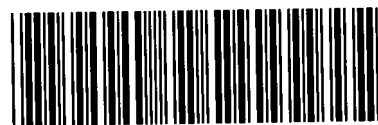


Company Registration No. 01965149 (England and Wales)

CHELSEA FOOTBALL CLUB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

FRIDAY



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15/01/2021
COMPANIES HOUSE

CHELSEA FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors

B Buck
D Barnard
M Granovskaia
E Tenenbaum
J G Laurence

Secretary

J Bonington

Company number

01965149

Registered office

Stamford Bridge
Fulham Road
London
SW6 1HS

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

CHELSEA FOOTBALL CLUB LIMITED

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CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report of Chelsea Football Club Limited ("the company" or "the Club") for the year ended 30 June 2020.

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 profit for the year, after taxation, was £36.4m (2019: loss of £96.0m).

Directors' duties under section 172

The purpose of this statement is to outline how, during the year, the directors of the company had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172.

Under section 172(1) a director of a company must act in the way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly towards all members of the company.

In order to fulfil their duties under section 172, the directors need to ensure that the company not only acts in accordance with its legal duties but also has regard for, all its stakeholders when taking decisions. Understanding the company's stakeholders and how they and their interests will impact on the strategy and success of the company over the long term is a key factor in the decisions that the Board make.

Fans

Supporters are at the heart of what the Club does. Every decision is taken with the direct or indirect aim of promoting and improving on pitch performance and in turn to provide enjoyment and entertainment to our fans.

During the Covid-19 pandemic, matches have taken place behind closed doors and the Club will not sell season tickets or memberships until we know what a return to stadium means for our supporters. We have therefore redoubled our efforts to reach and engage our fans through our digital channels. Our aim has been to keep the fans connected and informed, even as they have been unable to attend the stadium. We have increased our content output and frequency across social media, created new video series covering all aspects of the Club, published more articles and insight on our website, and continued to provide new and interactive experiences through our 5th Stand app. Across all channels, we have provided access to the players and coaches as well as training and match highlights, all within the safety requirements of the Government, the Premier League and The Football Association.

In addition to the above, the Club has structured engagement with a diverse cross section of supporters that reflects the diverse nature of Chelsea's support via the Fans Forum. The Forum consists of a body of elected fans and senior members of the Club management and meets at least three times per season to discuss and debate club matters with the aim of maintaining a positive and constructive dialogue between the Club and fans, developing a better understanding of issues that affect supporters and providing an opportunity for the Club to discuss new ideas. In engaging with fan representatives in this way we aim to ensure that supporters - whether on the Forum or not - feel valued in their loyalty to the Club. These meetings help the Club provide supporters - as far as reasonably possible - with the facilities and conditions that they expect from the Club. In turn, this helps the Club develop a business structure that underpins a successful football team.

CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Partners

The commercial partners of the company are fundamental to our success. The company works hard to build long lasting relationships with brands that share our ethos of success. By working closely with our partners to understand their needs, the company is able to add value to the traditional partnering rights provided.

It is also vitally important to the company that we engage with partners who are committed to equality and diversity and who share our aspirations regards community support and engagement. For example, we look for partners that support fully the development and promotion of women's football in the UK and around the world. Joint partner and club marketing assets and investments are leveraged to demonstrate the power of football, and how it provides opportunities and breaks down barriers for women of all ages and background. company partners all share our ambition to make a positive change in communities around the world. This purpose driven approach to marketing is an effective platform on which to communicate and engage with fans and consumers.

Employees

The company's values and equality, diversity and inclusion objectives are at the core of our people-related activities both on and off-the-pitch. The company promotes fair and equitable policies and procedures throughout its recruitment, retention, training, development, and recognition processes. We are fully committed to equal and fair opportunities and have demonstrated this through our support of the London and National Living Wage, our Disability Confident accreditation, our early commitment to the FA Football Leadership Diversity Code and our achievement of the Premier League Equality Standard at Advanced Level.

Employee wellbeing continues to be a key focus especially considering the COVID-19 pandemic and the company has provided significant support around physical and mental wellbeing throughout this period. In accordance with Government guidance we have advocated home working, where possible, and have provided support to do this. The company has adopted practices and procedures, including regular testing in line with the Premier League and UEFA requirements, in order to continue to train and operate our elite football players during the pandemic. The safety and support of our players and employees has been of paramount importance throughout this period.

Shareholders

As a privately owned company, the ultimate shareholder is kept fully informed of the company's actual and forecast results and funding requirements. Decisions are only made in relation to the long-term strategy of the Club following thorough discussions between board members and the shareholder.

Regulatory bodies

The company is regulated by The FA, the Premier League, UEFA and FIFA. As explained elsewhere in the Strategic Report, the company actively engages with these regulatory bodies to ensure compliance with all regulations.

Suppliers

The company's suppliers are integral to the day to day operation of the business. Relationships are carefully managed to ensure that the company is always obtaining value for money. The company seeks to ensure that good relationships are maintained with suppliers through regular contact and the prompt payment of invoices.

CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Other stakeholders and the wider community

The company is committed to ensuring that none of its activities have a detrimental impact on the wider community. The Chelsea Foundation brings together the Football in the Community and the Education department along with the company's other charitable and community activities, including our international work and anti-discrimination projects. As one of the world's leading football social responsibility programmes the Chelsea Foundation uses the power of football and sport to motivate, educate and inspire. We believe that the power of football can be harnessed to support communities and individuals both at home and abroad.

On top of our outstanding football development programmes, the Chelsea Foundation works on a broad range of initiatives focusing on employment, education, social deprivation, crime reduction, youth offending and much more.

The COVID-19 pandemic has been an incredibly difficult time for everyone. Communities across the world have faced extraordinary challenges and many families have lost loved ones. Both the company and the Chelsea Foundation including the staff, fans and the wider community have played an important role in trying to alleviate some of the difficulties faced by particularly vulnerable groups and families who were affected by the pandemic, as demonstrated further below.

Decision making and section 172 of the Companies Act 2006

The company's primary strategy is to deliver on field success, whilst delivering on the needs of all stakeholders.

During the year, the company faced a number of challenges as a result of the impact of the COVID-19 pandemic. With all competitions suspended in March 2020, the company took swift action to support the needs of staff and the wider community. The company supported all our staff through the maintenance of salaries without relying on the furlough scheme in addition to providing programmes and schemes to help colleagues with their mental health. In addition, with the support of the company's owner, the company supported the NHS, providing free meals to hospitals to support NHS staff, as well as offering access to the Chelsea hotel for workers to rest and recuperate before and after their shifts.

Chelsea and our fans also raised over £500,000 to support domestic abuse charity Refuge, as well as supporting our global charity partner Plan International, and a number of local charities and foodbanks across our regions.

The Chelsea Foundation also demonstrated outstanding leadership throughout the initial lockdown period. This included the delivery of virtual coaching sessions, replacing football development sessions and offering online soccer schools for young players across the country. Foundation staff remained at the forefront of delivery of education programmes and established support sessions for pensioner groups and vulnerable families, as well as a range of innovative and ground-breaking programmes.

The company also took action to manage costs throughout the period to protect the wider commercial interests of the business.

CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Fair review of the business

Profit and Loss

The profit for the year before taxation was £39.5m compared to a loss of £101.2m for the prior year. Increased profit on player sales and decreased player amortisation were the principal reasons for this movement, offsetting a fall in turnover due to the impact of the COVID-19 Pandemic.

This year saw an overall decrease in turnover from £423.6m to £387.8m. The decrease was driven by reductions to the matchday, broadcasting, and commercial revenue streams caused by the COVID-19 Pandemic that forced the suspension of the 2019/20 Premier League Season in March 2020.

Matchday revenue fell by £11.6m compared to the prior year. This is as a result of the final four home league games of the season being concluded behind closed doors (one in June 2020 and the remaining three in the 2020/21 financial year). In addition, the concluding games of The FA Cup and the Champions League also took place behind closed doors post year end in July and August 2020. There was a complete loss of ticket (and other match day) revenue for the affected games, due to rebates or credits being provided to customers.

Overall, broadcasting revenue reduced by £17.6m compared to the prior year. This is despite an increase in revenues relating to the Club's qualification into the Champions' League in the current year compared to the Europa League in the prior year. Following the disruption to the 2019/20 competitions, rebates have been recognised which are due to domestic and overseas broadcasters. The decrease is further contributed to by the impact of 10 matches relating to 2019/20 competitions being played at the start of the 2020/21 financial year, as domestic and European broadcasting revenue is recognised at the time the matches are played.

The fall in commercial revenue of £6.6m was driven by the effects of the closure of non match day activities in March 2020, decreased pre-season revenue and a decrease in player loan fee income. This was offset by a net increase in sponsorship revenue from new and existing partner renewals.

The impact of COVID-19 on revenue was partially offset by reduced matchday costs due to the postponement of matches in March 2020. However, the club elected not to make use of the government job retention scheme, despite paying the wages of full time and temporary staff who were not required to work, throughout the period of this report.

Overall, pre-exceptional operating expenses of £495.4m have decreased by £63.7m compared with £559.1m in the previous year. This was principally as a result of decreased player amortisation of £40.4m, and matchday savings.

The football club made a profit on player trading of £142.6m in the year (2019: £60.4m) principally due to the sales of Eden Hazard to Real Madrid, Alvaro Morata to Atlético Madrid and Mario Pasalic to Atalanta. In addition, the Club realised contingent fees in relation to a number of previous transfers.

CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Fair review of the business (continued)

Balance Sheet

Intangible assets have decreased to £395.0m from £476.5m. This movement is a result of £93.4m of player acquisitions including Timo Werner from RB Leipzig and existing player contract renegotiations including Olivier Giroud, Callum Hudson-Odoi, Reece James, Ruben Loftus-Cheek, Mason Mount and Fikayo Tomori. This was offset by amortisation of £127.1m and the disposal of player registrations with a combined net book value of £47.8m as noted in the profit and loss section above.

Tangible fixed assets are £139.7m at the year end with additions of £1.2m in the year offset by £6.2m of depreciation.

Net current liabilities at £203.2m have decreased by £31.5m. This is principally as a result of a decrease in trade creditors falling due within one year of £16.2m, a decrease in other creditors of £7.6m offset by an increase in tax payable of £3.1m, accruals and deferred income of £10.5m and an increase in debtors of £21.3m.

Creditors falling due after more than one year of £963.6m includes £923.6m owed to the company's parent company, Chelsea FC plc. This is the company's principal source of financing.

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. The Director's have specifically considered the additional risks to the company in light of the COVID-19 Pandemic by preparing forecasts under a range of downside scenarios as described further in Note 1.2 to assess potential additional funding requirements.

Income

The football club derives its income from three principal sources: matchday revenue, broadcasting and commercial income.

Expenditure

The football club's primary outgoings relate to matchday operations; the continued development of the football club's brand; employee remuneration; support services to facilitate elite sporting performance; and the development of the playing squad. The last of these is achieved through a combination of activity in the transfer market and investment in the Club's academy and youth programmes to nurture and develop young players for the future.

Regulatory Environment

The football club is regulated by the rules of The FA, the Premier League, UEFA and FIFA. These regulations have a direct impact on the football club as they cover areas such as the division of centrally negotiated broadcasting and media deals and the operation of the transfer market.

The football club continues to balance success on the field together with the financial imperatives of complying with UEFA and Premier League financial regulations. The Club has complied with these regulations since their inception in 2012 and expects to do so for the foreseeable future.

Funding

Funding is provided by the parent company, Chelsea FC plc, which in turn is supported by Fordstam Limited. The Group reviews and updates its forecasts on a regular basis and keeps the parent company and ultimate controlling party aware of its financial commitments going forward.

CHELSEA FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Key performance indicators

The principal key performance indicators for 2019/20 of both a financial and non-financial nature were as follows:

Non Financial

- Premier League – 4th place* (2019: 3rd place)
- FA Cup – Runners Up* (2019: 5th Round)
- League Cup – 4th round (2019: Runners Up)
- Champions League – Round of 16* (2019: Europa League - Winners)
- Average league attendance of 40,563** (2019: 40,436)

*Following the conclusion of the competition post year end.

**Excluding league games that took place behind closed doors.

Financial (reviewed by the Board on a monthly basis)

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

Fixed Assets

The movements in fixed assets during the year are as shown in notes 12 and 13 to the Financial Statements. The intangible fixed assets comprises the unamortised portion of the cost of players' registrations as well as a small balance in relation to internally generated software.

Officers of the company have valued the playing staff and have deemed that no impairment is necessary when comparing the valuation to a net book value of £394.9m (2019: £476.4m) as disclosed in Note 12 to the financial statements.

Going Concern Basis

The company has received confirmation from the ultimate controlling 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.

On behalf of the board



.....
B Buck

Director

16 November 2020

CHELSEA FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report and financial statements for the year ended 30 June 2020.

Principal activities

The principal activity of the company continued to be that of a Premier League football club.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B Buck
D Barnard
M Granovskaia
E Tenenbaum
J G Laurence

Results and dividends

The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Disabled persons

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.

Employee involvement

The company 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.

Events after the reporting date

Since the year end the Club has acquired the registration of eight football players at an initial cost of £199.4m and disposed of the registration of three players at a profit of £1.9m.

Auditor

The auditor, KPMG LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board



.....
B Buck
Director
16 November 2020
.....

CHELSEA FOOTBALL CLUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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 the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 judgements and accounting 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CHELSEA FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHELSEA FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of Chelsea Football Club Limited ("the company") for the year ended 30 June 2020 which comprise Profit and Loss account, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

CHELSEA FOOTBALL CLUB LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHELSEA FOOTBALL CLUB LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Michael Maloney (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
16 November 2020

CHELSEA FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Operations excluding player amortisation & trading 2020 £000	Player amortisation and trading 2020 £000	Total 2020 £000	2019 £000
Turnover	3	387,827	-	387,827	423,637
Cost of sales		(300,206)	-	(300,206)	(322,334)
Gross profit		87,621	-	87,621	101,303
Administrative expenses		(68,075)	(127,142)	(195,217)	(236,767)
Exceptional administrative expenses	4	-	-	-	(26,647)
Operating loss	5	19,546	(127,142)	(107,596)	(162,111)
Interest receivable and similar income	9	56	7,739	7,795	2,420
Interest payable and similar expenses	10	-	(3,300)	(3,300)	(2,548)
Profit on disposal of player registrations		-	142,630	142,630	60,449
Profit on disposal of tangible fixed assets		-	-	-	594
Profit/(loss) before taxation		19,602	19,927	39,529	(101,196)
Tax on profit/(loss)	11	(3,133)	-	(3,133)	5,176
Profit/(loss) for the financial year		16,469	19,927	36,396	(96,020)

The notes on pages 15 to 29 form an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CHELSEA FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	£000	£000
Profit/(loss) for the year	36,396	(96,020)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>36,396</u>	<u>(96,020)</u>

The notes on pages 15 to 29 form an integral part of these financial statements.

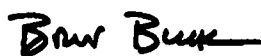
CHELSEA FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	12		394,993		476,548
Tangible assets	13		139,672		144,679
			<u>534,665</u>		<u>621,227</u>
Current assets					
Debtors	14	35,715		14,401	
Cash at bank and in hand		4		5	
		<u>35,719</u>		<u>14,406</u>	
Creditors: amounts falling due within one year	15	(238,920)		(249,067)	
Net current liabilities			(203,201)		(234,661)
Total assets less current liabilities			<u>331,464</u>		<u>386,566</u>
Creditors: amounts falling due after more than one year	16		(963,604)		(1,055,102)
Net liabilities			<u>(632,140)</u>		<u>(668,536)</u>
Capital and reserves					
Called up share capital	18		10		10
Share premium account			99,990		99,990
Revaluation reserve			5,800		7,016
Profit and loss reserves			(737,940)		(775,552)
Total equity			<u>(632,140)</u>		<u>(668,536)</u>

The financial statements were approved by the board of directors and authorised for issue on 16 November 2020 and are signed on its behalf by



B Buck
Director

Company Registration No. 01965149

The notes on pages 15 to 29 form an integral part of these financial statements.

CHELSEA FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2018	10	99,990	8,232	(680,748)	(572,516)
Year ended 30 June 2019:					
Loss and total comprehensive income for the year	-	-	-	(96,020)	(96,020)
Other movements	-	-	(1,216)	1,216	-
Balance at 30 June 2019	10	99,990	7,016	(775,552)	(668,536)
Year ended 30 June 2020:					
Profit and total comprehensive income for the year	-	-	-	36,396	36,396
Other movements	-	-	(1,216)	1,216	-
Balance at 30 June 2020	10	99,990	5,800	(737,940)	(632,140)

The notes on pages 15 to 29 form an integral part of these financial statements.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Chelsea Football Club Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stamford Bridge, Fulham Road, London, UK, SW6 1HS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Chelsea FC plc. These consolidated financial statements are available from its registered office, Stamford Bridge, Fulham Road, London, SW6 1HS.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.2 Going concern

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

During the year, the COVID-19 Pandemic caused the suspension of all domestic and European club competitions. Following the year end, the 2019/20 domestic and European competitions were successfully completed and the 2020/21 domestic and European competitions have commenced. At the time of preparing these financial statements, the current expectation is that the 2020/21 season will be concluded generally as planned, albeit behind closed doors.

The company reviews and updates its forecasts on a regular basis and keeps the parent company aware of its financial commitments going forward. In light of the COVID-19 Pandemic, the company has prepared forecasts under a range of possible downside scenarios including the assessment of potential funding requirements.

Even under a severe but plausible downside scenario of football being played behind closed doors for the remainder of the 2020/21 season and in front of a limited capacity in the 2021/22 season, sufficient headroom is present within the amounts currently made available. Were the effect of COVID-19 to be more severe than anticipated, and this season and next are played behind closed doors, additional funds may be required.

The company will continue to monitor the financial impact of COVID-19 and the company has received assurances from the funding party that sufficient funds will be made available to allow the company and Group to continue trading as a going concern.

1.3 Turnover

Turnover represents all income arising from the ordinary activities of the Company excluding transfer fees and excluding Value Added Tax. Principal sources of income include gate receipts, sponsorship, the sale of broadcasting rights, matchday, central awards from the Premier League, UEFA solidarity payments, prize money, merchandising and revenue from other commercial activities.

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3-5 years
Players Registrations	Enter amortisation rate via StatDB - cd999270

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land & buildings	Not depreciated
Long lease land & buildings	50 to 100 years on a straight line basis
Fixtures, fittings & equipment	2 to 10 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 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 Company. 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.

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.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.17 Players' signing on fees

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

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £000	2019 £000
Turnover analysed by class of business		
Matchday	53,211	64,761
Commercial	152,070	158,688
Broadcasting	182,546	200,188
	<u>387,827</u>	<u>423,637</u>
	2020 £000	2019 £000
Other significant revenue		
Interest income	7,795	2,420
	<u>7,795</u>	<u>2,420</u>
	2020 £000	2019 £000
Turnover analysed by geographical market		
United Kingdom	<u>387,827</u>	<u>423,637</u>

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

4 Exceptional item

	2020	2019
	£000	£000
Expenditure		
Exceptional administrative expenses	-	26,647

Exceptional administrative expenses in the prior year of £26.6m related to changes in respect of the Men's team management and coaching staff, together with associated legal costs.

5 Operating loss

	2020	2019
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	6,162	6,192
Profit on disposal of player registrations	(142,630)	(60,449)
Profit on disposal of tangible fixed assets	-	(594)
Amortisation of intangible assets	127,232	167,585
Operating lease charges	12	12

6 Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	40	40
For other services		
Fees payable to the Company auditor for the review of the Company's interim accounts	21	17
Taxation compliance services	16	16

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Playing staff (including managers/coaches)	112	126
Administration and commercial	287	283
Total	399	409

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	228,368	231,306
Social security costs	30,236	30,677
Pension costs	846	812
	<u>259,450</u>	<u>262,795</u>

The company also employs approximately 930 (2019: 950) temporary staff on match days.

8 Directors' remuneration

	2020 £000	2019 £000
Remuneration for qualifying services	257	250
Company pension contributions to defined contribution schemes	24	24
	<u>281</u>	<u>274</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1)

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

Remuneration for qualifying services	257	250
Company pension contributions to defined contribution schemes	24	24
	<u>281</u>	<u>274</u>

The other Directors who held office during the year were paid for their services as Director of this company by the parent company, Chelsea FC plc.

9 Interest receivable and similar income

	2020 £000	2019 £000
Interest income		
Other interest income	7,795	2,420
	<u>7,795</u>	<u>2,420</u>

Debtor balances relating to future transfer fees receivable have been recorded at the net present value of future payments, discounted using a market rate of interest resulting in interest income being recognised over the period of the transactions.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10 Interest payable and similar expenses

	2020 £000	2019 £000
Other interest	3,300	2,548

Creditor balances relating to future transfer fees payable have been recorded at the net present value of future payments, discounted using a market rate of interest resulting in interest expense being recognised over the period of the transactions.

11 Taxation

	2020 £000	2019 £000
Current tax		
UK corporation tax on profits for the current period	3,133	(5,176)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £000	2019 £000
Profit/(loss) before taxation	39,529	(101,196)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	7,511	(19,227)
Tax effect of expenses that are not deductible in determining taxable profit	275	232
Adjustments in respect of prior years	-	2
Group relief	(107)	636
Remeasurement of recognised and unrecognised deferred tax for changes in tax rates	(13,907)	1,534
Fixed asset differences	988	67
Deferred tax remeasurement not recognised	11,911	11,580
Utilisation of previously unrecognised trading losses	(3,395)	-
Capital losses	(143)	-
Taxation charge/(credit) for the year	3,133	(5,176)

A potential deferred tax asset of £126,722,000 (2019: £118,206,000) has not been recognised due to uncertainty over future profits.

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. It was subsequently announced that this reduction would not take place and this was substantively enacted on 17 March 2020. The tax rate therefore remains at 19%.

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Intangible fixed assets

	Software	Players	Total
	Registrations		
	£000	£000	£000
Cost			
At 1 July 2019	579	869,462	870,041
Additions	34	93,406	93,440
Disposals	-	(141,261)	(141,261)
At 30 June 2020	613	821,607	822,220
Amortisation and impairment			
At 1 July 2019	441	393,052	393,493
Amortisation charged for the year	90	127,142	127,232
Disposals	-	(93,498)	(93,498)
At 30 June 2020	531	426,696	427,227
Carrying amount			
At 30 June 2020	82	394,911	394,993
At 30 June 2019	140	476,408	476,548

Intangible assets relating to players' registrations relate entirely to the carrying value of the playing squad and are being amortised over the remaining length of the players' contracts. The figures used are historical cost figures and relate solely to purchased players. 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 is recognised in profit and loss. Officers of the Company have reviewed the carrying amount as at 30 June 2020 and no impairment was deemed necessary (2019: £Nil).

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13 Tangible fixed assets

	Freehold land & buildings	Long lease land & buildings	Construction in progress	Fixtures, fittings & equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 July 2019	8,430	142,422	8,760	53,460	213,072
Additions	-	-	-	1,155	1,155
Disposals	-	-	-	(1,182)	(1,182)
Transfers	7,566	-	(8,544)	978	-
At 30 June 2020	15,996	142,422	216	54,411	213,045
Depreciation and impairment					
At 1 July 2019	1,811	36,954	-	29,628	68,393
Depreciation charged in the year	776	2,037	-	3,349	6,162
Eliminated in respect of disposals	-	-	-	(1,182)	(1,182)
At 30 June 2020	2,587	38,991	-	31,795	73,373
Carrying amount					
At 30 June 2020	13,409	103,431	216	22,616	139,672
At 30 June 2019	6,619	105,468	8,760	23,832	144,679

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £000	2019 £000
Cost	129,562	129,562
Accumulated depreciation	(43,017)	(40,426)
Carrying value	86,545	89,136

14 Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Corporation tax recoverable	-	5,176
Other debtors	109	105
Prepayments and accrued income	35,606	9,120
	35,715	14,401

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

15 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	98,710	114,958
Corporation tax	3,133	-
Other taxation and social security	77	-
Other creditors	3,362	10,998
Accruals and deferred income	133,638	123,111
	<u>238,920</u>	<u>249,067</u>

16 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Trade creditors	40,016	37,838
Amounts due to group undertakings	923,588	1,017,264
	<u>963,604</u>	<u>1,055,102</u>

17 Retirement benefit schemes

Defined benefit schemes

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 2017 highlighted that the Group share of the deficit was £378,779. The revised deficit is being paid off in instalments until 31 October 2023. The charge for the year is £70,630 (2019: £67,262).

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £0.8m (2019: £0.8m).

18 Share capital

	2020 £000	2019 £000
Ordinary share capital		
Issued and fully paid		
10,100 Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

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

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

19 Financial commitments, guarantees and 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 £15.4m (2019: £10.2m).

20 Events after the reporting date

Since the year end the Club has acquired the registration of eight football players at an initial cost of £199.4m and disposed of the registration of three players at a profit of £1.9m.

21 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2020 £000	2019 £000	2020 £000	2019 £000
Chelsea FC Foundation	52	1,702	480	259
Nike Chelsea Merchandising Limited	380	650	-	18
	<u>432</u>	<u>2,352</u>	<u>480</u>	<u>277</u>

The Board considers that the Chelsea FC Foundation and its subsidiaries are related parties of Chelsea Football Club Limited by virtue of significant influence.

Mr J Bonington is Company Secretary of Chelsea Football Club Limited, as well as serving as a Director of Nike Chelsea Merchandising Limited

CHELSEA FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

21 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020 £000	2019 £000
Chelsea FC Foundation	157	68
	<u>157</u>	<u>68</u>

22 Ultimate controlling party

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

The registered office of Fordstam Limited and Chelsea FC plc is Stamford Bridge, Fulham Road, London, SW6 1HS. A copy of the Financial Statements can be obtained from the registered office.