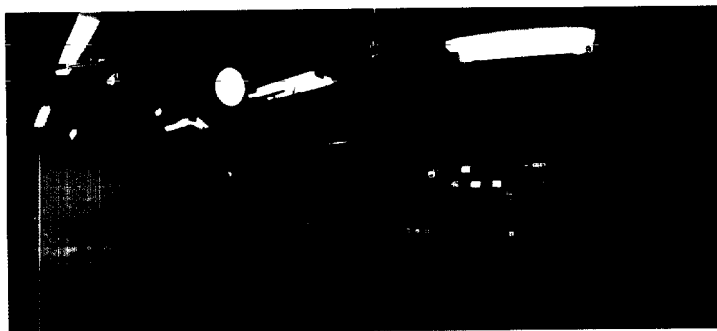
CHELSEA VILLAGE TELEVISION

Chelsea Village Television (CVTV), established in 1994 to coincide with the opening of the Matthew Harding Stand, has grown each year and now has an audience of 35,000 for every Chelsea Football Club home game and up to 2.5m people watch its weekend cable programme, *Blue Tomorrow* throughout London and the south west.

Extending its audience still further, *Blue Tomorrow* can be seen worldwide, via Chelsea's website.

CVTV also produces promotional and training videos for a growing number of external organisations, including those covering the entertainment, newspaper, brewing, airline and hotel industries.

The new Chelsea Village TV Studio.



The new purpose-built broadcast studio and edit facilities are available for hire at competitive rates to external producers, who appreciate having to handle all of their technical requirements in an air conditioned and relaxed atmosphere.

For information on CVTV and its services, telephone 020 7915 1981.

CHELSEA VILLAGE TRAVEL

The latest aspect of Chelsea Village to benefit from focusing on the strong Chelsea corporate brand name is its travel business, formerly known as EDT.

The leisure side of Chelsea Village Travel has moved to join the new business headquarters at Redhill, which will enable centralised management of a dedicated telesales department, which will also utilise a new website shortly to be launched to reach both leisure and business clients.

Progress has been made during the year with the transfer of certain corporate operations from commission to fee based activity to ensure complete transparency and independence of advice given to corporate customers. This process will be complete by January.

The travel business is keen to extend advanced computer-based systems to benefit both client services and as a means to improve productivity.

On-line reservations via the Internet for travel and holidays will shortly be added.

For corporate travel requests, telephone 01737 646410.

For holiday information, telephone 01737 646415.

FINANCIAL REVIEW

Analysis of Results

In the year ending 30th June 2000, Chelsea Village plc increased turnover to £106.8m (1999, £91.5m), tangible fixed assets to £133.3m (1999, £112.4m) shareholder funds to £86.1m (1999, £69.5m) and cash generation to £21.2m (1999, £11.4m).

The Group made a loss before tax of £3.5m (1999, £0.5m loss) after writing off £0.9m of costs associated with opening the hotels, mail order and merchandising business's, which the Board believed had no future economic value, and charged additional depreciation of £0.5m following the full adoption of FRS15.

The Company believes that in the current development stage, cashflow is more important than profitability as it is focusing its attention on generating future growth. Cash generated from operations was £9.8m more than last year, whilst in 2000, our EBITDA was £10.6m (1999, £9.8m).

The Group has continued to invest in the assets at Stamford Bridge with £20.1m spent in 1999/2000 which took the total investment over the last six years to £95.8m (see Chart 5).

GROUP FINANCIAL HIGHLIGHTS

	2000	1999
	£m	£m
Turnover	106.8	91.5
Gross Profit	25.1	20.7
EBITDA	10.6	9.8
Profit before Player Amortisation	7.6	7.8
Loss before tax	(3.5)	(0.5)
Shareholder Funds	86.1	69.5
EPS	(2.2)p	(0.4)p
Adjusted EPS	1.3p	1.3p

The completion of the West Stand in April 2001 and thereafter the Sports & Leisure in September 2001 will raise that total to approximately £140m.

In March 2000 BSkyB signed a strategic alliance with Chelsea Village plc to develop its new media interests by way of an 80/20 joint venture in Chelsea's favour and market the Chelsea brand worldwide.

In recognition of the strength of the Chelsea brand, BSkyB committed to invest £25.0m in Chelsea Village plc equity, acquire £15.0m in CFC preference stock and take a ten year interest in one of the new West Stand Millennium Suites for £10.0m.

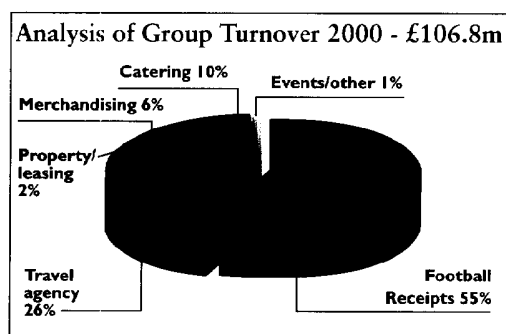


Chart 1

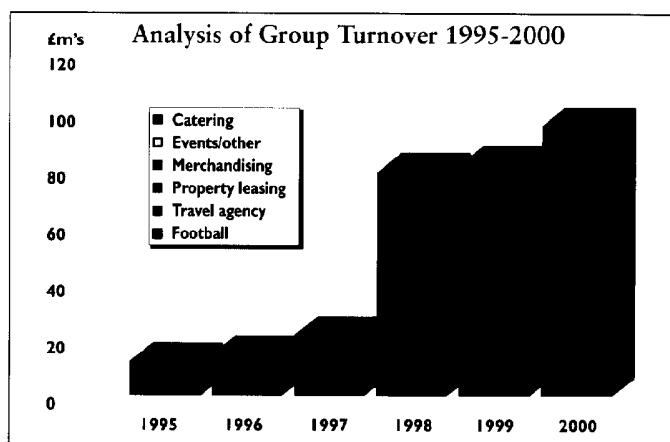


Chart 2

FINANCIAL REVIEW

Analysis of Results

MAJOR SUBSIDIARY COMPANY CONTRIBUTIONS

Chelsea Football Club

Chelsea Football Club turnover increased to £59.0m (1999, £44.1m) following the success of winning the FA Cup and reaching the quarter final stage of the Champions League.

FA Premier League matchday receipts including season ticket holders increased to £16.2m (1999, £13.5m), whilst season tickets sold increased to 19,493 (1999, 17,801). The Club sold out for all FAPL games, underpinning the decision to commence the construction of the West Stand as soon as planning consent was received. The European Champions League campaign resulted in BSkyB coverage of Chelsea games declining to 6 games (1999, 10) with the resultant reduction of £1.0m in television income.

Corporate sales, advertising and sponsorship income increased 11.1% to £10.0m (1999, £9.0m) and total membership increased from 58,572 to 59,255.

The Club continued to strengthen the squad during the year spending £23.1m to acquire 8 player registrations whilst releasing 4 players from the contracts at a gain of £6.1m (1999, £5.7m). With the increased investment in players the amortisation charge for the year rose to £11.6m (1999, £8.5m). The cost of acquiring international players will continue to be an increasing charge to the business.

The increase in the first team playing squad accounted for the 42% increase in player salaries. After bonuses relating to success, total player wages increased 50% for the season, more than covered by the £14.9m increase in turnover and represented 61% of total turnover (1999, 60%). Once the West Stand has been completed this percentage will fall.

Chelsea Village Hotel

Chelsea Village Hotel increased turnover to £6.3m (1999, £4.2m) of which only £0.6m was derived from the new Court Hotel which opened in January. The 291 bedrooms were occupied for 59.7% of the time, although this average was depressed by the opening of the Court Hotel.

The main hotel operated at an occupancy rate of 71% (1999, 47.7%). In the current year the hotel and catering businesses are being merged with the intention of improving customer communication and reducing operating costs whilst maintaining the high service standards already achieved.

Chart 3

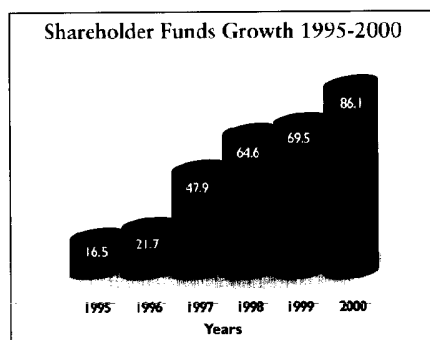
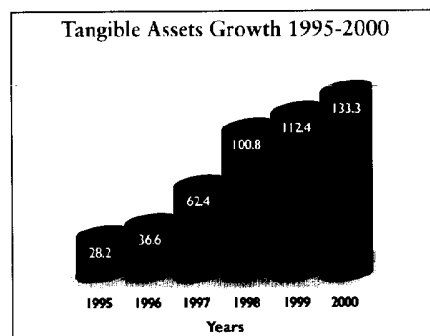


Chart 4



FINANCIAL REVIEW

Analysis of Results

Chelsea Village Catering

Chelsea Village Catering produced a sixth year of continuous growth with turnover up £0.7k or 20% at £4.2m (1999, £3.5m).

Matchday catering at £2.3m (1999, £2.0m) benefited from the 31 home games played during the year. Conference and Banqueting income, which grew to £1.8m (1999, £1.5m), is the area where the Board is looking for continued growth as the market becomes more aware of the versatility of options, the quantity and variety of clients Chelsea can cater for.

The completion of the West Stand during the current year will create greater opportunities with six additional function rooms and a 24,000 sq ft banqueting suite becoming available.

Chelsea Village Merchandising

Chelsea Village Merchandising turnover was static during the year at £6.4m (1999, £6.7m) but the company was very pleased with the growth from the Internet division where turnover increased 320%.

There was a shift in sales from replica kit to our Blue Flag range of leisure apparel which generates greater margins. Blue Flag accounted for 75% of turnover in 2000 (1999, 72%) and it is the improvement to this range that will generate growth in future years.

Chelsea Village Travel (CVT)

Chelsea Village Travel's (previously EDT) turnover was £28.1m (1999, £29.1m) in what was a very difficult year for the business when both the Managing Director and the Financial Controller left the company.

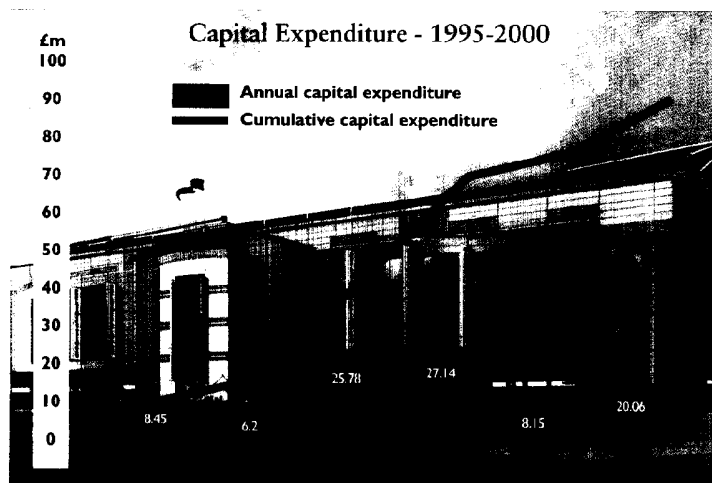


Chart 5

At the same time, the market is changing dramatically following the decision by BA to firstly reduce commissions from 9% to 7% and then to reduce airline commissions to nil.

The method of revenue generation needs to be replaced by a fee charging structure where all air tickets are sold on a net basis and a fee charged for the service provided.

Other

The Group completed the sale of the final 8 residential apartments for £1.8m. In the last three years 54 apartments have been sold raising in excess of £12.5m.

M I Russell

Chief Executive and Finance Director
1 November 2000

DIRECTORS' REPORT

for the year ended 30 June 2000

The Directors present their annual report and financial statements for the year ended 30 June 2000.

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, travel agency, car park management, event organisation and operation and property development and management.

REVIEW OF THE BUSINESS

A review of the activities of the Group is set out in the Chairman's Statement. The results for the year are set out in the profit and loss account on page 20.

DIRECTORS

The Directors of the Company during the year and the interest of those serving as at 30 June 2000 in the share capital of the Company, which were all beneficial, were as follows:

	30 June 2000 No. of shares	30 June 1999 No. of shares
Executive		
K.W. Bates	30,000,000	30,000,000
P.T. Bewsey	80,000	28,500 *
(appointed 30 November 1999, resigned 29 September 2000)		
G. J. Pinchen		
(resigned 31 August 1999)	N/A	1,455,742
M.I. Russell	6,000	3,000
A.L. Shaw	5,100	5,100
Non executive		
P.J. Murrin	100	100
R.M. Taylor	Nil	Nil
S.O. Thompson	2,811,743	2,811,743
*as at date of appointment		

A.L. Shaw served as Company Secretary throughout the year.

In accordance with the Articles of Association M.I. Russell and R.M. Taylor retire by rotation. Members are invited to re-elect these Directors.

RESULTS AND DIVIDENDS

The net loss for the year, after taxation, was £3.502m (1999 £0.714m - loss), and has been transferred to reserves. The Directors do not recommend the payment of a dividend for the financial year.

FIXED ASSETS

The movements in fixed assets during the year are as shown in notes 13 to 15 to the financial statements. The intangible fixed assets include the unamortised portion of the cost of players' registrations.

Two Directors and a senior member of the player management of Chelsea Football Club Limited have each independently valued the playing staff. The average of their aggregate valuation as at 30 June 2000 was £76,417,000.

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

The Group's freehold, long and short leasehold land and buildings were valued at 30 June 2000 by Chesterton International plc.

These valuations as detailed in note 14 have been incorporated in these financial statements.

DONATIONS

During the year the Group made no charitable donations in the United Kingdom (1999 £nil). There were no political donations during the year (1999 £nil).

DIRECTORS' REPORT

for the year ended 30 June 2000

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 50 days credit based on the total amounts of goods and services invoiced by them.

POST BALANCE SHEET EVENTS

Since the year end the Group has acquired the registration of 3 players, and sold 5 at a net cost of £11.3m.

SIGNIFICANT SHAREHOLDINGS

Apart from the interests of the Directors referred to above, the Company has received the following notifications of holdings of more than 3% of the share capital of the Company as at the date of this report:

Swan Management Ltd	26.3%
N Y Nominees Ltd	21.1%
British Sky Broadcasting Group plc	9.9%
Havering Ltd	4.4%

CORPORATE GOVERNANCE

The Directors take the view that it should comply with the Combined Code of Best Practice.

The Board consists of three executive and three non executive Directors. It meets regularly throughout the year.

The Board has established independent Audit and Remuneration Committees both of which consist of the three non executive Directors, one of whom acts as Chairman.

Each Committee has formal terms of reference approved by the Board.

The Audit Committee meets at least quarterly and has responsibility to monitor controls established to ensure the integrity of the financial information reported to the Shareholders.

The Remuneration Committee advises executive Directors and the Board on the remuneration of senior executives of the Group.

A Nominations Committee has not been established because the approval and appointment of Directors is considered to be a matter for the entire Board.

INTERNAL FINANCIAL CONTROL

The Directors acknowledge that they have overall responsibility for the Group's system of internal financial control, the main components of which are summarised as follows:

There is a comprehensive budgeting system for all items of expenditure, with the annual budget approved by the Board. Actual results are compared to budget on a monthly basis and reported to the Board with revised financial forecasts for the year.

Whilst the system can provide only reasonable, not absolute assurance against material misstatement or loss, the system is designed to ensure the Group's assets are safeguarded against material loss.

The Group's control procedures require all transactions to be properly authorised and recorded and that the Group's financial position and performance are fairly reported.

DIRECTORS' REPORT

for the year ended 30 June 2000

GOING CONCERN BASIS

After making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to enable the Directors to adopt the going concern basis in preparing the financial statements.

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 the 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 a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EMPLOYEES

The Group recognises the importance of good employee relations and communications. Employee participation practices are appropriate to each company's needs. Employees are regularly kept informed of and express their views on activities which are of concern to them or which 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.

AUDITORS

The auditors Saffery Champness have indicated their willingness to accept re-appointment, under Section 385(2) of the Companies Act 1985.

Signed on behalf of the
Board of Directors

A.L. Shaw
Director
1 November 2000

AUDITORS' REPORT

for the year ended 30 June 2000

AUDITORS' REPORT TO THE MEMBERS OF CHELSEA VILLAGE PLC

We have audited the financial statements on pages 20 to 38.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 18, 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 circumstances of the Company and the Group, 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 30 June 2000 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness
Chartered Accountants and
Registered Auditors
London
1 November 2000

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
TURNOVER	2		106,771		91,531
Direct operating costs			(81,656)		(70,879)
GROSS PROFIT			25,115		20,652
Administrative expenses			(17,470)		(12,891)
			7,645		7,761
PLAYER AMORTISATION	3		(5,574)		(2,875)
OPERATING PROFIT	4		2,071		4,886
Interest receivable and similar income	8	1,167		1,567	
Interest payable and similar charges	9	(6,740)		(6,960)	
			(5,573)		(5,393)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(3,502)		(507)
Taxation	10		–		(207)
RETAINED LOSS FOR THE YEAR			(3,502)		(714)
Retained profit brought forward			3,397		4,111
RETAINED (LOSS)/PROFIT CARRIED FORWARD			(105)		3,397
LOSS PER SHARE	12		(2.2)p		(0.4)p
ADJUSTED EARNINGS PER SHARE	12		1.3p		1.3p

The notes numbered 1 to 32 form part of these financial statements.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 June 2000

	2000 £'000	1999 £'000
Loss for the financial year	(3,502)	(714)
Unrealised surplus on revaluation of freehold and long leasehold properties	2,584	5,139
Total recognised gains and losses for the financial year	(918)	4,425

The notes numbered 1 to 32 form part of these financial statements.

BALANCE SHEETS

as at 30 June 2000

		Group		Company	
		2000	1999	2000	1999
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	13	34,672	27,875	–	–
Tangible assets	14	133,284	112,388	2,122	2,896
Investments	15	–	–	71,863	102,776
		167,956	140,263	73,985	105,672
CURRENT ASSETS					
Stocks	16	740	1,002	–	–
Debtors: Due in one year	17	30,862	9,474	19,766	211
Due after one year	17	9,331	9,685	9,331	9,685
Short term development	18	–	13,066	–	–
Cash at bank and in hand		42,222	14,463	41,509	15,292
		83,155	47,690	70,606	25,188
CREDITORS					
Amounts falling due within one year	19	(35,375)	(18,351)	(4,571)	(4,387)
Income in advance	19	(15,265)	(12,956)	–	–
		(50,640)	(31,307)	(4,571)	(4,387)
NET CURRENT ASSETS					
		32,515	16,383	66,035	20,801
TOTAL ASSETS LESS CURRENT LIABILITIES					
		200,471	156,646	140,020	126,473
CREDITORS					
Amounts falling due after one year	20	86,298	83,989	73,772	73,796
Income in advance	20	10,000	41	–	–
Football Trust grants	22	3,100	3,100	–	–
CAPITAL AND RESERVES					
Called up share capital	24	1,695	1,588	1,695	1,588
Share premium account	25	55,130	37,762	55,130	37,762
Revaluation reserve	25	29,353	26,769	7,072	7,072
Profit and loss account	25	(105)	3,397	2,351	6,255
EQUITY SHAREHOLDERS' FUNDS					
	25	86,073	69,516	66,248	52,677
Minority interests		15,000	–	–	–
		200,471	156,646	140,020	126,473

These financial statements were approved by the Board of Directors on 1 November 2000.
K. W. Bates M. I. Russell

The notes numbered 1 to 32 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
CASH FLOW FROM OPERATING ACTIVITIES	26.1		21,222		11,374
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26.2		(5,573)		(5,393)
Taxation			(15)		(192)
Capital expenditure and financial investment	26.2		(19,607)		(24,936)
Acquisitions and disposals			—		(208)
Cash outflow before use of liquid resources and financing			(3,973)		(19,355)
Management of liquid resources	26.2		(12,957)		19,180
FINANCING					
Issue of shares		17,475		—	
Issue of shares to minority interests		15,000		—	
Reduction in debt	26.2	(743)		(1,380)	
			31,732		(1,380)
			14,802		(1,555)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	26.3				
Increase/(Decrease) in cash in year		14,802		(1,555)	
Cash outflow from change in debt		743		1,380	
Cash outflow/(inflow) from change in liquid resources		12,957		(19,180)	
Change in net debt resulting from cash flows			28,502		(19,355)
Amortisation of Eurobond issue costs			(192)		(192)
Movement in net debt in year			28,310		(19,547)
Net debt at 1 July 1999			(65,898)		(46,351)
NET DEBT AT 30 JUNE 2000			(37,588)		(65,898)

The notes numbered 1 to 32 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

I. 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.

a) Basis of preparation of financial statements

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

b) Consolidation

The Group financial statements incorporate the financial statements of Chelsea Village plc and all its subsidiary undertakings for the year ended 30 June 2000. Acquisitions are accounted for under the acquisition method 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 Balance Sheet and amortised over its expected useful life.

A separate profit and loss account dealing with the results of the Company only has not been presented as permitted by Section 230 of the Companies Act 1985.

c) Investment in subsidiaries

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

d) 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
Freehold buildings:-	
Structures	Over 125 years on a straight line basis
Residual finishes	Over 25 years on a straight line basis
Long leasehold buildings:-	
Structures	Over 100 years on a straight line basis
Residual finishes	Over 25 years on a straight line basis
Plant and equipment	Over 4 to 10 years on a straight line basis

e) Players' registrations

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

f) Players' signing on fees

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of the 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.

g) 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.

h) 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.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

i) **Grants**

Capital grants received are included in the balance sheet as liabilities. Where grants are not repayable they are released to the profit and loss account over the useful life of the applicable asset. Where the retention of grants is dependant on continuing obligations, no release to the profit and loss account is made.

j) **Turnover**

Turnover represents all income arising from the ordinary activities of the Group excluding transfer fees and excluding Value Added Tax.

k) **Hire purchase and leasing commitments**

Assets held under hire purchase contracts and finance leases are included in fixed assets at total rental cost less finance charges. Finance charges are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation. Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the lease.

l) **Pensions**

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

m) **Stocks**

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

n) **Stadium development**

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

o) **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.

2. SEGMENTAL INFORMATION

	Turnover	<i>Turnover</i>	Profit/(loss)	<i>Profit/(Loss)</i>
	2000	<i>1999</i>	2000	<i>1999</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Football activities	59,009	<i>44,076</i>	3,293	<i>6,744</i>
Travel agency	28,119	<i>29,103</i>	(494)	<i>(1,082)</i>
Property sales/leasing	1,973	<i>3,336</i>	443	<i>938</i>
Hotel, catering	10,434	<i>7,664</i>	(227)	<i>(558)</i>
Merchandising	6,387	<i>6,688</i>	(351)	<i>(204)</i>
Publications/Licencing	473	<i>369</i>	(56)	<i>(439)</i>
Car parking/Events/Other	376	<i>295</i>	224	<i>168</i>
Central group costs			(761)	<i>(681)</i>
Profit before interest			2,071	<i>4,886</i>
Interest (net)			(5,573)	<i>(5,393)</i>
	106,771	<i>91,531</i>	(3,502)	<i>(507)</i>

All turnover arises in the United Kingdom, excludes value added tax and relates to continuing operations.

The net assets of the football and travel agency segments were £50,039,220 (1999: £30,066,637) and £259,542 (1999: £994,085) liabilities) respectively.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

3. PLAYER AMORTISATION

	2000 £'000	1999 £'000
Amortisation of cost of players' registrations	11,624	8,544
Gain on disposal of players' registrations	(6,050)	(5,669)
	<u>5,574</u>	<u>2,875</u>

4. OPERATING PROFIT

This is stated after charging:

Depreciation of tangible fixed assets:		
Owned	1,472	1,207
Leased	271	265
Amortisation of intangible assets	11,872	8,942
Operating lease rentals:		
Land and buildings	1,173	699
Other	237	88
Pre-opening expenditure previously carried forward	917	236
Auditors remuneration and expenses		
Audit	115	90
Non-audit services	40	20
	<u></u>	<u></u>

5. STAFF NUMBERS AND COSTS

	2000 No.	1999 No.
The average number of employees of the Group during the year was as follows:		
Playing staff, managers and coaches	78	55
Ground staff	13	8
Administration and commercial	402	442
	<u>493</u>	<u>505</u>
The aggregate payroll costs of these employees were as follows:		
	£'000	£'000
Wages and salaries	44,297	28,466
Social Security costs	4,038	3,056
Other pension costs	430	276
	<u>48,765</u>	<u>31,798</u>

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

6. DIRECTORS' EMOLUMENTS

	2000 £'000	1999 £'000
Aggregate emoluments	314	142
Pension contributions to money purchase schemes	31	14
	<u>345</u>	<u>156</u>

The number of directors to whom retirement
benefits are accruing is:

	No.	No.
Money purchase schemes	3	2

The emoluments of the highest paid director were: £'000 £0000

Aggregate emoluments	132	100
Money purchase pension contributions	13	10
	<u>145</u>	<u>110</u>

7. RELATED PARTY TRANSACTIONS

A company beneficially owned by K W Bates has contracted with a subsidiary undertaking for construction works to be carried out on an apartment held on long leasehold terms. The value of the work, which was completed during the year, was £620,000.

During the year, in the normal course of business, R M Taylor, through his legal firm Mark Taylor & Co, was paid £68,000 in legal fees by the Company or its subsidiary undertakings.

8. INTEREST RECEIVABLE

	2000 £'000	1999 £'000
Bank interest	<u>1,167</u>	<u>1,567</u>

9. INTEREST PAYABLE

Interest payable on bank loans and overdrafts:

Repayable within five years	655	455
Eurobond 2007	5,935	6,044
Other loans	—	181
Finance lease charges	150	280
	<u>6,740</u>	<u>6,960</u>

10. TAXATION

UK Corporation Tax	—	207
Payment in respect of prior years	<u>—</u>	<u>207</u>

No liability to corporation tax arises for the year due to the losses incurred

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

11. LOSS FOR THE FINANCIAL YEAR

The loss for the financial year of the Group includes a loss of £3,907,010 (1999: £Nil) dealt with in the accounts of Chelsea Village plc.

12. EARNINGS PER SHARE

The calculation of earnings per share is based on the loss for the year of £3,501,740 (1999: loss £713,378) and on 158,835,012 (1999: 158,835,012) ordinary shares in issue. The Directors believe that in order to provide a more useful guide to the underlying performance of the Group an additional adjusted earning per share figure should be included together with the traditional calculation. The adjusted figure excludes player amortisation and is considered to reflect the Group's operating performance.

	2000 £'000	1999 £'000
Loss after taxation	(3,502)	(714)
Player amortisation	5,574	2,875
Adjusted profit after player amortisation	2,072	2,161
Weighted average number of shares in issue	158,835,012	158,835,012
Loss per share	(2.2)p	(0.4)p
Adjusted earnings per share	1.3p	1.3p

13. INTANGIBLE FIXED ASSETS

Group	Cost of Players' Registrations £'000	Goodwill £'000	Other Intangibles £'000	Total £'000
Cost				
At 1 July 1999	45,872	3,989	1,256	51,117
Additions	23,148	-	-	23,148
Disposals	(6,634)	-	(1,000)	(7,634)
At 30 June 2000	62,386	3,989	256	66,631
Amortisation				
At 1 July 1999	21,866	322	1,054	23,242
Charge for the year	11,624	177	71	11,872
Disposals	(2,156)	-	(999)	(3,155)
At 30 June 2000	31,334	499	126	31,959
Net Book Value				
At 30 June 2000	31,052	3,490	130	34,672
At 30 June 1999	24,006	3,667	202	27,875

Goodwill is amortised over its estimated useful life of 20 years.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

14. TANGIBLE FIXED ASSETS

Group	Land and Buildings £'000	Plant and Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Cost or valuation				
At 1 July 1999	105,200	8,515	1,240	114,955
Additions	888	1,003	18,170	20,061
Revaluation	2,584	-	-	2,584
Disposals	-	(6)	-	(6)
Completed assets	11,983	-	(11,983)	-
At 30 June 2000	120,655	9,512	7,427	137,594
Depreciation				
At 1 July 1999	114	2,453	-	2,567
Charge for the year	521	1,222	-	1,743
At 30 June 2000	635	3,675	-	4,310
Net Book Value				
At 30 June 2000	120,020	5,837	7,427	133,284
At 30 June 1999	105,086	6,062	1,240	112,388
Cost or valuation comprises:				
Cost	1,119	9,512	7,427	18,058
Valuation	119,536	-	-	119,536
At 30 June 2000	120,655	9,512	7,427	137,594

The net book value of land and buildings comprises:	2000	1999
	£'000	£'000
Freehold land and buildings	41,027	32,130
Long leasehold building	75,831	72,946
Short leasehold land and buildings	3,162	10
	120,020	105,086

Company	Land and Buildings £'000	Plant and Equipment £'000	Site Development Costs £'000	Total £'000
Cost or valuation				
At 1 July 1999	985	1,341	905	3,231
Additions	-	466	-	466
Transfer to group companies	-	-	(905)	(905)
At 30 June 2000	985	1,807	-	2,792

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company	Land and Buildings £'000	Plant and Equipment £'000	Site Development Costs £'000	Total £'000
Depreciation				
At 1 July 1999	–	335	–	335
Charge for the year	–	335	–	335
At 30 June 2000	–	670	–	670
Net Book Value				
At 30 June 2000	985	1,137	–	2,122
At 30 June 1999	985	1,006	905	2,896
Cost or valuation comprises:				
Cost	–	1,807	–	1,807
Valuation	985	–	–	985
At 30 June 2000	985	1,807	–	2,792
The net book value of land and buildings comprises:		2000		1999
		£'000		£'000
Freehold land		985		985
Group				
Included in revalued land and buildings are:				
Finance arrangement costs		190		190
Interest payable		1,813		1,120
		2,003		1,310

VALUATIONS

Group

The open market value of the Group's freehold and leasehold interests in the hotel, car park and stadium were valued by Chesterton plc, International Property Consultants as at 30 June 2000 in the sum of £118,836,000 in accordance with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. Included within this valuation are:

- 1) The stadium valued at £65,440,000 calculated on a depreciated replacement cost basis.
- 2) The club shop and hotel valued to existing use value.
- 3) The sports and leisure site valued to future development value.

The Group's freehold and leasehold residential units have not been re-valued at the year end as it is the Directors' opinion there has been no material change since the last year end.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

14. TANGIBLE FIXED ASSETS (CONTINUED)

The value of land and buildings (included at cost or valuation) determined according to the historical cost accounting rules is as follows:

	Group		Company	
Cost	2000	1999	2000	1999
£'000	£'000	£'000	£'000	£'000
Freehold property	36,576	30,121	594	594
Long leasehold property	54,726	48,310	–	–
	91,302	78,431	594	594
Depreciation				
Freehold property	1,942	1,420	79	64
Long leasehold property	1,021	445	–	–
	2,963	1,865	79	64
Net book value				
Freehold property	34,634	28,701	515	530
Long leasehold property	53,705	47,865	–	–
	88,339	76,566	515	530
Included in fixed assets are assets which are held under finance leases and hire purchase contracts as follows:				
Net book value	2,282	5,932	728	845
Depreciation charged in the year	271	265	93	93

15. FIXED ASSET INVESTMENTS

Company	Shares in Subsidiaries £'000	Loans to Subsidiaries £'000	Total £'000
Cost or valuation			
At 1 July 1999	12,172	91,750	103,922
Movement during the year	–	(30,913)	(30,913)
At 30 June 2000	12,172	60,837	73,009
Provision for diminution			
At 1 July 1999 and at 30 June 2000	1	1,145	1,146
Net Book Value			
At 30 June 2000	12,171	59,692	71,863
At 30 June 1999	12,171	90,605	102,776

Details of the Company's subsidiary undertakings are shown in Note 32.

16. STOCKS

	Group		Company	
	2000	1999	2000	1999
£'000	£'000	£'000	£'000	£'000
Merchandising	605	895	–	–
Food and beverages	135	107	–	–
	740	1,002	–	–

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

17. DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	5,212	6,820	6	—
Other debtors	24,968	653	19,722	69
Prepayments and accrued income	682	2,001	38	142
	30,862	9,474	19,766	211
Due after one year:				
Other debtors	9,331	9,685	9,331	9,685

As part of the Eurobond issue (see Note 21), the Company made a loan to Chelsea Pitch Owners plc of £11,150,751, which is interest free and with repayment date unspecified. This was used to acquire the share capital of Stardust Investments Limited and discharge the debts of that Company in order to leave the freehold interest in the stadium site unencumbered. Contemporaneously, Stardust Investments Limited sold to the Company the common parts of the freehold site and 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 2000 was £9,330,566 (1999: £9,684,972).

18. CURRENT ASSET INVESTMENTS

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Short term development	—	13,066	—	—

The short term development included the costs to date of the West Stand.

19. CREDITORS

Amounts falling due within one year:

Trade creditors	18,175	6,879	216	303
Corporation tax	—	15	—	—
Other creditors	2,902	682	157	159
Other tax and social security	3,954	2,762	—	17
Accruals and deferred income	9,785	7,327	4,040	3,790
Hire purchase and finance lease obligations	559	686	158	118
	35,375	18,351	4,571	4,387
Payments received in advance	15,265	12,956	—	—
	50,640	31,307	4,571	4,387

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

20. CREDITORS

Amounts falling due after one year:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans	5,000	5,000	–	–
Other loans	73,561	73,369	73,561	73,369
Trade creditors	7,047	4,315	–	–
Hire purchase and finance leases	690	1,305	211	427
	86,298	83,989	73,772	73,796
Payments received in advance	10,000	41	–	–
	96,298	84,030	73,772	73,796

Other loans represent the net proceeds from the £75,000,000 Eurobond issue after deducting the issue costs of £1,938,842, which are being amortised over 10 years.

21. BORROWINGS AND SECURED LIABILITIES

The aggregate borrowings amounted to:

Bank loans	5,000	5,000	–	–
Hire purchase and finance lease obligations	1,249	1,991	369	545
Eurobond 2007	73,561	73,369	73,561	73,369
	79,810	80,360	73,930	73,914

Which are repayable as follows:

Within one year or on demand

Hire purchase and finance leases	559	686	158	118
	559	686	158	118

Between two and five years

Bank loans	5,000	–	–	–
Hire purchase and finance leases	690	1,305	211	427
	6,249	1,991	369	545

After five years

Eurobond 2007	73,561	73,369	73,561	73,369
Bank loan	–	5,000	–	–
	79,810	80,360	73,930	73,914

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

21. BORROWINGS AND SECURED LIABILITIES (CONTINUED)

On 17 December 1997 Chelsea Village plc issued a £75,000,000 Eurobond. The coupon rate is 8.875% payable annually on the anniversary of the issue. As a condition of the issue the Group repaid all existing bank borrowings and the Group acquired either freehold or long leasehold interests in the entire Stamford Bridge site (see note 17). The Trustee of the issue holds a first mortgage debenture over the Group's assets.

Obligations under finance leases and hire purchase contracts are secured by the related leased assets. Liabilities under hire purchase agreements amounting to £224,832 are further secured by an assignment and floating legal and equitable charges over all rights and monies due to the Group under a sponsorship agreement dated 30 November 1995.

The bank overdraft facility is secured by a fixed second charge on the freehold owned by the Company and its subsidiaries.

Chelsea Football Club Limited received an interest only bank loan of £5,000,000 repayable in full on 31 July 2002. The loan is guaranteed by the estate of the late Matthew Harding and interest is payable at a rate of 0.5% over LIBOR.

22. FOOTBALL TRUST GRANTS

The grants received from the Football Trust are in respect of the completed North Stand Development of the stadium and are repayable in the event of Chelsea Football Club Limited ceasing to use the Stamford Bridge ground.

23. DEFERRED TAXATION

No provision for deferred taxation has been made. An analysis of the deferred taxation (assets)/liabilities unprovided, calculated at 30%, is as follows:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Accelerated capital allowances	1,412	4,738	198	—
Taxation losses	(1,276)	(2,427)	(1,258)	—
	136	2,311	(1,060)	—
Property and investment revaluations	8,406	9,883	—	169
	8,542	12,194	(1,060)	169

24. SHARE CAPITAL

	2000		1999	
	Number	£'000	Number	£'000
Ordinary shares of 1p each				
Authorised	170,000,000	1,700	170,000,000	1,700
Allotted, issued and fully paid	169,505,000	1,695	158,835,012	1,588

10,669,988 ordinary shares were issued on 30 June 2000 as part of a strategic alliance with BSkyB Group plc.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

25. MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Profit and Loss £'000	Total Shareholders Funds £'000
Balance at 30 June 1999	1,588	37,762	26,769	3,397	69,516
Loss for the financial year	—	—	—	(3,502)	(3,502)
Unrealised surplus on revaluation of property	—	—	2,584	—	2,584
Issue of share capital	107	17,368	—	—	17,475
Equity shareholders funds at 30 June 2000	1,695	55,130	29,353	(105)	86,073

Company	Share Capital £'000	Share Premium Account £'000	Revaluation Reserve £'000	Profit and Loss £'000	Total Shareholders Funds £'000
Balance at 30 June 1999	1,588	37,762	7,072	6,255	52,677
Loss for the financial year	—	—	—	(3,904)	(3,904)
Issue of share capital	107	17,368	—	—	17,475
Equity shareholders funds at 30 June 2000	1,695	55,130	7,072	2,351	66,248

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2000 £'000	1999 £'000
26.1 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS		
Operating profit	2,071	4,886
Depreciation charges	1,743	1,472
Loss on sale of tangible fixed assets	—	20
Profit on sale of intangible fixed assets	(6,050)	(5,669)
Amortisation of Eurobond issue costs	192	192
Amortisation of players' registrations	11,624	8,544
Amortisation of commercial rights	71	221
Amortisation of goodwill	177	177
Decrease in stocks	262	116
(Increase)/decrease in debtors	(21,034)	4,745
Increase/(decrease) in creditors	32,166	(3,330)
Net cash inflow from operating activities	21,222	11,374

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

	2000 £'000	1999 £'000
26.2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
Returns on investments and servicing of finance		
Interest received	1,167	1,567
Interest paid	(6,590)	(6,680)
Interest element of finance lease rental payments	(150)	(280)
	(5,573)	(5,393)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(6,988)	(7,706)
Cost of short term development	–	(7,205)
Purchase of intangible fixed assets	(23,148)	(16,175)
Sale of intangible fixed assets	10,529	6,145
Sale of tangible fixed assets	–	5
	(19,607)	(24,936)
Acquisitions and disposals		
Acquisition of subsidiary	–	(208)
Management of liquid resources		
(Deposits)/withdrawals on short term deposits	(12,957)	19,180
Financing		
Repayment of short term borrowings	–	(24)
Repayment of secured loan	–	(54)
Capital element of hire purchase and finance lease rental payments	(743)	(1,302)
	(743)	(1,380)

26.3 ANALYSIS OF NET DEBT

	At 1 July 1999 £'000	Cash flow £'000	Other non cash changes £'000	At 30 June 2000 £'000
Cash at bank and in hand	–	13,827	–	13,827
Bank overdrafts	(975)	975	–	–
	(975)	14,802	–	13,827
Debt due after one year	(78,369)	–	(192)	(78,561)
Hire purchase and finance leases	(1,992)	743	–	(1,249)
Money market deposits	15,438	12,957	–	28,395
	(65,898)	28,502	(192)	(37,588)

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

27. OPERATING LEASE AND CAPITAL COMMITMENTS

The annual commitments under non-cancellable operating leases are:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Land and buildings:				
Leases expiring within one year	206	12	-	-
Leases expiring within two to five years	86	262	-	-
Leases expiring in more than five years	325	54	-	-
	617	328	-	-
Other				
Leases expiring within one year	40	-	-	-
Leases expiring within two to five years	1,801	1	-	-
	1,841	1	-	-

Capital expenditure commitments
were as follows:

Contracted for but not provided:

Tangible	40,061	4,200	-	-
Intangible	26,625	13,620	-	-
	66,686	17,820	-	-

28. CONTINGENT LIABILITIES

- a) The Company has guaranteed overdrafts of its subsidiary undertakings. The amount covered by this guarantee at 30 June 2000 was £Nil.

29. PENSION COMMITMENTS

A subsidiary undertaking contributes to two 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 £255,015 (1999: £276,000) is payable to these funds.

30. POST BALANCE SHEET EVENTS

Since 30 June 2000 the Group has acquired the registrations of 3 professional football players and sold 5 others. The net expenditure on these transfers was £11.3m.

31. FINANCIAL INSTRUMENTS

At 30 June 2000 there were no material differences between the book value and the fair value of the Groups financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

year ended 30 June 2000

32. SUBSIDIARY UNDERTAKINGS

The Company has the following subsidiary undertakings:

Trading	Nature of business
Chelsea Football Club Limited	Professional football club
Chelsea Car Parks Limited	Car park management
Chelsea Village Communications Limited	Publications, Television, Radio and Internet operations
Chelsea Village Contractors Limited	Property development
Chelsea Village Catering Limited	Catering services
Chelsea Village Hotels Limited	Hotel management
Chelsea Village Merchandising Limited	Merchandising and Mail Order
Chelsea Village Management Limited	Group utilities and facilities
Chelsea Village Travel Limited	Travel Agency
Chelsea Leisure Services Limited	Property development
Chelsea Limited	Holding company of Chelsea Football Club Limited
Chelsea Pacific Limited	Nightclub
Bidleam Limited	Holding Company of travel agency
Chelsea Exclusive Events Limited	Pitch events
Fulham Securities Limited	Property lessors and development
Stamford Bridge Properties Limited	Property lessors
Stamford Bridge Securities Limited	Property lessors and development
Dormant	
Arkles Limited	
Chelsea Caterers Limited	
Chelsea Events Limited	
Chelsea Financial Consultants Limited	
Chelsea Garden Village Limited	
Chelsea Pensioner Limited	
Chelsea Village Television Limited	
Chelsea T.V. Limited	
Chelsea Vintners Limited	
Chelsea Worldwide Travel Limited	
London Voice Limited	
The Chelsea Style Limited	
Midnight at Chelsea Limited	
Chelsea Village Car Rentals Limited	
Chelsea Village Radio Limited	
Chelsea Village Dot Com Limited	
Chelsea Football Club Dot Com Limited	

All of the above companies are incorporated in Great Britain and registered in England and Wales.

The entire ordinary share capital and control of 100% of the voting rights of all the subsidiary undertakings is held by the Company, with the exception of Chelsea Village Radio Limited and Chelsea Exclusive Events Limited both of which are 50% owned.

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the members of Chelsea Village plc will be held in Drakes, Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS at 11.30am on Friday 1 December 2000, for the purpose of transacting the following business of the Company:

1. To receive the accounts for the year ended 30 June 2000, together with the reports of the Directors and Auditors thereon.
2. To re-elect the following Directors of the Company who retire by rotation at the Annual General Meeting in accordance with the Articles of Association:

- a) Mr M I Russell
- b) Mr R M Taylor

3. To re-appoint Saffery Champness as auditors of the Company and to authorise the Directors to determine their remuneration.
4. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

That the authorised share capital be and is hereby increased from £1.7m to £2m by the creation of 30,000,000 additional ordinary shares of 1p each, ranking in all respects pari passu to the existing 170,000,000 ordinary shares of 1p each.

5. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

That the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (within the meaning of the said Section 80) up to an aggregate nominal amount of £304,950 during the period expiring at the end of 5 years from date of the passing of this Resolution save that the Company may before such expiry make an offer or offers which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or offers as if the authority conferred hereby had not expired provided that the authority hereby given shall be a substitution for any previous authority granted to the Directors.

NOTICE OF MEETING

6. To consider and, if thought fit, pass the following resolution as a Special Resolution:

That the Directors be and are hereby authorised and empowered to make all allotments of equity securities, as defined for the purposes of Section 95 of the Companies Act 1985 (the Act), in pursuance of the authority conferred upon them by Resolution 5 above and to allot relevant securities (as defined by Section 80(2) of the Act) of the Company pursuant to Section 80 of the Act as if Section 89 (1) of the Act does not apply to any such allotment provided that this power shall be limited to the allotment of equity securities which are to be wholly paid up in cash to an aggregate nominal amount of £304,950 and this power shall be valid from the date of passing this Resolution until the date of the next Annual General Meeting save that the Company may before such expiry make an offer or offers or an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or offers of an agreement as if the power confirmed hereby had not expired. The authority hereby given shall be a substitution for any previous authority granted to the Directors.

NOTE

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. To be valid, the instrument of proxy must be signed by the appointer, or his or her attorney duly authorised in writing, or duly executed in the case of a corporation, and deposited, together with any power of attorney or other such authority, or a notorially certified copy of either, at the office of the Company's registrars, Park Circus Registrars Ltd, James Sellar's House, 144/146 West George Street, Glasgow, G2 2HG, not less than 48 hours before the time appointed for holding the meeting.
2. Completion or return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment thereof.
3. Only those members whose name appears on the register of members at 11.30am on Wednesday 29 November 2000 shall be entitled to attend and vote at the Meeting and the number of ordinary shares then registered in their respective names shall determine the number of votes which may be cast in the event of a poll.

By order of the Board
A L Shaw
Secretary
1 November 2000

CHELSEA DIARY OF EVENTS 2000/2001

These are just some of the events that give an indication of the breadth and scope of activities and events at Stamford Bridge.

NOVEMBER 2000

Monday 6th - Supper Club with Gus Poyet as special celebrity, who will be taking questions from guests

Wednesday 15th - Celebrity Opening for Purple Nightclub

Friday 17th - Public Opening of Purple Membership information, call 020 7610 6028)

Saturday 18th - Beamback of game v. Charlton Athletic in the Shed Bar and Drakes, (Tickets 020 7915 1988)

- Super Saturday Promotion in The Chelsea Store, Guildford, with free prize draws throughout the day with signed shirts, match tickets etc as prizes

Thursday 23rd - FA Cup and Charity Shield in The Chelsea Store, Guildford, for photographs taken with either or both from 3 - 7.30pm

Friday 24th - Pitch Owners Annual Lunch at London Hilton call 020 7385 9828

Monday 27th - Boxing Club Night vs Metropolitan Police, held in the Galleria

Thursday 30th - Ladies Shopping Evening in the Megastore, with special offers

DECEMBER 2000

Father Christmas will be making appearances in both the Megastore and The Chelsea Store, Guildford throughout December; for details call 020 7565 1492 Megastore or 01483 449 122 (The Chelsea Store, Guildford)

Saturday 2nd - A dinner evening with Ossie, Chopper and Baldwin

Monday 4th - Christmas Carol Concert at Chelsea Village Square

Friday 5th - Join-a-Party at Kings Brasserie for a Christmas Celebration.

Sunday 10th - Super Sunday & Kids Day in the Megastore with activities and prizes to be won

Friday 15th - Join-a-Party at Kings Brasserie for a Christmas Celebration.

Saturday 16th - Join-a-Party at Kings Brasserie for a Christmas Celebration.

Monday 18th - Sportsmen's Lunch in the Galleria- In aid of Great Ormond Street Hospital

DECEMBER 2000 (continued)

Friday 22nd - Join-a-Party at Kings Brasserie for a Christmas Celebration.

Saturday 23rd - Join-a-Party at Kings Brasserie open for all to join a Christmas Celebration.

Thursday 28th - Winter Sale begins in The Chelsea Store, Guildford

Sunday 30th - Beamback v. West Ham

Sunday 31st - New Year's Eve Gala Dinner 2000

JANUARY 2001

Tuesday 2nd - Winter Sale begins in the Megastore

FEBRUARY 2001

Saturday 3rd - Beamback v. Leicester City

Monday 5th - Supper Club (guest tbc)

Monday 19th - Boxing Club Night (opposition tbc)

Saturday 24th - Beamback v. Liverpool

MARCH 2001

Monday 5th - Supper Club (special guest tbc)

W/c 19th - Spring/Summer Catalogue launched

APRIL 2001

Monday 2nd - Supper Club (special guest tbc)

Monday 9th - Boxing Club Night (opposition tbc)

Saturday 28th - Beamback v. Leeds United

New West Stand opening

MAY 2001

Monday 7th - Supper Club (guest tbc)

Sunday June 3rd - the famous Stamford Bridge pitch and stadium is available for corporate and private hire, call 020 7915 1989)

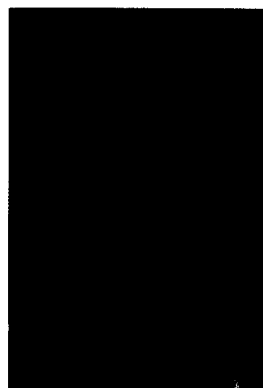
JUNE 2001

Monday 4th - Supper Club (special guest tbc)

For bookings

For further information or to make a reservation for any of the above events, call 020 7915 1916/2995.

Dennis Wise with Father Christmas at last year's Chelsea Village carol concert.





Chelsea FC Christmas 2000

Official Merchandise Catalogue

