Company registration number 01965149 (England and Wales)

CHELSEA FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

CHELSEA FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	D Barnard	
	T Boehly	
	B Charone	
	B Eghbali	
	J Feliciano	
	Lord D Finkelstein	
	J Goldstein	
	J Pade	
	M Walter	
	H Wyss	
	C Jurasek	(Appointed 21 August 2023)
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 2023

The directors present the strategic report of Chelsea Football Club Limited ("the Company" or "the Club") for the year ended 30 June 2023.

Principal activity

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

Results for the year

The loss for the year, after taxation, was £166.8m (2022: loss of £114.6m).

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

Every decision made at Chelsea FC 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. The Club's ownership group is firmly committed to building on the Club's remarkable history of success and making fans proud.

The Club continues to offer a range of ways for supporters to find out about club activity, both domestic fanbase and those living overseas. Fans are informed about Club activity through its website, official app, social media, matchday programmes and more. Across all of these channels, we provide access to the players and coaches from our men's, women's and academy teams as well as training and match highlights, all within the safety requirements of the Government, the Premier League and The Football Association.

The Club continues its structured engagement strategy, with the introduction of a Fan Advisory Board (FAB) and the recruitment of a Head of Supporter Relations demonstrating a commitment to proactive fan engagement.

This is in addition to the three supporter advisors who currently attend each of the company's board meetings to ensure supporter sentiment is considered as part of the Club's decision-making process. The FAB is made up of seven representatives who will be engaged on strategic long-term issues which impact supporters.

The Club continues to meet with a cross section of supporters that reflect the diverse nature of Chelsea's support via the Fan Forum and Access Forum. The Forums consist of a body of elected fans and senior members of the Club management and meet 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 matchday and operational 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 part of a structured group or not - feel they can make their voice heard. The Club also regularly engages with unofficial supporters groups and supporters clubs around the world, alongside local residents who live around Stamford Bridge.

Chelsea FC has expressed support for the Premier League's Fan Engagement Standard and will continue to work closely with the Premier League to ensure the standard is mainstreamed throughout the Club.

Partners
The commercial partners of the Club are fundamental to our success. The Club works hard to build long lasting relationships with like-minded brands that can help bring value to our club, our fans and our employees, moving beyond traditional partnering rights.

It is also vitally important to the Club that partners understand our commitment to innovation, success and 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, or that want to support our vast range of community programmes. We are proud of the work our partners do alongside Chelsea FC and look forwarding to welcoming more partners to Chelsea FC in the future.

Employees
The Club's owners are determined to establish and nurture a culture of transparency, accountability, inclusivity, diversity and opportunity for all Chelsea employees. There is a clear intent for the Club to be a beacon of hope, positivity and good leadership for employees and the communities we all serve.

The Club's owners will continue to build on the initial work they have already done to create a sustainable, positive culture that will ensure Chelsea FC's future success. The Club's owners have begun a comprehensive review of the structures, processes, policies and support needed for its people across the organisation, taking steps to instil an environment consistent with their values.

The physical and mental health and wellbeing of all Chelsea employees is paramount. The owners' mission is to create a workplace environment and corporate culture that empowers everyone in the Chelsea FC community to be safe, included, valued and trusted, and to work tirelessly to set and achieve the highest standards. Mental health first aid training has been introduced, alongside a number of staff-led initiatives and activities to commemorate Mental Health Awareness Week.

The Club's values are at the core of our people-related activities both on and off-the-pitch. Significant progress has been made in relation to equality, diversity and inclusion, promoting fair and equitable policies and procedures throughout its recruitment, retention, training, development, and recognition processes. The introduction of employee resource groups connected to ED&I will only further activity in this area. Chelsea FC is fully committed to equal and fair opportunities, demonstrated 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 continued work on the Premier League Equality Standard at Advanced Level.

Shareholders
The Group is owned by a consortium led by Todd Boehly, chairman and CEO of Eldridge, and Clearlake.

The shareholders are kept fully informed of the Group'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 shareholders.

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

Other stakeholders and the wider community
The Club 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 Club'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.

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 Club continually tracks and reviews it's environmental impact with a view to work towards further sustainable and environmentally friendly projects. The intention is to continue to improve efficiency in the use of all resources and adopt an approach to implement low and zero carbon technologies where appropriate.

The Club is committed to treating all relevant legal and environmental legislation and guidelines as a minimum requirement and will seek to exceed them wherever possible. The Club is also fully (Energy Savings Opportunities Scheme) ESOS compliant.

Decision making and section 172 of the Companies Act 2006
The Club's primary strategy is to deliver on-field success, whilst taking into consideration all stakeholders.

During the past year the Club continued to support the needs of staff and the wider community.

The Chelsea Foundation continues to provide outstanding leadership, with its staff at the forefront of the delivery of education programmes and established support sessions for people of all ages.

The Club continues to expand our anti-discrimination work with its No To Hate campaign. Using the Club's global reach, we provide guidance for fans on how to report racist abuse, both in the stadium and online. We work to identify perpetrators of racist abuse and take the strongest possible action against them, working with police and authorities to secure prosecutions. The club will continue to work with football authorities and campaigning organisations to support best practice on tackling racism and promoting equality, diversity and inclusion.

The No To Hate campaign runs in tandem with the Club's Equality Action Plan, as well as our work as signatories to the FA's Football Leadership Diversity Code and our support for the Premier League's No Room For Racism Action Plan.

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

Fair review of the business
Profit and Loss

The loss for the year before taxation was £166.8m compared to a loss of £114.6m for the prior year. Due to increased matchday and commercial revenue, the Club grew overall revenue to £474.8m, made profits on disposal of player registrations of £62.7m and had increases in other income. This helped offset the increased operational costs seen in the year.

Following the acquisition of the Club on 30 May 2022 by a consortium led by Todd Boehly and affiliates of Clearlake Capital Group L.P. (together with its affiliates, "Clearlake"), 2022/23 was the first full season completed under the new ownership.

This year saw an overall increase in turnover from £453.1m to £474.8m driven by increased matchday and commercial revenue, due in part to the Club being able to operate without the Government restrictions placed on the Club in the prior year. These increases were offset by decreased broadcasting revenue, in relation to the Club's 12th place finish in the Premier League and 3rd round exits in both the FA and League Cups.

Matchday revenue increased from £67.4m to £73.7m compared to the prior year. Matches in the 2022/23 season were sold without restriction, resulting in all matches selling out and an increased average attendance to 40,002 contributing to this increase.

Overall, broadcasting revenue decreased by £9.1m to £225.9m compared to the prior year. The Club generated broadly consistent revenues from UEFA as the Club reached the quarter finals of the UEFA Champions League for the second year running. However, the Club's 12th place finish in the Premier League resulted in a lower domestic broadcasting share for the year.

The increase in commercial revenue of £24.7m to £175.3m was driven by strong sales of non-match day activities which saw sales restricted for part of the prior year due to Government restrictions. In addition, the Club benefited from a net increase in sponsorship revenue from new and existing partner renewals.

Overall, operating expenses of £722.8m increased by £129.1m compared with £593.7m in the previous year (excluding impairment costs and other expenses referred to in Note 5). This was principally because of increased player amortisation (£202.7m) and an overall increased wage roll (£373.4m).

In addition, the Club made a net profit on player trading of £62.7m in the year (2022: £123.2m) principally due to the sales of Timo Werner to RB Leipzig, Emerson Palmieri to West Ham, Billy Gilmour to Brighton, Jorginho to Arsenal, Kalidou Koulibaly to Al-Hilal, Mateo Kovacic to Manchester City, Kai Havertz to Arsenal and Ruben Loftus-Cheek to AC Milan. In addition, the Club realised contingent fees in relation to a number of previous transfers and incurred costs relating to the changes made to the men's first team management in the year.

Fair review of the business (continued)

Balance Sheet

Intangible assets have increased to £703.9m from £302.4m. This movement is a result of £744.1m of player acquisitions including Andrey dos Santos from Vasco da Gama, Benoît Badiashile from Monaco, Carney Chukwuemeka from Aston Villa, Cesare Casadei from Inter Milan, Noni Madueke from PSV Eindhoven, David Fofana from Molde, Enzo Fernandez from Benfica, Kalidou Koulibaly from Napoli, Malo Gusto from Lyon, Marc Cucurella from Brighton, Mykhailo Mudryk from Shakhtar Donetsk, Raheem Sterling from Manchester City and Wesley Fofana from Leicester City. This was offset by total amortisation of £202.7m and the disposal of player registrations with a combined net book value of £139.9m as noted in the profit and loss section above.

Tangible fixed assets are £142.3m at the year end with additions of £13.9m in the year offset by £8.7m of depreciation.

Net current liabilities of £371.9m have increased from the prior year position of £253.6m by £118.3m. This is because of a net increase in creditors falling due within one year of £119.4m offset by a small increase in debtors of £1.0m.

Creditors falling due after more than one year of £1,533m have increased by £455.2m in the year from £1,078.2m. This is due to an increase in the amounts owed in relation to player trading and amounts due to group companies.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Club's long term performance. These risks and uncertainties are monitored by the Board on a regular basis. The Directors' have specifically considered the additional risk to the Club of the ongoing level of high inflation being seen in the UK including the impact of increased energy prices and the impact of the weakened pound compared to the US dollar. Forecasted increases in operating costs because of these factors have been included in the Club's budget to assess potential additional funding requirements as described further in Note 1.2.

Income

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

Expenditure

The 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 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 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 Holdings Limited, which in turn is supported by Blueco 22 Limited (which is controlled by a consortium led by Todd Boehly and Clearlake). The Company reviews and updates its forecasts on a regular basis and keeps the parent company and ownership aware of its financial commitments going forward.

Key performance indicators

The principal key performance indicators for 2022/23 of both a financial and non-financial nature were as follows:

Non-financial

- Premier League – 12th place *(2022: 3rd place)*
- FA Cup – 3rd round *(2022: Runners up)*
- League Cup – 3rd round *(2022: Runner up)*
- Champions League – Quarter finals *(2022: Quarter Finals)*
- Average league attendance of 40,002 *(2022: 37,698)*

Financial (reviewed by the Board on a monthly basis)

- Revenue
- 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 13 and 14 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 an impairment of £Nil (2022: £76.7m) is necessary when comparing the valuation to a net book value of £703.9m as disclosed in Note 13 to the financial statements.

Climate-related Financial Disclosures

The Company is exempt from the requirement to include climate related financial disclosures due to this information being included in the group report of the Parent Undertaking, Chelsea FC Holdings Limited. The Group report is prepared for the same financial year end as the Company.

Going Concern Basis

The Company has received confirmation from the parent company 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. See Note 1.2 of the financial statements for further details.

On behalf of the board

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T Boehly

Chairman

20 December 2023

The directors present their annual report and financial statements for the year ended 30 June 2023.

Principal activities
The principal activity of the Company continued to be that of a Premier League football club.

Results and dividends
The results for the year are set out on page 14.

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

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

D Barnard	
T Boehly	
B Charone	
B Eghbali	
J Feliciano	
Lord D Finkelstein	
J Goldstein	
J Pade	
M Walter	
H Wyss	
C Jurasek	(Appointed 21 August 2023)

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.

Post reporting date events
Since the year end the Company has acquired the registration of 13 football players at an initial cost of £453.4m and disposed of the registration of 10 players at a profit of £48.2m.

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

Energy and carbon report
The Company is exempt from the requirement to include Streamlined Energy and Carbon Reporting ('SECR') data due to this information being included in the group report of the Parent Undertaking, Chelsea FC Holdings Limited. The Group report is prepared for the same financial year end as the Company and complies with the SECR disclosure requirements set out in Part 7A of Schedule 7.

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

....
T Boehly
Director

Date: 20 December 2023

CHELSEA FOOTBALL CLUB LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

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.

KPMG

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 2023 which comprise the profit and loss account, statement of comprehensive income, balance sheet, 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 2023 and of its loss 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

KPMG

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to limited opportunities to manipulate revenue.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and journal entries containing specific words in their description.
- Obtained legal confirmations from third party legal counsel.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, profit and sustainability rules, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the self-reporting matter discussed in note 17 and note 21 we assessed disclosures against our understanding from regulatory and legal correspondence.

KPMG

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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 9, 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.

KPMG

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

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.

PBarron

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

20 December 2023

CHELSEA FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Operations excluding player amortisation & trading 2023 £000	Player amortisation and trading 2023 £000	Total 2023 £000	2022 £000
Turnover	3	474,847	-	474,847	453,056
Cost of sales		(436,720)	-	(436,720)	(361,733)
Gross profit		38,127	-	38,127	91,323
Administrative expenses		(83,316)	(202,727)	(286,043)	(326,655)
Other operating income	4	30,606	-	30,606	-
Operating loss	6	(14,583)	(202,727)	(217,310)	(235,332)
Interest receivable and similar income	10	-	4,225	4,225	4,685
Interest payable and similar expenses	11	-	(16,392)	(16,392)	(7,063)
Profit on disposal of player registrations		-	62,723	62,723	123,151
Loss before taxation		(14,583)	(152,171)	(166,754)	(114,559)
Tax on loss	12	-	-	-	-
Loss for the financial year		(14,583)	(152,171)	(166,754)	(114,559)

Included within operating loss is £Nil (2022: £94,677,000) relating to the impairment of player registrations and other expenses (see Note 5).

The notes on pages 18 to 34 form 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 2023

	2023 £000	2022 £000
Loss for the year	(166,754)	(114,559)
Other comprehensive income	-	-
Total comprehensive income for the year	(166,754)	(114,559)

The notes on pages 18 to 34 form part of these financial statements.

CHELSEA FOOTBALL CLUB LIMITED

BALANCE SHEET

AS AT 30 JUNE 2023

		2023		2022	
	Notes	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Intangible assets	**13**		703,862		302,417
Tangible assets	**14**		142,330		137,042
			846,192		439,459
Current assets					
Debtors	**16**	16,276		15,233	
Cash at bank and in hand		4		4	
		16,280		15,237	
***Creditors:* amounts falling due within one year**	**17**	(388,170)		(268,804)	
Net current liabilities			(371,890)		(253,567)
Total assets less current liabilities			474,302		185,892
Creditors: amounts falling due after more than one year	**18**		(1,533,375)		(1,078,211)
Net liabilities			(1,059,073)		(892,319)
Capital and reserves					
Called up share capital	**20**		10		10
Share premium account			99,990		99,990
Revaluation reserve			2,152		3,368
Profit and loss reserves			(1,161,225)		(995,687)
Total equity			(1,059,073)		(892,319)

The notes on pages 18 to 34 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 20 December 2023 and are signed on its behalf by:

....

T Boehly
Director

Company Registration No. 01965149

CHELSEA FOOTBALL CLUB LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2021	10	99,990	4,584	(882,344)	(777,760)
Year ended 30 June 2022:					
Loss and total comprehensive income for the year	-	-	-	(114,559)	(114,559)
Other movements	-	-	(1,216)	1,216	-
Balance at 30 June 2022	10	99,990	3,368	(995,687)	(892,319)
Year ended 30 June 2023:					
Loss and total comprehensive income for the year	-	-	-	(166,754)	(166,754)
Other movements	-	-	(1,216)	1,216	-
Balance at 30 June 2023	10	99,990	2,152	(1,161,225)	(1,059,073)

The notes on pages 18 to 34 form an integral part of these financial statements.

1 Accounting policies

Company information

Chelsea Football Club Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom. The registered number is 01965149 and the registered office address 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 Holdings Limited. These consolidated financial statements are available from its registered office, Stamford Bridge, Fulham Road, London, SW6 1HS.

1 Accounting policies **(Continued)**

1.2 Going concern

Notwithstanding net liabilities of £1,059,073,000 as at 30 June 2023, the financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate. The immediate parent company, Chelsea FC Holdings Limited manages the treasury function within the group comprising itself and its subsidiaries ("the Group") which includes the Company. The directors of the Group have prepared consolidated cash flow forecasts and these forecasts are reviewed and updated on a regular basis. The directors of the Group keeps its intermediate parent, Blueco 22 Limited, aware of various potential funding scenarios based on the performance of both the men's and women's football teams. In all scenarios, the Company is reliant on the continued availability of funding from its intermediate parent undertaking, Blueco 22 Limited. The most significant factor that determines the extent of the financial support requirement is the net impact of future player transfer activity.

The Company has received assurances from the Directors of Blueco 22 Limited, via a letter of financial support, that sufficient funds will be made available to allow the Company and its immediate parent company to continue trading as a going concern for the foreseeable future. As with any company placing reliance on financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

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.

1 Accounting policies **(Continued)**

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	life of contract

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 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets (excluding players' registrations) 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.

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.

1.8 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.

1.9 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.

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 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 Accounting policies **(Continued)**

1.11 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.

1.12 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 (within intangible assets) for impairment where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. In completing their assessment of impairments required the Directors consider the playing squad to be one cash generating unit such that no impairment is recorded if the recoverable amount of the playing squad is greater than its carrying value. Per FRS 102.27.11, the recoverable amount is calculated using the higher of the Fair Value less Costs to Sell (FVLCTS) and its value in use, however in the case of player registrations, the Directors do not consider it possible to determine to VIU of an individual player.

In certain situations, such as career-threatening injury, players are treated as a separate cash generating unit and the carrying values are compared to the Club's best estimate of the players FVLCTS. 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.

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.

The valuation of player registrations is highly subjective and can be subject to frequent and sudden change dependent on individual player performance and the general conditions in the transfer market. The Directors' and management teams' consider that they have sufficient experience and knowledge to make these assessments. These experiences are drawn on when making these detailed assessments and is completed in line with the accounting policy in note 1.16.

In certain instances, there may be players whom the Group does not consider to be part of the First Team squad (cash generating unit or "CGU") going forward and who will therefore not contribute to the future cash flows earned by the CGU. The Directors note that there is significant judgement involved of such situations where the Group does not consider a player to be part of the First Team squad CGU. An example of an indicator of such a situation is when a player has incurred a career-threatening injury. Where a player is not considered part of the First Team squad CGU, the carrying value of the player is removed from the CGU and instead, the player will be assessed for impairment in isolation by considering his carrying value with the Club's best estimate of his fair value less costs to sell.

The Company determined that certain litigation costs and associated professional fees amounting to £17.1m, that have been incurred subsequent to Blueco 22 Limited acquiring the Company, should be recharged to the intermediate parent company. It is management's judgement that the amounts represent costs which were only incurred due to the acquisition of the Group by Blueco 22 Limited and therefore should be appropriately borne by the intermediate parent company on an arm's length basis. In accordance with FRS 102 Section 2, the directors consider other operating income in the profit and loss account to be the most appropriate place to present the related credit as opposed to within equity.

3 Turnover and other revenue

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

	2023 £000	2022 £000
Turnover analysed by class of business		
Matchday	73,661	67,435
Commercial	175,284	150,605
Broadcasting	225,902	235,016
	474,847	453,056

	2023 £000	2022 £000
Turnover analysed by geographical market		
United Kingdom	474,847	453,056

	2023 £000	2022 £000
Other revenue		
Interest income	4,225	4,685

4 Other operating income

	2023 £000	2022 £000
Income		
Settlement fee	12,500	-
Research & development tax credit	1,048	
Recharged costs (see Note 2)	17,058	-
	30,606	-

5 Impairment and other expenses

	2023 £000	2022 £000
Expenditure		
Impairment and other expenses	-	94,677

Impairment and other expenses in the year consist of impairment of player registrations of £Nil *(2022: £76.7m)* (see Note 13) and amounts payable in relation to ongoing legal matters of £Nil *(2022: £18.0m)*.

6 Operating loss

Operating loss for the year is stated after charging/(crediting):	2023 £000	2022 £000
Depreciation of owned tangible fixed assets	8,657	7,770
Profit on disposal of player registrations	(62,723)	(123,151)
Amortisation of intangible assets	202,738	160,018
Impairment of intangible assets	-	76,700
Operating lease charges	14	14

7 Auditor's remuneration

Fees payable to the Company's auditor and associates:	2023 £000	2022 £000
For audit services		
Audit of the Company's financial statements	62	90
For other services		
Fees payable to the Company auditor for the review of the Company's interim accounts	76	40
Taxation compliance services	16	16
	92	56

8 Employees

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

	2023 Number	2022 Number
Playing staff (including managers/coaches)	127	117
Administration and commercial	301	287
Total	428	404

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	325,674	274,724
Social security costs	46,747	38,105
Pension costs	975	965
	373,396	313,794

The Company also employs approximately 704 *(2022: 870)* temporary staff on match days.

9 Directors' remuneration

	2023 £000	2022 £000
Remuneration for qualifying services	468	257
Company pension contributions to defined contribution schemes	18	18
	486	275

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 *(2022: 1).*

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

	2023 £000	2022 £000
Remuneration for qualifying services	268	257
Company pension contributions to defined contribution schemes	18	18

10 Interest receivable and similar income

	2023 £000	2022 £000
Interest income		
Other interest income	4,225	4,685

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.

11 Interest payable and similar expenses

	2023 £000	2022 £000
Other interest	16,392	7,063

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.

12 Taxation

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

	2023 £000	2022 £000
Loss before taxation	(166,754)	(114,559)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.50% (2022: 19.00%)	(34,185)	(21,766)
Tax effect of expenses that are not deductible in determining taxable profit	7,000	3,442
Group relief	-	640
Research and development tax credit	(215)	-
Other permanent differences	-	(232)
Remeasurement of recognised and unrecognised deferred tax for changes in tax rates	(5,857)	(5,290)
Fixed asset differences	1,412	1,167
Deferred tax not recognised	32,509	22,039
Timing differences not recognised in the computation	(664)	-
Taxation charge for the year	-	-

A potential deferred tax asset of £256,491,000 *(2022: £219,692,000)* has not been recognised due to uncertainty over future profits.

Factors that may affect future current and total tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This has resulted in a hybrid rate of corporation tax for the year ended 30 June 2023 of 20.5%.

13 Intangible fixed assets

	Software	Players Registrations	Total
	£000	£000	£000
Cost			
At 1 July 2022	613	916,936	917,549
Additions	-	744,109	744,109
Disposals	-	(591,418)	(591,418)
At 30 June 2023	613	1,069,627	1,070,240
Amortisation and impairment			
At 1 July 2022	602	614,530	615,132
Amortisation charged for the year	11	202,727	202,738
Disposals	-	(451,492)	(451,492)
At 30 June 2023	613	365,765	366,378
Carrying amount			
At 30 June 2023	-	703,862	703,862
At 30 June 2022	11	302,406	302,417

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 2023 and consider an impairment of £Nil is required *(2022: £76,700,000)*.

14 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 2022	16,496	142,422	43	62,636	221,597
Additions	1,552	-	1,050	11,343	13,945
Disposals	-	-	-	(2,773)	(2,773)
Transfers	-	-	(43)	43	-
At 30 June 2023	18,048	142,422	1,050	71,249	232,769
Depreciation and impairment					
At 1 July 2022	4,139	43,063	-	37,353	84,555
Depreciation charged in the year	778	2,037	-	5,842	8,657
Eliminated in respect of disposals	-	-	-	(2,773)	(2,773)
At 30 June 2023	4,917	45,100	-	40,422	90,439
Carrying amount					
At 30 June 2023	13,131	97,322	1,050	30,827	142,330
At 30 June 2022	12,357	99,359	43	25,283	137,042

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

	2023	2022
	£000	**£000**
Cost	129,562	129,562
Accumulated depreciation	(50,790)	(48,199)
Carrying value	78,772	81,363

15 Fixed asset investments

	2023 £000	2022 £000
Unlisted investments	-	-
	-	-

Movements in fixed asset investments

	Investments other than loans £000
Cost or valuation	
At 1 July 2022 & 30 June 2023	1,721
Impairment	
At 1 July 2022 & 30 June 2023	1,721
Carrying amount	
At 30 June 2023	-
At 30 June 2022	-

16 Debtors

Amounts falling due within one year:	2023 £000	2022 £000
Corporation tax recoverable	1,476	428
Other debtors	32	3,123
Prepayments and accrued income	14,768	11,682
	16,276	15,233

17 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	247,654	67,951
Other taxation and social security	24	81
Other creditors	3,428	2,237
Accruals and deferred income	137,064	198,535
	388,170	268,804

£8.6m *(2022: £29.8m)* of accruals and deferred income balance represent amounts that are due to settle ongoing legal matters including a post year end unconditional UEFA financial contribution of €10m (£8.6m).

18 Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Trade creditors	259,768	78,847
Amounts due to group undertakings	1,273,607	999,364
	1,533,375	1,078,211

19 Retirement benefit schemes

Defined benefit schemes

Certain employees of the Company 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 £81,762 *(2022: £77,870).*

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 £975,000 *(2022: £965,000).*

20 Share capital

	2023 £000	2022 £000
Ordinary share capital		
Issued and fully paid		
10,100 Ordinary shares of £1 each	10	10

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

21 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 £31.2m *(2022: £16.1m).*

During the prior period, the Company self-reported to relevant football authorities' certain legal matters concerning historical football transactions. The Director's acknowledge the ongoing review by the Premier League in relation to these matters. Depending on the outcome of any the review, there could be future liabilities that cannot be quantified as at the date of these financial statements.

22 Related party transactions

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

	Income		Expenditure	
	2023	2022	2023	2022
	£000	£000	£000	£000
Chelsea FC Foundation	154	38	334	262
Nike Chelsea Merchandising Limited	333	-	4	27
Chelsea Digital Ventures Limited	-	-	-	10
Cornerstone OnDemand Limited	8	-	-	-
	495	38	338	299

The Board considers that the Chelsea FC Foundation and its subsidiaries are related parties of 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.

The following amounts were outstanding at the reporting end date:

	Amounts owed from/(to) related parties	
	2023	2022
	£000	£000
Chelsea FC Foundation	25	-
Nike Chelsea Merchandising Limited	112	-
	137	-

23 Events after the reporting date

Since the year end the Company has acquired the registration of 13 football players at an initial cost of £453.4m and disposed of the registration of 10 players at a profit of £48.2m.

24 Ultimate controlling party

The immediate parent company is Chelsea FC Holdings Limited, a company incorporated in England and Wales.

The directors consider the ultimate parent undertaking to be Blues Investment Holdings L.P., a limited partnership incorporated in Cayman Islands.

For the year ended 30 June 2023, the smallest group of undertakings in which the Company's results are included is Chelsea FC Holdings Limited and the largest is 22 Holdco Limited.

The registered office of Chelsea FC Holdings Limited and 22 Holdco Limited is Stamford Bridge, Fulham Road, London, SW6 1HS.