

CHELSEA FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 1999

Company Registration Number 1965149



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CHELSEA FOOTBALL CLUB LIMITED

**INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**

Page No.

| | |
|-------------|---|
| 1-3 | Directors' Report |
| 4 | Auditors' Report |
| 5 | Profit and Loss Account |
| 6 | Statement of Total Recognised Gains and Losses |
| 7 | Balance Sheets |
| 8-21 | Notes to the Financial Statements |

**CHELSEA FOOTBALL CLUB LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 1999**

The directors present their annual report and financial statements for the year ended 30 June 1999.

Results and dividends

The operating profit for the year was £8,220,356 (1998 £6,963,104). After transfer fee charges, interest and taxation the net profit for the year was £3,498,932 (1998 profit £3,066,884). The directors recommend that this be added to the balance at the beginning of the year and that the balance of £10,994,465 be carried forward.

Review of the business

The company's principal activity during the year was that of a Premier League football club. The directors consider the result for the year and the position of the company at the end of the year to be satisfactory.

Directors

The directors of the company during the year, none of whom had a beneficial interest in the issued share capital of the company throughout the year were:

K. W. Bates
C. Hutchinson
M.I. Russell (appointed 26 January 1999)
Y. S. Todd

**CHELSEA FOOTBALL CLUB LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 1999**

Directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Players valuation

Two directors of the club and a senior member of the player management have each independently valued the playing staff. The mean average of their aggregate valuation as at 30 June 1999 was £ 71,570,000 (1998 £63,550,000). This assumes willing buyers for the relevant player's registrations on normal contractual terms and an orderly disposal over a period of time.

**CHELSEA FOOTBALL CLUB LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 1999**

Year 2000 Date Change

The company has undertaken a review of its computer systems to ensure they are able to operate effectively after the 31 December 1999. The review also covered third parties from whom the company receives services. The immaterial cost of this review has been charged to the profit and loss account.

Suppliers


The Company agrees terms and conditions for its goods and services with suppliers and seeks to abide by these payment terms subject to the agreed terms and conditions being met by the supplier.

Amounts due to the Company's suppliers at the Balance Sheet date represent approximately 103 days credit based on the total amounts of goods and services invoiced by them.

Auditors

A resolution to re-appoint Saffery Champness as auditors will be put to the members at the next Annual General Meeting.

Signed by order of the
Board of Directors



A L Shaw
Company Secretary

2 November 1999

CHELSEA FOOTBALL CLUB LIMITED
AUDITORS' REPORT TO THE MEMBERS OF CHELSEA FOOTBALL CLUB LIMITED
FOR THE YEAR ENDED 30 JUNE 1999

We have audited the financial statements on pages 5 to 21.

Respective responsibilities of Directors and Auditors

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

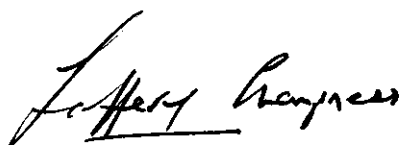
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness
Chartered Accountants
Registered Auditors
Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

2 November 1999

**CHELSEA FOOTBALL CLUB LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999**

| | Note | £ | 1999 £ | £ | 1998 £ |
|--|------|-------------|--------------|-----------|--------------|
| Turnover | 2 | | 44,075,827 | | 37,108,643 |
| Direct operating costs | | | (30,074,914) | | (24,905,420) |
| Gross profit | | | 14,000,913 | | 12,203,223 |
| Administrative expenses | | | (5,780,557) | | (5,240,119) |
| Operating profit before transfer fees | 3 | | 8,220,356 | | 6,963,104 |
| Transfer fees | 5 | | (2,874,714) | | (3,084,956) |
| Profit before interest | | | 5,345,642 | | 3,878,148 |
| Interest receivable and similar income | | 0 | | 53 | |
| Interest payable | 6 | (1,846,710) | | (811,317) | |
| | | | (1,846,710) | | (811,264) |
| Profit on ordinary activities before taxation | | | 3,498,932 | | 3,066,884 |
| Taxation | 7 | | - | | - |
| Profit on ordinary activities after taxation | | | 3,498,932 | | 3,066,884 |
| Retained profit brought forward | | | 7,495,533 | | 4,428,649 |
| Retained profit carried forward | 17 | | 10,994,465 | | 7,495,533 |

All amounts relate to continuing activities.

The notes numbered 1 to 21 form part of the financial statements

CHELSEA FOOTBALL CLUB LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 1999

| | 1999 £ | 1998 £ |
|--|------------------|-------------------|
| Profit for the financial year | 3,498,932 | 3,066,884 |
| Unrealised surplus on revaluation of properties | (4,334,164) | 14,272,473 |
| Total recognised gains and losses for the financial year | <u>(835,232)</u> | <u>17,339,357</u> |

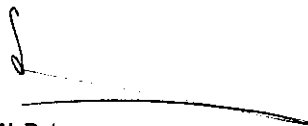
Since the company does not amortise the football stadium, there is no difference between profits or losses as shown in the financial statements and those on an historical cost basis.

The notes numbered 1 to 21 form part of the financial statements

CHELSEA FOOTBALL CLUB LIMITED
BALANCE SHEET
AS AT 30 JUNE 1999

| | Note | £ | 1999 £ | £ | 1998 £ |
|--|------|--------------|-------------------|--------------|-------------------|
| Fixed assets | | | | | |
| Intangible assets | 8 | | 24,201,796 | | 18,302,359 |
| Tangible assets | 9 | | <u>74,053,187</u> | | <u>67,335,735</u> |
| | | | 98,254,983 | | 85,638,094 |
| Current assets | | | | | |
| Debtors | 10 | 4,006,375 | | 5,551,342 | |
| Cash at bank and in hand | | <u>5,800</u> | | <u>3,550</u> | |
| | | 4,012,175 | | 5,554,892 | |
| Creditors | | | | | |
| Amounts falling due within one year | 11 | (22,641,500) | | (26,283,281) | |
| Net current liabilities | | | (18,629,325) | | (20,728,389) |
| Total assets less current liabilities | | | <u>79,625,658</u> | | <u>64,909,705</u> |
| Creditors | | | | | |
| Amounts falling due after one year | 12 | | 46,459,021 | | 30,907,836 |
| Football Trust grants | 13 | | 3,100,000 | | 3,100,000 |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 100 | | 100 |
| Revaluation reserve | 17 | | 19,072,072 | | 23,406,236 |
| Profit and loss account | 17 | | <u>10,994,465</u> | | <u>7,495,533</u> |
| Shareholders' funds | 17 | | <u>30,066,637</u> | | <u>30,901,869</u> |
| | | | 79,625,658 | | 64,909,705 |

These financial statements were approved by the Board of Directors on 2 November 1999.



K. W. Bates
Director

The notes numbered 1 to 21 form part of the financial statements

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

1. Accounting policies

a) Accounting conventions

The financial statements have been prepared in accordance with the historical cost convention modified to include the revaluation of leasehold property.

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

The accounts are prepared in accordance with applicable accounting standards.

b) Turnover

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

c) Depreciation

The property comprising the football stadium was revalued as at 30 June 1999, using the depreciated replacement cost basis, at a figure of £68,520,000. The property comprising the shop was valued on an existing use basis at a figure of £4,730,000. The stadium and the shop are maintained by a programme of repair and refurbishment such that the residual value is at least equal to their book value. Having regard to this, it is the opinion of the directors that the depreciation of the stadium and the shop as required by the Companies Act 1985 and accounting standards would not be material.

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

| | |
|------------------------|-----|
| Fixtures and equipment | 10% |
| Computers | 25% |
| Video screens | 14% |

d) Transfer fees

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

**CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999**

1. Accounting policies (cont.)

e) Players signing on fees

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

f) Capitalised interest

Separately identifiable borrowing costs and interest incurred on the development of specific projects are capitalised as part of the group's development costs.

g) Grants

Capital expenditure grants, received in respect of assets which are not depreciated, are brought into account on an accruals basis, and are released to non-distributable capital reserves over the estimated life of the asset to which they relate. Revenue expenditure grants are brought into the profit and loss account on an accruals basis.

h) Deferred taxation

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

i) Hire purchase and leasing commitments

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

Rentals paid under operating leases are charged to income as incurred.

**CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999**

1. Accounting policies (cont.)

j) Pensions

The company is one of a number of employers in a shared defined contribution scheme for playing staff and defined benefit scheme for certain other members of staff. Both schemes are administered by the Football League Limited. The company also operates defined contribution schemes independently of the Football League. Since the effect of any fluctuation in contributions to the defined benefit scheme would not be material to the results of the company all contributions to these schemes are charged to the profit and loss account as incurred.

k) Stadium development

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

l) Commercial rights

The cost of commercial rights are capitalised as intangible fixed assets and are amortised over the length of the contract with the Company.

2. Turnover

The turnover and pre-tax profit are wholly attributable to the company's principal activity; a Premier League football club. The turnover arises entirely in the United Kingdom.

3. Operating profit

| | 1999 £ | 1998 £ |
|---|----------------|----------------|
| This is stated after charging : | | |
| Depreciation of tangible fixed assets : | | |
| Owned | 180,177 | 169,018 |
| Leased | 171,906 | 171,530 |
| Operating lease rentals : | | |
| Equipment and vehicles | - | - |
| Land and buildings | 98,264 | 1,269,813 |
| Auditors remuneration and expenses | | |
| Audit | - | 27,000 |
| Other services | - | - |
| Amortisation of commercial rights | <u>221,179</u> | <u>333,333</u> |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

| 4. Employee information | 1999 | 1998 |
|--|-------------------|-------------------|
| 4.1 Staff costs | £ | £ |
| Wages and salaries | 22,212,923 | 20,852,419 |
| Social Security costs | 2,492,496 | 2,259,504 |
| Other pension costs | 210,573 | 204,317 |
| | <u>24,915,992</u> | <u>23,316,240</u> |
| 4.2 The average monthly number of employees of the Company during the year was as follows : | No. | No. |
| Playing staff (including managers/coaches) | 55 | 58 |
| Ground staff | - | 8 |
| Administration and commercial | 53 | 39 |
| | <u>108</u> | <u>105</u> |
| 4.3 Directors remuneration | £ | £ |
| Aggregate emoluments | 316,802 | 333,912 |
| Pension contributions - money purchase schemes | 28,432 | 15,000 |
| | <u>345,234</u> | <u>348,912</u> |
| The number of directors to whom retirement benefits are accruing is: | | |
| Money purchase schemes | 1 | 1 |
| Defined benefit schemes | 1 | 1 |
| The emoluments of the highest paid director | | |
| Aggregate emoluments | 283,135 | 289,023 |
| Money purchase pension contributions | 25,000 | 15,000 |
| | <u>308,135</u> | <u>304,023</u> |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

| | 1999 £ | 1998 £ |
|---|-----------------------|-----------------------|
| 5. Transfer fees | | |
| Amortisation of cost of players' registrations | 8,543,858 | 5,944,820 |
| Gain on disposal of players' registrations | (5,669,144) | (2,859,864) |
| | <hr/> 2,874,714 <hr/> | <hr/> 3,084,956 <hr/> |
| 6. Interest payable and similar charges | 1999 £ | 1998 £ |
| On amounts wholly repayable within 5 years: | | |
| Bank overdrafts and other loans | 410,513 | 443,151 |
| Hire purchase and finance lease charges | 206,147 | 324,214 |
| Group interest | 1,230,050 | 0 |
| On amounts repayable in instalments, some of which fall due after 5 years | | |
| Bank loan | 0 | 43,952 |
| | <hr/> 1,846,710 <hr/> | <hr/> 811,317 <hr/> |

7. Taxation

No liability to corporation tax has arisen for this or the previous year due to losses incurred in prior years, and also due to the availability of group relief.

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

8. Intangible fixed assets

| | Commercial Rights £ | Players' Registration £ | Total £ |
|------------------------|---------------------------|-------------------------------|-------------------|
| Cost | | | |
| <i>At 1 July 1998</i> | 999,999 | 32,827,990 | 33,827,989 |
| Additions | 250,000 | 14,883,684 | 15,133,684 |
| Disposals | - | (1,840,125) | (1,840,125) |
| At 30 June 1999 | 1,249,999 | 45,871,549 | 47,121,548 |
| Amortisation | | | |
| <i>At 1 July 1998</i> | 832,666 | 14,692,964 | 15,525,630 |
| Charge for the year | 221,179 | 8,543,879 | 8,765,058 |
| Disposals | | (1,370,936) | (1,370,936) |
| At 30 June 1999 | 1,053,845 | 21,865,907 | 22,919,752 |
| Net Book Value | | | |
| At 30 June 1999 | 196,154 | 24,005,642 | 24,201,796 |
| <i>At 30 June 1998</i> | <i>167,333</i> | <i>18,135,026</i> | <i>18,302,359</i> |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

9. Tangible fixed assets

| | Long leasehold property £ | Computers £ | Fixtures & equipment £ | Total £ |
|------------------------------------|---------------------------------|----------------|------------------------------|----------------|
| Cost / valuation | | | | |
| <i>At 1 July 1998</i> | 65,872,388 | 234,866 | 1,968,443 | 68,075,697 |
| Additions | 6,142,443 | 2,442 | 93,082 | 6,237,967 |
| Inter group transfers | 5,165,732 | - | - | 5,165,732 |
| Revaluation | (4,334,164) | - | - | (4,334,164) |
| <i>At 30 June 1999</i> | 72,846,399 | 237,308 | 2,061,525 | 75,145,232 |
| Depreciation / Amortisation | | | | |
| <i>At 1 July 1998</i> | 37,508 | 193,552 | 508,902 | 739,962 |
| Charge for the year | 47,030 | 40,971 | 264,082 | 352,083 |
| <i>At 30 June 1999</i> | 84,538 | 234,523 | 772,984 | 1,092,045 |
| Net Book Value | | | | |
| <i>At 30 June 1999</i> | 72,761,861 | 2,785 | 1,288,541 | 74,053,187 |
| <i>At 30 June 1998</i> | 65,834,880 | 41,314 | 1,459,541 | 67,335,735 |

Short leasehold land and buildings comprises:

| | £ |
|---------------------------------|-------------------|
| Stadium at valuation | 68,520,000 |
| Club shop at valuation | 4,730,000 |
| Deduct assets held by the group | (488,139) |
| | <u>72,761,861</u> |

The open market value of the company's leasehold interest in the stadium, calculated on a depreciated replacement cost basis, was valued at 30 June 1999 by Chesterton International plc, Chartered Surveyors, in accordance with the statement of asset valuation practice and guidance notes of the Royal Institute of Chartered Surveyors. The shop was valued at 30 June 1999 by Chesterton International plc, to existing use value in accordance with PS 4.3 of the RICS Appraisal and Valuation Manual. Comparable amounts determined in accordance with the historical cost convention:

| | £ |
|-------------------------------------|-------------------|
| Short leasehold property | |
| Historical cost at 30 June 1999 | 48,310,458 |
| Accumulated historical depreciation | (84,538) |
| Net historical cost | <u>48,225,920</u> |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

| | | 1999 £ | 1998 £ |
|---|----|------------------|------------------|
| 10. Debtors | | | |
| Trade debtors | | 3,336,276 | 4,619,519 |
| Other debtors | | 295,791 | 241,050 |
| Prepayments and accrued income | | 374,308 | 690,773 |
| | | <hr/> 4,006,375 | <hr/> 5,551,342 |
| 11. Creditors - Amounts falling due within one year | | | |
| Bank loans and overdrafts | 14 | 1,102,469 | 979,343 |
| Trade creditors | | 4,276,074 | 7,859,581 |
| Other loans | 14 | - | 25,000 |
| Other creditors | | 491,665 | 946,492 |
| Other tax and social security | | 1,762,119 | 2,462,008 |
| Advance income | | 12,999,091 | 11,105,265 |
| Accruals and deferred income | | 1,441,645 | 966,493 |
| Hire purchase and finance lease obligations | 14 | 568,437 | 1,939,099 |
| | | <hr/> 22,641,500 | <hr/> 26,283,281 |
| 12. Creditors - Amounts falling due after more than one year | | | |
| Bank loans and overdrafts | 14 | 5,000,000 | 5,000,000 |
| Trade creditors | | 4,315,000 | - |
| Amounts owed to group undertakings | | 36,224,587 | 25,222,252 |
| Other creditors | | - | 5,980 |
| Hire purchase and finance lease obligations | 14 | 878,641 | 647,105 |
| Advance income | | 40,793 | 32,499 |
| | | <hr/> 46,459,021 | <hr/> 30,907,836 |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

13. Football Trust grants

Grants from the Football Trust totalling £3,100,000 (1998 £3,100,000) are receivable to date in connection with the redevelopment of the football stadium. These are repayable in the event that Chelsea Football Club Limited cease to play football at Stamford Bridge.

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

14. Borrowings and secured liabilities

| | 1999 £ | 1998 £ |
|---|------------------|------------------|
| The aggregate borrowings amounted to: | | |
| Bank loans and overdrafts | 6,102,469 | 5,979,343 |
| Hire purchase and finance lease obligations | 1,447,078 | 2,586,204 |
| Other loans | - | 25,000 |
| | <u>7,549,547</u> | <u>8,590,547</u> |
| Which are repayable as follows : | | |
| Within one year or on demand | | |
| Bank loans and overdrafts | 1,102,469 | 979,343 |
| Hire purchase and finance lease obligations | 568,437 | 1,939,099 |
| Other loans | - | 25,000 |
| | <u>1,670,906</u> | <u>2,943,442</u> |
| Between two and five years | | |
| Hire purchase and finance lease obligations | 878,641 | 647,105 |
| After five years | | |
| Bank loans and overdrafts | 5,000,000 | 5,000,000 |
| | <u>7,549,547</u> | <u>8,590,547</u> |

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

Liabilities under two of the company's hire purchase agreements, amounting to £196,469 (1998 £1,016,238) are further secured by an assignment and first fixed and floating legal and equitable charges over all rights and monies due to the company under a sponsorship agreement dated 30 November 1995.

The bank overdraft of £1,102,469 is secured by a fixed second charge on the Company's property assets and those of its fellow subsidiary undertakings and ultimate holding company.

The bank loan of £5,000,000 is repayable in full on 31 July 2007. The loan is guaranteed by the estate of the late Matthew Harding and interest is payable at a rate of 0.5% over libor.

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

15. Deferred taxation

Analysis of provision made and amount unprovided, calculated at 30% (1998 31%):

| | 1999 Provided £ | 1999 Not provided £ | 1998 Provided £ | 1998 Not Provided £ |
|--------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|
| Accelerated capital allowances | - | 4,157,071 | - | 4,014,981 |
| Taxation losses | - | (957,695) | - | (510,366) |
| Other timing differences | - | - | - | - |
| | - | 3,199,376 | - | 3,504,615 |
| Property revaluation's | - | 8,095,676 | - | 7,239,090 |
| | - | 11,295,052 | - | 10,743,705 |

16. Share capital

| | 1999 £ | 1998 £ |
|--|-----------|-----------|
| Authorised 1,000,000 ordinary shares of £1 each | 1,000,000 | 1,000,000 |
| Allotted issued and fully paid 100 ordinary shares of £1 each | 100 | 100 |

The Articles of Association limit dividends payable to fifteen percent of the paid up share capital in any one year.

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

17. Movement on reserves and reconciliation of movement in shareholders' funds

| | Revaluation reserve £ | Profit and loss account £ | Total shareholders funds £ |
|------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| At 1st July 1997 | 9,133,763 | 4,428,649 | 13,562,412 |
| Property revaluation | 14,272,473 | - | 14,272,473 |
| Retained profit for the year | - | 3,066,884 | 3,066,884 |
| At 1st July 1998 | 23,406,236 | 7,495,533 | 30,901,769 |
| Property revaluation | (4,334,164) | - | (4,334,164) |
| Retained profit for the year | - | 3,498,932 | 3,498,932 |
| Balance at 30 June 1999 | 19,072,072 | 10,994,465 | 30,066,537 |

The aggregate amount of shareholders funds are analysed as:

| | 1999 £ | 1998 £ |
|------------------|------------|------------|
| Share capital | 100 | 100 |
| Reserves | 30,066,537 | 30,901,769 |
| Equity interests | 30,066,637 | 30,901,869 |

CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999

18. Commitments and contingent liabilities

Commitments under operating leases

At 30 June 1999 the company was committed to making the following payments during the forthcoming year in respect of non-cancellable operating leases

| | Land and buildings | |
|----------------------------|--------------------|---------|
| | 1999 | 1998 |
| | £ | £ |
| On contracts expiring: | | |
| within one year | 12,000 | 12,000 |
| between two and five years | 86,264 | - |
| after five years | - | 958,401 |
| | <hr/> | <hr/> |
| | 98,264 | 970,401 |
| | <hr/> | <hr/> |

Capital commitments

At 30 June 1999 capital expenditure commitments were as follows:

Contracted for but not provided in the accounts

| | 1999 | 1998 |
|-------------------------|------------|------------|
| | £ | £ |
| Tangible fixed assets | - | - |
| Intangible fixed assets | 13,620,000 | 12,200,000 |
| | <hr/> | <hr/> |
| | 13,620,000 | 12,200,000 |
| | <hr/> | <hr/> |

Pension costs

The company contributes to a shared defined contribution scheme for playing staff and a defined benefit scheme for certain other members of staff. Both schemes are administered by the Football League Limited. The company also contributes to other schemes providing benefits based upon contributions made. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs of £210,573 (1998 £204,317) are payable to these funds.

**CHELSEA FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1999**

18. Commitments and contingent liabilities (continued)

Contingent liabilities

On 17th December 1997, the ultimate holding company issued a £75,000,000 Euro Bond. The obligations of the holding company pursuant to such issue were guaranteed by the Company. As security for such guarantee the Company has given a fixed charge over its property assets, if any, and a floating charge over its undertakings.

19. Post balance sheet events

Since 30 June 1999 the Group has acquired the registrations of 6 professional football players and sold 4.

20. Related parties

Advantage is taken of the exemption from disclosure of transactions with entities that are part of the group, as the company is included in the publicly available consolidated financial statements of Chelsea Village plc.

21. Parent companies

The immediate parent company is Chelsea Limited, registered in England and Wales. The directors consider the ultimate parent company to be Chelsea Village plc, registered in England and Wales. The registered office of Chelsea Village plc is Stamford Bridge, Fulham Road, London SW6 1HS.