

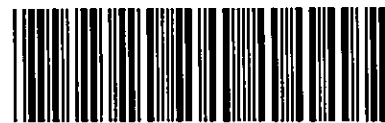
Chelsea Football Club Limited

**Directors' report and financial
statements**

Registered number 01965149

Year ended 30 June 2011

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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 June 2011

Principal activity

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

Results for the year

The net loss for the year, after taxation, was £71,962,000 (2010 £70,437,000). The Directors do not recommend the payment of a dividend for the financial year (2010 £nil).

Review of the business

Profit and Loss

The loss for the year was £72.0m compared to £70.4m for the previous year.

Turnover of £205.2m was up on the previous year turnover of £187.3m by £17.9m. This was due to an increase in the centralised FAPL distribution of overseas broadcasting revenues and also an increase in the Champions League market pool as a result of being domestic league champions in the 2009/10 season. Operating expenses of £253.0m have decreased by £3.0m compared with £256.0m in the previous year. A decrease in payroll costs (before exceptional items) of £4.8m and other operating expenses of £0.3m, were offset by an increase in player amortisation of £2.1m.

The business incurred £41.9m of exceptional costs (2010 £nil) which had a significant impact on the size of the losses in the financial year. These are referred to in note 2 to the accounts.

The football club made a profit on player trading of £18.4m in the year (2010 loss £1.0m) principally due to the sale of Miroslav Stoch to Fenerbahce, Ricardo Carvalho to Real Madrid, Franco DiSanto to Blackburn Rovers and Michael Mancienne to Hamburg.

Balance Sheet

Intangible assets have increased to £126.4m from £64.0m as a result of £112.2m of player acquisitions offset by an impairment of players' registrations of £7.4m, the net book value of disposals of £2.6m and amortisation of £39.7m.

Tangible fixed assets are £148.5m at the year end. As in prior years, the bulk of the £1.8m additions have been spent on improving facilities at Stamford Bridge and the training ground at Cobham.

Our net current liabilities at £129.5m have increased by £49.0m. This movement is as a result of an increase in trade creditors of £13.3m, due to the player purchases during the year. In addition, other creditors and accruals have increased by £13.6m and £25.6m respectively. This is largely as a result of the exceptional items referred to in note 2. Other net movements have resulted in an increase in working capital of £3.5m.

Creditors falling due after more than one year of £648.6m include £617.5m owed to the Company's parent company, Chelsea FC plc. This is the Company's source of finance.

Principal risks and uncertainties

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

Income

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

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

Directors' Report *(continued)*

Review of business *(continued)*

Expenditure

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

Regulatory Environment

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

The introduction of the UEFA financial fair play regulations from the 2011-12 season provides a significant challenge. The football club needs to balance success on the field together with the financial imperatives of this new regime. The board monitors on a regular basis the club's financial performance in relation to the criteria.

Funding

Funds are provided by the football club's parent company Chelsea FC plc which in turn is supported by Fordstam Limited. The football club reviews and updates its cash forecasts on a regular basis and keeps the owner aware of its financial commitments going forward.

Key Performance Indicators

The principal key performance indicators for 2010/11 of both a financial and non-financial nature were as follows -

Non Financial

- FAPL runners up (2010 *Winners of the FAPL*)
- Average league attendance of 41,008 (2010 *41,422*)
- Champions League quarter finalists (2010 *1st knock out stage*)

Financial (reviewed by the Board on a monthly basis)

- Revenue growth
- Payroll costs
- Operating result before player trading and amortisation
- Gains/losses on player trading
- Player acquisition costs
- Capital expenditure
- Debt owed to group undertakings

Directors

Directors who held office during the year are as follows

B Buck
E Tenenbaum
D Barnard
F Arnesen (resigned 10 May 2011)
M Forde
R Gourlay

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

Directors' Report *(continued)*

Company Secretary

AL Shaw served as Company Secretary throughout the year

Fixed assets

The movements in fixed assets during the year are as shown in notes 7 and 8 to the Financial Statements. The intangible fixed assets comprises the unamortised portion of the cost of players' registrations.

As at 30 June 2011 the Directors do not consider there to be any significant difference between the book value and the market value of land and buildings.

Officers of the Company have independently valued the playing staff. The average of their aggregate valuation as at 30 June 2011 was £256,880,000 (2010 £215,713,000). This assumes willing buyers for the relevant players' registrations on normal contractual terms and an orderly disposal over a period of time.

Going concern basis

The Company has received confirmation from the ultimate funding party that sufficient funds will be provided to finance the business for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these financial statements.

Political and charitable donations

The Company made no charitable donations during the year (2010 £30,158). All charitable donations are made via the Company's immediate parent Chelsea FC plc. During the year, Chelsea FC plc made charitable donations of £494,558 (2010 £300,725).

Suppliers

The Company agrees terms and conditions for its goods and services with suppliers and seeks to abide by these payment terms subject to the agreed terms and conditions being met by the supplier. Suppliers are paid via the Company's immediate parent undertaking, Chelsea FC plc, further disclosure is provided in their financial statements.

Employees

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

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

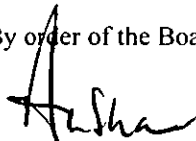
Disclosure of information to auditor

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the Board



AL Shaw
Secretary

Stamford Bridge
Fulham Road
LONDON
SW6 1HS

06 JANUARY 2012

Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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



KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF

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

We have audited the financial statements of Chelsea Football Club Limited for the year ended 30 June 2011 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

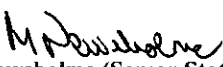
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Chelsea Football Club Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


M Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Preston

11 January 2012

Profit and loss account

for the year ended 30 June 2011

	Note	Operations excluding player trading 2011 £000	Player trading and exceptional items 2011 £000	Total 2011 £000	Total 2010 £000
Turnover	1	205,248	-	205,248	187,290
Operating expenses	2	(213,289)	(39,721)	(253,010)	(255,994)
Exceptional items	2	-	(41,862)	(41,862)	-
Operating loss		(8,041)	(81,583)	(89,624)	(68,704)
Profit/(loss) on disposal of player registrations	2	-	18,410	18,410	(982)
Loss on ordinary activities before interest and taxation		(8,041)	(63,173)	(71,214)	(69,686)
Interest payable and similar charges	5	(748)	-	(748)	(751)
Loss on ordinary activities before taxation	2	(8,789)	(63,173)	(71,962)	(70,437)
Tax on loss on ordinary activities	6	-	-	-	-
Loss for the financial year	14, 15	(8,789)	(63,173)	(71,962)	(70,437)

The results for the year relate to continuing operations

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

Note of historical cost profits and losses

for the year ended 30 June 2011

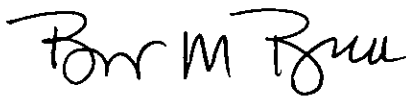
	Note	2011 £000	2010 £000
Reported loss on ordinary activities before taxation		(71,962)	(70,437)
Difference between a historical cost depreciation charge and the depreciation charge calculated on the revalued amount	14	1,216	1,216
Historical cost loss on ordinary activities before taxation		(70,746)	(69,221)
Historical cost loss for the financial year		(70,746)	(69,221)

Balance sheet

at 30 June 2011

	Note	2011 £000	2010 £000
Fixed assets			
Intangible assets	7	126,415	64,039
Tangible assets	8	148,468	152,363
		<u>274,883</u>	<u>216,402</u>
Current assets			
Debtors	9	2,518	813
Cash at bank and in hand		5	5
		<u>2,523</u>	<u>818</u>
Creditors amounts falling due within one year	10	(132,037)	(81,298)
Net current liabilities		<u>(129,514)</u>	<u>(80,480)</u>
Total assets less current liabilities		<u>145,369</u>	<u>135,922</u>
Creditors amounts falling due after more than one year	11	(648,609)	(567,200)
Net liabilities		<u>(503,240)</u>	<u>(431,278)</u>
Capital and reserves			
Called up share capital	13	10	10
Share premium account	14	99,990	99,990
Revaluation reserve	14	19,085	20,301
Profit and loss account	14	(622,325)	(551,579)
Equity shareholders' deficit	15	<u>(503,240)</u>	<u>(431,278)</u>

These financial statements were approved by the Board of Directors on **06 JANUARY** 2012 and were signed on its behalf by



Mr B Buck
Director

Registered number 01965149

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

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

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

Related party transactions

As the Company is a wholly owned subsidiary of Fordstam Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Fordstam Limited, within which this Company is included, can be obtained from the address given in note 19.

Turnover

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

Players' registrations

All costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets and are amortised evenly over the period of the players' initial contract of employment with the Company. In the event that the initial contract is renegotiated prior to completion, the written down value at the date of renegotiation is amortised over the extended period. Fees receivable are set off against the players' net book value at the date of sale, plus any payments made in settlement of the contracts, and the difference is treated as a profit or loss on disposal.

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

Tangible fixed assets and depreciation

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

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

Notes (continued)

1 Accounting policies (continued)

Leasing and hire purchase commitments

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

Classification of financial instruments issued by the Company

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

- a) They include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) Where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Pensions

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

Taxation

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

Operating leases

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

Players' signing on fees

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

Notes (continued)

1 Accounting policies (continued)

Deferred income

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

Stadium development

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

Foreign currencies

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

2 Loss on ordinary activities before taxation

	2011 £000	2010 £000
This is stated after charging/(crediting)		
Depreciation of tangible fixed assets	5,660	5,407
Amortisation of intangible assets	39,721	37,647
(Profit)/loss on disposal of player registrations	(18,410)	982
Exceptional items	41,862	-
Auditor's remuneration		
- fees payable to the Company auditor for the audit of the Company's annual accounts	23	22
- tax services	21	20
Operating lease rentals		
Plant and equipment	4	11
	<u>41,862</u>	<u>-</u>

Exceptional items consist of impairment of player registrations (£7.4m), termination payments and compensation in relation to the changes in the first team management structure during the year (£28.0m) and also amounts paid to HMRC in relation to a settlement of the industry wide investigation into the taxation of payments under image rights (£6.4m).

3 Remuneration of directors

	2011 £000	2010 £000
Emoluments for qualifying services	2,155	1,387
Company pension contributions to money purchase schemes	98	28
	<u>2,253</u>	<u>1,415</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounts to 3 (2010: 2).

Certain directors were paid for their services by the Parent Company Chelsea FC plc. Disclosure of these amounts is given in the financial statements of Chelsea FC plc.

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

	2011 £000	2010 £000
Emoluments for qualifying services	917	1,000
	<u>917</u>	<u>1,000</u>

Notes (continued)

4 Staff numbers and costs

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

	2011 Number	2010 Number
Playing staff (including managers/coaches)	69	75
Administration and commercial	136	138
	<u>205</u>	<u>213</u>

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	146,724	137,437
Social security costs	15,117	15,308
Other pension costs	16,146	8,601
	<u>177,987</u>	<u>161,346</u>

In 2011, wages and salaries included £21,435,000 (2010 £nil) of exceptional items. See note 2.

The Company also employs approximately 550 (2010 550) temporary staff on match days.

5 Interest payable and similar charges

	2011 £000	2010 £000
Finance costs on shares classified as liabilities	748	751

6 Taxation

	2011 £000	2010 £000
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(71,962)	(70,437)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 27.5% (2010 28%)	(19,790)	(19,722)
Effects of:		
Non deductible expenditure	5,709	4,647
Movement on deferred tax	301	736
Losses carried forward	13,277	13,864
Group relief surrendered	503	475
	<u>19,790</u>	<u>19,722</u>
Current tax charge	-	-
Losses available to carry forward at 30 June	<u>570,903</u>	<u>522,623</u>

A potential deferred tax asset of £150,454,000 (2010 £146,753,000) has not been recognised due to uncertainty over future profits.

Notes (continued)

7 Intangible fixed assets

	Players registrations £000
<i>Cost</i>	
At 1 July 2010	261,949
Additions	112,179
Disposals	(36,325)
At 30 June 2011	337,803
<i>Amortisation</i>	
At 1 July 2010	197,910
Charge for the year	39,721
Impairment of players' registrations	7,435
On disposal	(33,678)
At 30 June 2011	211,388
<i>Net book value</i>	
At 30 June 2011	126,415
At 30 June 2010	64,039

8 Tangible fixed assets

	Freehold land & buildings £000	Long lease land & buildings £000	Computers, fixtures and fittings £000	Construction in progress £000	Total £000
<i>Cost or valuation</i>					
At 1 July 2010	8,899	142,350	23,602	491	175,342
Additions	-	-	1,758	7	1,765
Completed assets under construction	-	-	491	(491)	-
Disposals	-	-	(906)	-	(906)
At 30 June 2011	8,899	142,350	24,945	7	176,201
<i>Depreciation</i>					
At 1 July 2010	2,348	14,108	6,523	-	22,979
Charge for the year	796	2,037	2,827	-	5,660
Disposals	-	-	(906)	-	(906)
At 30 June 2011	3,144	16,145	8,444	-	27,733
<i>Net book value</i>					
At 30 June 2011	5,755	126,205	16,501	7	148,468
At 30 June 2010	6,551	128,242	17,079	491	152,363

As required under FRS 11 'Impairment of fixed assets and goodwill' the Directors have re-assessed the carrying values and are of the opinion that no impairments are required in the current year (2010 £nil)

Notes (continued)

8 Tangible fixed assets (continued)

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

	Total £000
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	129,562
<i>Depreciation</i>	
At 1 July 2010	17,106
Charge for the year	2,591
At 30 June 2011	19,697
<i>Net book value</i>	
At 30 June 2011	109,865
At 30 June 2010	112,456

9 Debtors

	2011 £000	2010 £000
Other debtors	191	76
Prepayments and accrued income	2,327	737
	2,518	813

10 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	25,753	12,470
Other creditors	15,670	2,048
Taxes and social security costs	485	2,272
Accruals and deferred income	90,129	64,508
	132,037	81,298

£34,526,000 (2010 £31,511,000) of the accruals and deferred income balance represents season ticket sales for the 2011/12 season

Notes (continued)

11 Creditors, amounts falling due after more than one year

	2011 £000	2010 £000
Trade creditors	16,145	2,229
Amounts owed to Group undertakings	617,464	545,293
Other creditors	-	2,625
Accruals and deferred income	-	2,053
Preference share capital	15,000	15,000
	<u>648,609</u>	<u>567,200</u>

	2011 Number	2010 Number	2011 £000	2010 £000
Preference share capital				
<i>Authorised</i>				
Cumulative preference shares of £1 each	<u>15,000,000</u>	<u>15 000,000</u>	<u>15,000</u>	<u>15 000</u>
Alotted, called up and fully paid				
Cumulative preference shares of £1 each	<u>15,000,000</u>	<u>15 000,000</u>	<u>15,000</u>	<u>15 000</u>

The cumulative preference shares attract a fixed cumulative preferential dividend at the rate of 5p per share per annum. On winding-up of the Company, the assets of the Company available for distribution among the members shall be applied, in priority to any payment to holders of any other class of shares, in repaying the holders of the cumulative preference shares a sum equal to the nominal capital paid up or credited as paid up thereon.

12 Pension Commitments

a) Defined Benefit Scheme

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

As one of a number of participating employers, the Group is advised only of its share of the deficit in the scheme. The latest actuarial valuation as at 31 August 2008 highlighted that the Group share of the deficit was £199,443. The revised deficit is being paid off over a period of 10 years from 01 September 2009. The charge for the year was £10,884 (2010 £19,944).

b) Defined Contribution Schemes

The Group also contributes to other schemes providing benefits based upon contributions made. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension charge for the year was £16,146,080 (2010 £8,580,763). Amounts owed to the scheme at the year end amounted to £1,428,576 (2010 £nil), which represents the current amount due to be paid across to the schemes within the statutory time frame.

Notes (continued)

13 Called up share capital

	2011 Number	2010 Number	2011 £000	2010 £000
<i>Authorised</i>				
Ordinary shares of £1 each	1,000,000	1 000,000	1,000	1 000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,100	10 100	10	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

Under FRS 25 the preference share capital is classified as a financial liability

14 Statement of movement on reserves

	Share premium account £000	Revaluation reserve £000	Profit & loss account £000	Total £000
Balance at 1 July 2010	99,990	20,301	(551,579)	(431,288)
Retained loss for the year	-	-	(71,962)	(71,962)
Difference on depreciation	-	(1 216)	1,216	-
Balance at 30 June 2011	<u>99,990</u>	<u>19,085</u>	<u>(622,325)</u>	<u>(503,250)</u>

15 Reconciliation of movements in shareholders' deficit

	2011 £000	2010 £000
Loss for the financial year	(71,962)	(70,437)
Opening equity shareholders' deficit	(431,278)	(360,841)
Closing equity shareholders' deficit	<u>(503,240)</u>	<u>(431 278)</u>

16 Contingent liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Company if certain conditions are met. The maximum amount that could be payable is £3,752,000 (2010 £3,755,000)

17 Financial commitments

At 30 June the Company had annual commitments under non-cancellable operating leases as follows

	Plant and equipment 2011 £000	2010 £000
Expiry date		
Within one year	4	7
Within two to five years	-	4
	<u>4</u>	<u>11</u>

Notes (continued)

18 Capital commitments

At the 30 June the Company had capital commitments as follows

	2011 £000	2010 £000
Contracted for but not provided in the financial statements	-	1,700

19 Ultimate Parent Company

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

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

20 Post Balance Sheet Events

Since the year end the Group has acquired the registration of nine football players at an initial cost of £64,656,000 (2010 £26,521,000) and disposed of the registrations of players at a profit of £25,612,000 (2010 £15,411,700).

The Group also received £nil (2010 £1,000,000) in respect of sell on clauses for players disposed of in previous years.

21 Transactions with related parties

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

Company	2011 Sales to related party £000	2011 Purchases from related party £000	2011 Balance receivable £000	2011 Balance payable £000
Skadden, Arps, Slate, Meagher & Flom UK	-	10	-	-
Company	2010 Sales to related party £000	2010 Purchases from related party £000	2010 Balance receivable £000	2010 Balance payable £000
Skadden, Arps, Slate, Meagher & Flom UK	-	217	-	-

Purchases from Skadden, Arps, Slate, Meagher & Flom UK were in relation to legal and professional fees. Mr Buck is a partner of Skadden, Arps, Slate, Meagher & Flom.