

**CHELSEA FC HOLDINGS LIMITED
(FORMERLY CHELSEA FC PLC)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

THURSDAY



ACØEU7LQ

A21

30/03/2023

#104

COMPANIES HOUSE

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

COMPANY INFORMATION

Directors

D Barnard (appointed 11/03/2022)
T Boehly (appointed 01/06/2022)
B Charone (appointed 30/06/2022)
B Eghbali (appointed 01/06/2022)
J Feliciano (appointed 30/06/2022)
D Finkelstein (appointed 30/06/2022)
J Goldstein (appointed 30/06/2022)
J Pade (appointed 30/06/2022)
M Walter (appointed 30/06/2022)
H Wyss (appointed 30/06/2022)
B Buck (resigned 30/06/2022)
M Granovskaia (resigned 22/06/2022)
G Laurence (resigned 17/06/2022)
E Tenenbaum (resigned 30/05/2022)

Secretary J Bonington

Company number 02536231

Registered office Stamford Bridge
Fulham Road
London
SW6 1HS

Auditor KPMG LLP
15 Canada Square
London
E14 5GL

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

CONTENTS

	Page
Strategic report	1 - 8
Directors' report	9 - 10
Directors' responsibilities statement	11
Independent auditor's report to the members of Chelsea FC Holdings Limited	12-14
Group Profit and loss account	15
Group Statement of comprehensive income	16
Group balance sheet	17
Company balance sheet	18
Group statement of changes in equity	19
Company statement of changes in equity	20
Group statement of cash flows	21
Notes to the financial statements	22 - 43

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present the Annual Report, comprising the Strategic Report and Directors' Report, and audited financial statements of Chelsea FC Holdings Limited ("the company") and its subsidiary undertakings ("the Group" or "the Club") for the year ended 30 June 2022.

Name change and re-registration

The company's name was changed to Chelsea FC Holdings Limited and the company re-registered from a public company to a private company on 27 May 2022.

Results for the year

The net loss for the year, after taxation, was £121.3m (2021: net loss of £153.4m).

Fair review of the business

Profit and Loss

The loss for the year before taxation was £121.4m compared to a loss of £155.9m for the prior year. Increased matchday and commercial revenue, as a result of the resumption of matches with full capacity attendances from the start of the 2021/22 Season, the resumption of non-matchday activities after the impact of Covid-19 pandemic and an increase in profit on player sales contributed to this movement however, these gains are offset by increased impairments on player registrations of £76.7m within the period.

On 10 March 2022, due to sanctions placed on the Club's previous owner, the Group was required to operate within the limitations of a special licence issued by the UK Government. These restrictions were in place from March 2022 to the completion of the Groups sale on 30 May 2022. During this period, the Club was restricted in its ability to enter into certain transactions, including the sale of match day and season tickets, merchandise, player transactions and new sponsorship agreements impacting the results for the year. Some of these restrictions will also have an impact into the following year's financials due to restrictions on entering into contractual arrangements during this period. Towards the end of the period under restrictions, the Club was permitted to sell certain matchday tickets, with 100% of revenue for these sales being donated through the Premier League to charity. Since the lifting of these restrictions following the change in ownership, all operations have now resumed.

On 30 May 2022 a consortium led by Todd Boehly and affiliates of Clearlake Capital Group L.P. (together with its affiliates, "Clearlake"), acquired 100% of the shareholding in Chelsea FC Holdings Limited and its subsidiaries via Blueco 22 Limited.

This year saw an overall increase in turnover from £434.9m to £481.3m driven by increased matchday and commercial revenue, due to the return of fans on matchdays. These increases were offset by decreased broadcasting revenue, in relation to UEFA Champions League distributions and the knock on impact of the Covid-19 pandemic which led to amounts being carried forward from the 2019/20 season into the 2020/21 financial year.

Matchday revenue increased from £7.7m to £69.2m compared to the prior year. This was due to the majority of matches in the 2020/21 Season taking place behind closed doors, resulting in a complete loss of ticket (and other match day) revenue. Matches in the 2021/22 Season were completed largely with capacity crowds however the Club was restricted on selling certain match tickets towards the end of the season due to sanctions imposed by the UK Government on the Club.

Overall, broadcasting revenue decreased by £38.6m to £235.0m compared to the prior year. The Club saw a decrease in revenue from UEFA as the Club reached the quarter finals of the UEFA Champions League compared with winning the competition in the prior year. Additionally, the prior year included amounts relating to the 2019/20 season, deferred into the 2020/21 financial year, as domestic and European broadcasting revenue is recognised at the time the matches are played.

The increase in commercial revenue of £23.5m to £177.1m was driven by the effects of the re-opening of non-match day activities which were closed for most of the prior year, due to Covid-19 lockdown restrictions. In addition, the Club benefited from a net increase in sponsorship revenue from new and existing partner renewals such as Trivago, Parimatch and Yabo.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2022

Fair review of business (continued)

Overall, operating expenses of £629.0m (excluding impairment costs and other expenses referred to in Note 5) have increased by £39.4m compared with £588.3m in the previous year. This was principally because of increased matchday and non matchday operating costs as these activities resumed in full and increased staff costs of £7.3m. Player amortisation (before impairments) remained broadly in line with prior years at £160.4m.

The football club made a profit on player trading of £123.2m in the year (2021: £27.9m) principally due to the sales of Tammy Abraham to AS Roma, Marc Guehi to Crystal Palace, Fikayo Tomori to AC Milan and Kurt Zouma to West Ham. In addition, the Club realised contingent fees in relation to a number of previous transfers.

Balance Sheet

Intangible assets have decreased to £306.9m from £437.5m. This movement is a result of £118.0m of player acquisitions including Romelu Lukaku from Inter Milan, Saúl Ñíguez from Atlético Madrid and Mason Burstow from Charlton Athletic. This was offset by total amortisation of £162.5m, impairments of £76.7m and the disposal of player registrations with a combined net book value of £11.0m as noted in the profit and loss section above.

Tangible fixed assets are £170.1m at the year end with additions of £7.1m in the year offset by £11.7m of depreciation.

Net current assets at £41.1m have increased from the prior year net current liability position of £154.5m by £195.6m. This is because of a net increase in debtors of £148.2m principally relating to the £159m amount owed from other Group companies. Furthermore, there is a net increase in cash and stocks of £37.8m and a decrease in creditors falling due within one year of £9.7m.

Creditors falling due after more than one year of £78.9m have increased by £20.3m in the year from £58.6m. This is due to an increase in the amounts owed in relation to player trading.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group'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 Group 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 groups budget to assess potential additional funding requirements as described further in Note 1.3.

Income

The Group derives its income from football activities and related business activities of which there are three principal sources: matchday revenue, broadcasting and commercial income.

Expenditure

The Group'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.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Principal risks and uncertainties (continued)

Regulatory Environment

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

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

Funding

Funding is provided by the intermediate parent company, Blueco 22 Limited, which is controlled by a consortium led by Todd Boehly and Clearlake.

The Group 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 key performance indicators for 2021/22 of both a financial and non-financial nature were as follows:

Non Financial

- Premier League – 3rd place (2021: 4th place)
- FA Cup – Runners up (2021: Runners up)
- League Cup – Runners up (2021: 4th round)
- Champions League – Quarter Finals (2021: Winners)
- Average league attendance of 37,698 (2021: Matches took place largely behind closed doors)

Financial (reviewed by the Board on a monthly basis)

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

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Other information and explanations

Going concern basis

The company is reliant on its intermediate parent undertaking, Blueco 22 Limited, for its continued financial support. The company has received confirmation 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 1.3 of the financial statements for further details.

Fixed assets

The movements in fixed assets during the year are as shown in notes 13 to 16 to the financial statements. The intangible fixed assets include the unamortised portion of the cost of players' registrations and internally generated software.

Officers of Chelsea Football Club Limited and Chelsea Football Club Women Limited have valued the playing staff and have deemed that an impairment of £76.7m is necessary when comparing the valuation to a net book value of £302.9m (2021: £432.9m) as disclosed in Note 13 to the financial statements.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Directors' duties under section 172

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

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

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

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

Fans

Supporters are at the heart of what the Club does. Every decision is taken with the direct or indirect aim of promoting and improving on pitch performance and in turn to provide enjoyment and entertainment to our fans. The Club's ownership group is firmly committed to the greater Chelsea community and building on the Club's remarkable history of success.

The Club continues to communicate clearly to the Club's supporters, both in the UK and around the world, via our digital channels. Our aim is always to keep the fans connected and informed, and to assist their access to watching live matches, while working to provide a safe working and watching environment for all attending. More generally, we have continued to keep our content output and frequency high across social media for our global, non-matchday audience, published more articles and insight on our website, and continued to provide new and interactive experiences through our 5th Stand app. Across all channels, we have provided access to the players and coaches as well as training and match highlights, all within the safety requirements of the Government, the Premier League and The Football Association.

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

In addition to the above, the Club now includes three supporter advisors in each of the company's board meetings to ensure supporter sentiment is considered as part of the Club's decision-making process. The supporter advisors were picked through an election process and represent a variety of fan constituencies. The Club consulted with the Fans' Forum and several non-official supporter groups with regards the process for electing and/or selecting these advisors, to ensure the supporter presence is representative of our supporter base generally and is inclusive and diverse.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

The Club looks forward to working with the UK Government and relevant football governing bodies as elements of the Fan-Led Review of Football Governance continue to be discussed and implemented.

Partners

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

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

Employees

The Club's new owners are determined to establish and nurture a culture of transparency, accountability, inclusivity, diversity and opportunity for all Chelsea employees. Their clear intent is 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, and all it represents, becomes a truly aspirational club for everyone. The Club's owners have begun a comprehensive review of the structures, processes, policies and support needed for its people across the organisation and have already started to take initial steps to instill an environment consistent with their values, which is fundamental to the future success of the Club and to being an organisation everyone at Chelsea can truly be proud of.

The physical and mental health and wellbeing of all Chelsea employees is paramount to the new ownership group. 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.

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

Employee wellbeing continues to be a key focus post-pandemic and the Club has provided significant support around physical and mental wellbeing throughout this period and as colleagues have completed a phased return to offices. The safety and support of our employees has been of paramount importance throughout this period.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

Shareholders

The Group is owned by a consortium led by Todd Boehly 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 Group is regulated by The FA, the Premier League, UEFA and FIFA. As explained elsewhere in the Strategic Report, the Group actively engages with these regulatory bodies to ensure compliance with all regulations.

Suppliers

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

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. We believe that the power of football can be harnessed to support communities and individuals both at home and abroad.

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

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, including providing programmes and schemes to help colleagues with their mental health.

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 pensioner groups and vulnerable families, as well as range of innovative and ground-breaking programmes. As part of a wide range of community support the Club's Foundation continues to deliver online activities helping pensioners to keep fit via access to exercise equipment and virtual exercise classes.

The Club continues to expand our anti-discrimination work with its No To Hate campaign in which we will upscale our work with local schools to support education in anti-racism and anti-discrimination. We will provide enhanced training and education in anti-discrimination for all Chelsea FC colleagues, and intensify our efforts to promote equality, diversity and inclusion through club channels, and use our global reach to amplify anti-racist messaging. We will petition social media companies to strengthen their means, capacity and tools for dealing with racist behaviour on their platforms. We will continue to provide updated guidance for fans on identifying and reporting racist abuse on social media platforms. We will continue to work to identify abusers and take the strongest possible action against them. This will include bans where there is clear evidence that they are Chelsea FC members or season ticket holders, and working with the police and authorities to secure prosecutions. We will continue to work with football authorities and campaigning organisations to support best practice on tackling racism and promoting equality, diversity and inclusion.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

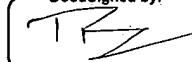
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

The No To Hate campaign will run 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.

By order of the Board

DocuSigned by:

.....4F64123225D14A1.....
Todd Boehly
Chairman

7 October 2022

Stamford Bridge
Fulham Road
London
SW6 1HS

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements of the company and the Group for the year ended 30 June 2022.

Principal activities

The principal activities of the Group are the operation of a professional football club, the provision of catering and function facilities, hoteliers, retailing and media activities, car park management, event organisation and property development and management.

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 (appointed 11/03/2022)
T Boehly (appointed 01/06/2022)
B Charone (appointed 30/06/2022)
B Eghbali (appointed 01/06/2022)
J Feliciano (appointed 30/06/2022)
D Finkelstein (appointed 30/06/2022)
J Goldstein (appointed 30/06/2022)
J Pade (appointed 30/06/2022)
M Walter (appointed 30/06/2022)
H Wyss (appointed 30/06/2022)
B Buck (resigned 30/06/2022)
M Granovskaia (resigned 22/06/2022)
G Laurence (resigned 17/06/2022)
E Tenenbaum (resigned 30/05/2022)

Results and dividends

The loss for the year before taxation was £121.4m (2021: loss of £155.9m).

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

Disabled persons

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

Employee involvement

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

Events after the reporting date

Since the year end the Group has acquired the registration of 18 football players and restructured the first team management at an initial cost of £368.7m and disposed of the registration of 16 players at a profit of £22.2m.

Furthermore, since the year end the company incorporated a new wholly owned subsidiary, Chelsea FC US Inc., incorporated in the United States.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****Auditor**

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

Streamlined Energy and Carbon Reporting

The SECR disclosure presents the Group's carbon footprint within the United Kingdom for Scope 1, 2 and 3 emissions based on SECR legislation, an appropriate intensity metric and the total energy use of electricity, gas and transport fuel for the year ended 30 June 2022.

	2022	2021
Emissions from combustion of gas (tCO ₂ e) (Scope 1)	2,675	2,735
Emissions from combustion of fuel for transport purposes (tCO ₂ e) (Scope 1)	17	10
Emissions from purchased electricity (tCO ₂ e) (Scope 2)	3,929	3,778
Emissions from business travel in rental cars or employee-owned vehicles (tCO ₂ e) (Scope 3)	143	92
Total Scope 1, 2 & 3 emissions (tCO₂e)	6,764	6,615
Intensity ratio (tCO ₂ e/£M Turnover)	14.05	15.21
 Energy consumption used to calculate emissions (kWh)	 34,706,646	 32,293,104

Methodology

The reporting boundary has been defined using the operational control approach as set out in the Greenhouse Gas Protocol. The UK Government GHG Conversion Factors for company reporting have been used to calculate carbon emissions. The reported emissions relate to the Group within the UK only. This includes the football ground, hotels, apartments and night club at Stamford Bridge as well as the Cobham training ground and Kingsmeadow Stadium.

Energy Efficiency Action Taken

As a result of the Covid-19 restrictions easing, energy consumption in 2021/22 is not directly comparable with prior seasons. This season has seen both matchday and non-matchday usage increase, which has caused the increase in energy consumption and emissions.

We have continued to use our Business Management System to help drive energy efficiency across both sites with smart energy monitoring systems installed in specific areas to monitor usage. Further actions to reduce energy use include the installation of LED lighting and a new highly efficient cooling system, as part of the refurbishment at Stamford Bridge. Additionally, the grow lights used during pitch maintenance at Stamford Bridge are now utilising LED technology which significantly reduces electricity consumption as well as producing less ambient heat emissions.

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 auditor of the company and Group 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 auditor of the company and Group is aware of that information.

By order of the Board

DocuSigned by:

 Todd Boehly
Chairman

7 October 2022

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHELSEA FC HOLDINGS LIMITED

Opinion

We have audited the financial statements of Chelsea FC Holdings Limited ("the Company") for the year ended 30 June 2022 which comprise the group profit and loss account, group statement of comprehensive income, group and company balance sheet, group and company statement of changes in equity, group statement of cash flows 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 Group's and of the parent Company's affairs as at 30 June 2022 and of the Group's 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 group 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 group or the company or to cease their operations, and as they have concluded that the group and 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 their 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 group's business model and analysed how those risks might affect the group and 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 group's and company's 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 group or 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 group or 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 as to the Group'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 usual or unexpected relationships.

Fraud and breaches of laws and regulations – ability to detect (continued)

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHELSEA FC HOLDINGS LIMITED *(continued)*

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group 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 performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-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 other management (as required by auditing standards), 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 Group 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 Group 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, financial fair play regulations, employment law and certain aspects of company legislation recognising the nature of the Group's activities. 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 27 we assessed disclosures against our understanding from regulatory correspondence.

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 these 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHELSEA FC HOLDINGS LIMITED *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 11, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
10 October 2022

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 JUNE 2022**

		Operations excluding player amortisation and trading 30 June 2022 £000	Player amortisation, impairment and trading 30 June 2022 £000	Total 30 June 2022 £000	30 June 2021 £000
	Notes				
Turnover	3	481,278	-	481,278	434,863
Cost of sales		(386,794)	-	(386,794)	(354,147)
Gross profit		94,484	-	94,484	80,716
Administrative expenses		(99,821)	(237,092)	(336,913)	(276,140)
Other operating income	4	-	-	-	12,581
Operating loss		(5,337)	(237,092)	(242,429)	(182,843)
Interest receivable and similar income	10	117	4,762	4,879	4,995
Interest payable and similar charges	11	-	(7,063)	(7,063)	(5,996)
Profit on disposal of player registrations		-	123,213	123,213	27,940
Fair value gain/(loss) on investment properties		45	-	45	(35)
Loss before taxation	6	(5,175)	(116,180)	(121,355)	(155,939)
Taxation	12	73	-	73	2,517
Loss for the financial year		(5,102)	(116,180)	(121,282)	(153,422)

Included within operating loss is £94,677,000 (2021: £41,996,000) relating to the impairment of player registrations and other expenses (see Note 5).

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

The notes on pages 22-43 form an integral part of these financial statements.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**GROUP STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2022**

	2022	2021
	£000	£000
Loss for the year	(121,282)	(153,422)
	<u> </u>	<u> </u>
Other comprehensive income		
Cash flow hedge gain arising in the year	-	(122)
	<u> </u>	<u> </u>
Other comprehensive income for the year	-	(122)
	<u> </u>	<u> </u>
Total comprehensive loss for the year	(121,282)	(153,544)
	<u> </u>	<u> </u>

The notes on pages 22-43 form an integral part of these financial statements.

Total comprehensive loss for the year is all attributable to the owners of the parent company.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**GROUP BALANCE SHEET****AS AT 30 JUNE 2022**

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	13		306,898		437,512
Tangible assets	14		170,118		174,862
Investment properties	15		3,170		3,125
Investments	16		-		-
			<u>480,186</u>		<u>615,499</u>
Current assets					
Stocks	19	48		108	
Debtors	20	339,623		191,385	
Cash at bank and in hand		54,184		16,366	
		<u>393,855</u>		<u>207,859</u>	
Creditors: amounts falling due within one year	21	<u>(352,722)</u>		<u>(362,399)</u>	
Net current assets/(liabilities)			<u>41,133</u>		<u>(154,540)</u>
Total assets less current assets/(liabilities)			<u>521,319</u>		<u>460,959</u>
Creditors: amounts falling due after more than one year	22		(78,943)		(58,641)
Provisions for liabilities	24		<u>(1,549)</u>		<u>(1,629)</u>
Net assets			<u>440,827</u>		<u>400,689</u>
Capital and reserves					
Called up share capital	26		2,150		2,119
Share premium account			1,484,064		1,322,706
Revaluation reserve			860		2,075
Hedging reserve			-		-
Retranslation reserve			(14)		(45)
Profit and loss reserves			<u>(1,046,233)</u>		<u>(926,166)</u>
Total equity			<u>440,827</u>		<u>400,689</u>

The notes on pages 22-43 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on the 7 October 2022 and are signed on its behalf by:

DocuSigned by:

 4F64123225D14A1...
 Todd Boehly
 Chairman

Company Registration No. 02536231

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**COMPANY BALANCE SHEET****AS AT 30 JUNE 2022**

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	13		3,994		4,524
Tangible assets	14		7,454		8,371
Investments	16		1,112,207		1,141,780
			<u>1,123,655</u>		<u>1,154,675</u>
Current assets					
Debtors	20	321,937		182,476	
Cash at bank and in hand		53,704		16,103	
		<u>375,641</u>		<u>198,579</u>	
Creditors: amounts falling due within one year	21	<u>(80,345)</u>		<u>(88,746)</u>	
Net current assets			<u>295,296</u>		<u>109,833</u>
Total assets less current liabilities			<u>1,418,951</u>		<u>1,264,508</u>
Creditors: amounts falling due after more than one year	22		-		-
Net assets			<u><u>1,418,951</u></u>		<u><u>1,264,508</u></u>
Capital and reserves					
Called up share capital	26		2,150		2,119
Share premium account			1,484,064		1,322,706
Revaluation reserve			6,555		6,555
Hedging reserve			-		-
Profit and loss reserves			<u>(73,818)</u>		<u>(66,872)</u>
Total equity			<u><u>1,418,951</u></u>		<u><u>1,264,508</u></u>

The notes on pages 22-43 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on the 7 October 2022 and are signed on its behalf by:

DocuSigned by:

 Todd Boehly
 Chairman

Company Registration No. 02536231

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2022**

		Share capital	Share premium account	Revaluation reserve	Hedging reserve	Retranslation reserve	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000	£000	£000	£000
Balance at 1 July 2020		2,098	1,279,727	3,370	122	(23)	(774,039)	511,255
Year ended 30 June 2021:								
Loss for the year		-	-	-	-	-	(153,422)	(153,422)
Other comprehensive income:								
Cash flow hedge gains arising in the year		-	-	-	(122)	-	-	(122)
Total comprehensive loss for the year		-	-	-	(122)	-	(153,422)	(153,544)
Issue of share capital	26	21	42,979	-	-	-	-	43,000
Other movements		-	-	(1,295)	-	(22)	1,295	(22)
Balance at 30 June 2021		2,119	1,322,706	2,075	-	(45)	(926,166)	400,689
Year ended 30 June 2022:								
Loss for the year		-	-	-	-	-	(121,282)	(121,282)
Total comprehensive loss for the year		-	-	-	-	-	(121,282)	(121,282)
Issue of share capital	26	31	161,358	-	-	-	-	161,389
Other movements		-	-	(1,215)	-	31	1,215	31
Balance at 30 June 2022		2,150	1,484,064	860	-	(14)	(1,046,233)	440,827

The notes on pages 22-43 form an integral part of these financial statements.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 30 JUNE 2022**

		Share capital	Share premium account	Revaluation reserve	Hedging reserve	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000	£000	£000
Balance at 1 July 2020		2,098	1,279,727	6,555	122	(63,167)	1,225,335
Year ended 30 June 2021:							
Loss for the year		-	-	-	-	(3,705)	(3,705)
Other comprehensive income:							
Cash flow hedge gains arising in the year		-	-	-	(122)	-	(122)
Total comprehensive loss for the year		-	-	-	(122)	(3,705)	(3,827)
Issue of share capital	26	21	42,979	-	-	-	43,000
Balance at 30 June 2021		2,119	1,322,706	6,555	-	(66,872)	1,264,508
Year ended 30 June 2022:							
Loss for the year		-	-	-	-	(6,946)	(6,946)
Total comprehensive loss for the year		-	-	-	-	(6,946)	(6,946)
Issue of share capital	26	31	161,358	-	-	-	161,389
Balance at 30 June 2022		2,150	1,484,064	6,555	-	(73,818)	1,418,951

The notes on pages 22-43 form an integral part of these financial statements

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**GROUP STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	£000	2022 £000	£000	2021 £000
Cash flows from operating activities					
Cash (used in)/generated from operations	33		(86,213)		69,880
Interest received			4,879		4,995
Interest paid			(7,063)		(5,996)
Taxation received/(paid)			2		(1)
Net cash inflow from operating activities			(88,395)		68,878
Investing activities					
Purchase of intangible assets		(127,740)		(205,884)	
Proceeds on disposal of intangibles		129,076		119,718	
Purchase of tangible fixed assets		(7,084)		(9,373)	
Net cash used in investing activities			(5,748)		(95,539)
Financing activities					
Proceeds from borrowings		83,541		114,572	
Repayment of borrowings		(113,000)		(131,600)	
Issue of share capital		161,389		43,000	
Net cash generated from financing activities			131,930		25,972
Net increase/(decrease) in cash and cash equivalents			37,787		(689)
Cash and cash equivalents at beginning of year			16,366		17,077
Retranslation of foreign currency subsidiary			31		(22)
Cash and cash equivalents at end of year			54,184		16,366

The notes on pages 22-43 form an integral part of these financial statements

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Chelsea FC Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales in the United Kingdom. The registered number is 02536231 and the registered office is Stamford Bridge, Fulham Road, London, UK, SW6 1HS.

The "Group" consists of Chelsea FC Holdings Limited and all of its subsidiaries.

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 on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £6,946,000 (2021: loss of £3,705,000).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Chelsea FC Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence, are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate. The Group reviews and updates its cash flow forecasts on a regular basis and keeps its parent aware of various potential funding scenarios based on the performance of both the men's and women's football teams. In all scenarios, the Group 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 Group has received assurances from its owners that sufficient funds will be made available to allow the Company and the Group 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 Group and 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.

1.4 Turnover

Turnover represents all income arising from the ordinary activities of the Group 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 receipts, matchday 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.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.5 Players' registrations

All costs less financing element associated with the acquisition of a player's registration are capitalised as intangible fixed assets and are amortised evenly over the period of the player's initial contract of employment with the Group. In the event that the initial contract is renegotiated prior to expiry, the written down value at the date of renegotiation is amortised over the extended period. Fees receivable in connection with the sale of a player 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. If the arrangement constitutes a financing transaction, for example if payment is deferred, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

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 overall value of the playing squad is greater than its carrying value. In certain situations players are treated as a separate cash generating unit and the carrying value assessed accordingly. 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.

1.6 Intangible fixed assets

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 if the fair value can be measured reliably.

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 to 5 years
Player registrations	Life of contract

1.7 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	Not depreciated
Leasehold land	Not depreciated
Assets in the course of construction	Not depreciated
Plant & 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 recognised in the profit and loss account.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.9 Impairment of fixed assets

At each reporting period end date, the Group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

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.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents 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.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.12 Financial instruments

The Group 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 Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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 Group 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 Group after deducting all of its liabilities.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

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 receipts 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 Group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

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

1.14 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.

1.15 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 committed to terminate the employment of an employee or to provide termination benefits.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies (continued)

1.16 Taxation

The tax credit represents the sum of the tax currently receivable and deferred tax.

Current tax

The charge or credit for tax is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax

Deferred tax is recognised without discounting in respect of all timing differences when items are included in a tax assessment in one period and recognised in the financial statements in another, except as otherwise required by FRS 102.29 'Income Tax'.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only when, on the basis of available evidence, it can be regarded as more likely than not that the reversal of underlying timing differences will result in a reduction in future tax payments.

1.17 Retirement benefits

The Group operates a number of defined contribution schemes. Contributions to these schemes are charged to the profit and loss account as incurred. The Group is one of a number of employers in a shared defined benefit scheme for playing staff.

The defined benefit scheme is a multi-employer scheme. Where there is insufficient information to enable the entity to adopt defined benefit accounting, the scheme is accounted for as a defined contribution scheme in line with FRS102.28.11.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.19 Foreign exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the transaction date. Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

1.20 Retranslation Reserve

Balances within reserves that relate to the foreign subsidiaries within the Group are retranslated on consolidation and the difference shown within the Retranslation reserve. The Group currently has one foreign subsidiary, Chelsea FC Pte Limited, which is a company registered in Singapore.

1.21 Deferred Income

Income from season tickets, sponsorship, broadcasting and other commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income. Income is then recognised in the profit and loss account in the relevant financial period in line with the recognition criteria of FRS 102.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****1 Accounting policies (continued)****1.22 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 Group'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 Group's legal accruals represents the Directors best estimate of the cost to settle our present obligation in relation to historical legal matters. The charge for the year represents the outcome of management's re-assessment of the estimates and for all risks, the ultimate liability may vary materially from the amounts provided and will be dependent upon the eventual outcome of any settlement.

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 1.5.

3 Turnover and other revenue

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

	2022	2021
	£000	£000
Turnover		
Broadcasting	235,016	273,606
Commercial	177,099	153,603
Matchday	69,163	7,654
	<u>481,278</u>	<u>434,863</u>
Turnover analysed by geographical market		
	2022	2021
	£000	£000
United Kingdom	<u>481,278</u>	<u>434,863</u>

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022**

4	Other operating income	2022	2021
		£000	£000
	Research and development tax credit	-	1,140
	Recharged costs	-	10,644
	Insurance claim	-	797
		<u>-</u>	<u>12,581</u>
5	Impairment and other expenses	2022	2021
		£000	£000
	Impairment and other expenses	<u>94,677</u>	<u>41,996</u>
Impairment and other expenses in the year consist of impairment of player registrations of £76.7m (2021: £17.9m) (see Note 13) and amounts payable in relation to ongoing legal matters of £18.0m (2021: £24.1m).			
6	Loss before taxation	2022	2021
		£000	£000
	Loss before taxation for the year is stated after charging/(crediting):		
	Depreciation of owned tangible fixed assets	11,728	10,384
	Profit on disposal of player registrations	(123,213)	(27,940)
	Amortisation of intangible assets	162,457	163,864
	Impairment of intangible assets	76,700	17,933
	Operating lease charges	<u>94</u>	<u>128</u>
7	Auditor's remuneration	2022	2021
		£000	£000
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the Group and company	50	20
	Audit of the company's subsidiaries	<u>130</u>	<u>59</u>
		<u>180</u>	<u>79</u>
	For other services		
	Taxation compliance services	40	40
	Other taxation services	145	138
	Review of the company's interim accounts	<u>81</u>	<u>50</u>
		<u>266</u>	<u>228</u>

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****8 Employees**

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

	2022	2021
	Number	Number
Administration and commercial	625	648
Playing staff, managers and coaches	163	169
	<u>788</u>	<u>817</u>

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	297,569	291,595
Social security costs	40,974	39,671
Pension costs	1,706	1,639
	<u>340,249</u>	<u>332,905</u>

9 Directors' remuneration

	2022	2021
	£000	£000
Remuneration for qualifying services	4,748	3,135
Company pension contributions to defined contributions schemes	34	17
Compensation for loss of office	1,078	-
	<u>5,860</u>	<u>3,152</u>

Then number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021: 1).

In addition, payments totalling £49,750,000 were made by Blueco 22 Limited to former directors of Chelsea FC Holdings Limited in connection with services provided to Fordstam Limited relating to the sale of the company to Blueco 22 Limited which completed in the year. These services were outside of the terms of employment contracts with Chelsea FC Holdings Limited.

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

	2022	2021
	£000	£000
Remuneration for qualifying services	35,075	2,227
Company pension contributions to defined contributions schemes	-	17
Compensation for loss of office	-	-
	<u>35,075</u>	<u>2,244</u>

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****10 Interest receivable and similar income**

	2022	2021
	£000	£000
Interest income		
Interest on bank deposits	117	18
Other interest income	4,762	4,977
	<u> </u>	<u> </u>
Total finance income	<u>4,879</u>	<u>4,995</u>

Debtor balances relating to future amounts 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 charges

	2022	2021
	£000	£000
Total finance costs	<u>7,063</u>	<u>5,996</u>

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.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****12 Taxation**

	2022	2021
	£000	£000
Current Tax		
Current tax on loss for the year	7	(3,131)
Total Current Tax	<u>7</u>	<u>(3,131)</u>
Deferred tax (see note 23)		
Origination and reversal of timing differences	(80)	(88)
Changes in tax rates	-	412
Adjustments in respect of prior periods	-	290
Total Deferred Tax	<u>(80)</u>	<u>614</u>
Total tax credit	<u>(73)</u>	<u>(2,517)</u>

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2022	2021
	£000	£000
Loss on ordinary activities before taxation	<u>(121,355)</u>	<u>(155,939)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	(23,057)	(29,628)
Tax effect of expenses that are not deductible in determining taxable profit	3,465	42
Adjustments in respect of prior periods	-	(3,133)
Adjustments in respect of prior periods (deferred tax)	-	291
Losses carried back	-	3,250
Chargeable gains/(losses)	(212)	(14)
Fixed asset differences	1,372	1,090
Remeasurement of recognised and unrecognised deferred tax for changes in tax rates	(5,822)	(48,545)
Deferred tax remeasurement not recognised	24,180	73,556
Other permanent differences	1	574
Tax (income)/expense for the year	<u>(73)</u>	<u>(2,517)</u>

A potential deferred tax asset of £228,080,000 (2021: £203,900,000) has not been recognised due to uncertainty over future profits.

Post year end, the UK government announced the intended rise in corporation tax rates from 19% to 25% has been reversed. This will impact the valuation of deferred tax accordingly in future years.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****13 Intangible fixed assets**

Group	Software	Players' registrations	Total
	£000	£000	£000
Cost			
At 1 July 2021	15,713	958,600	974,313
Additions	1,528	117,979	119,507
Disposals	-	(158,309)	(158,309)
At 30 June 2022	17,241	918,270	935,511
Amortisation and impairment			
At 1 July 2021	11,129	525,672	536,801
Amortisation charged for the year	2,082	160,375	162,457
Impairment losses	-	76,700	76,700
Disposals	-	(147,345)	(147,345)
At 30 June 2022	13,211	615,402	628,613
At 30 June 2022	4,030	302,868	306,898
At 30 June 2021	4,584	432,928	437,512

Players' registrations relate entirely to the carrying value of the playing squad and are amortised over the remaining length of the players' contracts. The figures relate solely to purchased players and are based on historical cost. 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 charge is recognised in profit and loss. Officers of Chelsea Football Club Limited and Chelsea Football Club Women Limited have reviewed the carrying amount of players' registrations as at 30 June 2022 and consider an impairment of £76,700,000 is required (2021: £17,933,000).

Company	Total
	£000
Cost	
At 1 July 2021	15,064
Additions	1,528
At 30 June 2022	16,592
Amortisation and impairment	
At 1 July 2021	10,540
Amortisation charged for the year	2,058
At 30 June 2022	12,598
At 30 June 2022	3,994
At 30 June 2021	4,524

The software relates to internally generated platforms and applications developed, largely relating the club's website and the club's digital platform.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****14 Tangible fixed assets**

Group	Land and buildings £000	Assets under construction £000	Plant & Equipment £000	Total £000
Cost				
At 1 July 2021	194,567	2,263	85,592	282,422
Additions	-	1,369	5,715	7,084
Disposals	-	-	(2,205)	(2,205)
Transfers	-	(2,215)	2,215	-
At 30 June 2022	194,567	1,417	91,317	287,301
Depreciation and impairment				
At 1 July 2021	54,305	-	53,255	107,560
Depreciation charged in the year	3,335	-	8,393	11,728
Eliminated in respect of disposals	-	-	(2,105)	(2,105)
At 30 June 2022	57,640	-	59,543	117,183
Carrying amount				
At 30 June 2022	136,927	1,417	31,774	170,118
At 30 June 2021	140,262	2,263	32,337	174,862
Company	Land and buildings £000	Assets under construction £000	Plant & Equipment £000	Total £000
Cost				
At 1 July 2021	312	1,266	22,799	24,377
Additions	-	1,249	870	2,119
Disposals	-	-	(1,196)	(1,196)
Transfers	-	(1,266)	1,266	-
At 30 June 2022	312	1,249	23,739	25,300
Depreciation and impairment				
At 1 July 2021	-	-	16,006	16,006
Depreciation charged in the year	-	-	3,036	3,036
Eliminated in respect of disposals	-	-	(1,196)	(1,196)
At 30 June 2022	-	-	17,846	17,846
Carrying amount				
At 30 June 2022	312	1,249	5,893	7,454
At 30 June 2021	312	1,266	6,793	8,371

The Group does not hold any fixed assets under hire purchase or finance leases at the year end. Finance costs capitalised included in the value of tangible fixed assets amount to £2,003,000 (2021: £2,003,000).

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****15 Investment property**

	Group	Company
	2022	2022
	£000	£000
Fair value		
At 1 July 2021	3,125	-
Net gains or losses through fair value adjustments	45	-
	<u>3,170</u>	<u>-</u>
At 30 June 2022	<u>3,170</u>	<u>-</u>

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 30 June 2022 by Rawley & Co, Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

16 Fixed asset investments

		Group		Company	
		2022	2021	2022	2021
	Notes	£000	£000	£000	£000
Investments in subsidiaries	17	-	-	112,068	112,068
Loans to subsidiaries	17	-	-	1,000,139	1,029,712
Unlisted investments		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>	<u>1,112,207</u>	<u>1,141,780</u>

The Directors have assessed the appropriateness of the carrying value of the subsidiary undertakings. They do not believe that any impairment against the value of investments in subsidiary undertakings is required (2021: £Nil).

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****17 Subsidiaries**

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Stamford Bridge Securities Limited	Property holding	Ordinary	100.00	
Chelsea Car Parks Limited	Car park management	Ordinary	100.00	
The Hotel at Chelsea Limited	Hotel management and catering services	Ordinary	100.00	
Chelsea FC Merchandising Limited	Merchandising and mail order	Ordinary	100.00	
Chelsea FC Pte Limited	Representative office	Ordinary	100.00	
Chelsea Football Club Limited	Professional football club	Ordinary	100.00	
Chelsea TV Limited	Dormant	Ordinary	100.00	
Chelsea Limited	Dormant	Ordinary	100.00	
Chelsea Football Club Women Limited	Professional football club	Ordinary	100.00	

All the subsidiary undertakings are incorporated in Great Britain and registered in England and Wales, with the exception of Chelsea FC Pte Limited which is incorporated and registered in Singapore. The registered office address of the UK subsidiaries is Stamford Bridge, Fulham Road, London, SW6 1HS.

Chelsea FC Pte Limited is a wholly owned subsidiary of Chelsea FC Holdings Limited and was formed as a management company. The registered office of this company is 21 Merchant Road, #04-01 Royal Meukh S.E.A., Singapore 058267.

The entire ordinary share capital and control of 100% of the voting rights of all the subsidiary undertakings are held by the Company.

18 Financial instruments

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Carrying amount of financial assets/liabilities				
Instruments measured at fair value through profit or loss	-	-	-	-

The Group and company manage transactional currency risk by using forward currency contracts to minimise the net currency exposure. The financial assets/(liabilities) relate to future cash flows and have been designated as a cash flow hedge. The gain/(loss) has been recognised in Other comprehensive income. There were no open forward currency contracts at year end.

19 Stocks

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Finished goods and goods for resale	48	108	-	-

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****20 Debtors**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	102,674	166,867	101,388	166,007
Amounts due from other Group companies	159,110	-	159,110	-
Corporation tax recoverable	428	426	-	-
Other debtors	3,859	370	328	251
Prepayments and accrued income	14,200	9,240	1,759	1,736
	<u>280,271</u>	<u>176,903</u>	<u>262,585</u>	<u>167,994</u>
Amounts falling due after one year:				
Trade debtors	57,882	13,071	57,882	13,071
Other debtors	1,470	1,411	1,470	1,411
	<u>59,352</u>	<u>14,482</u>	<u>59,352</u>	<u>14,482</u>
Total debtors	<u>339,623</u>	<u>191,385</u>	<u>321,937</u>	<u>182,476</u>

Amounts due from other Group companies are interest free and repayable on demand.

As part of the Eurobond issue in 1997 the company made a loan to Chelsea Pitch Owners plc of £11,151,000, which is interest free and has an unspecified repayment date. This was used to acquire the share capital of Chelsea Stadium Limited (previously Stardust Investments Limited) and discharge the debts of that company in order to leave the freehold interest in the stadium site unencumbered. On the same date, Chelsea Stadium Limited (previously Stardust Investments Limited) granted a long leasehold interest over the stadium site at a peppercorn rent to Chelsea Football Club Limited. Chelsea Pitch Owners plc is obliged to repay the debt in full. The balance outstanding at 30 June 2022 was £8,215,931 (2021: £8,234,078). The directors believe that the balance outstanding will ultimately be recovered. The loan is currently held in the accounts at its present value, using a market rate of interest.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****21 Creditors: amounts falling due within one year**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	73,584	104,521	5,375	7,743
Corporation tax	-	-	-	-
Other taxation and social security	60,094	30,613	60,094	30,613
Other creditors	6,121	3,976	2,914	488
Amounts owed to parent undertaking	-	29,550	-	40,194
Accruals and deferred income	212,923	193,739	11,962	9,708
	<u>352,722</u>	<u>362,399</u>	<u>80,345</u>	<u>88,746</u>

£27.8m (2021: £40.1m) of the accruals and deferred income balance represents season ticket sales for the 2022/23 season.

£33.6m (2021: £16.0m) of accruals and deferred income balance represent amounts that are due to settle ongoing legal matters.

22 Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Trade creditors	78,943	58,641	-	-
	<u>78,943</u>	<u>58,641</u>	<u>-</u>	<u>-</u>

23 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	Liabilities	Liabilities	Liabilities	Liabilities
	2022	2021	2022	2021
	£000	£000	£000	£000
Tax losses	-	-	-	-
Other timing differences	(715)	660	-	-
Capital gains	(834)	(2,289)	-	-
	<u>(1,549)</u>	<u>(1,629)</u>	<u>-</u>	<u>-</u>

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****24 Provisions for liabilities**

Deferred taxation:	Group
	2022
	£000
Liability at 1 July 2021	(1,629)
Credit to profit or loss	80
Credit to other comprehensive income	-
Liability at 30 June 2022	<u>(1,549)</u>

25 Retirement benefit schemes

	2022	2021
	£000	£000
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>1,706</u>	<u>1,639</u>

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.

Defined benefit schemes

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

As one of a number of participating employers, the Group is advised only of its share of the deficit in the scheme. The latest actuarial valuation as at 31 August 2017 highlighted that the Group share of the deficit was £378,779. The revised deficit is being paid off in instalments until 31 October 2023. The charge for the year is £77,870 (2021: £74,166).

26 Share capital

	Group and Company	
	2022	2021
	£000	£000
Ordinary share capital		
Issued and fully paid		
214,975,461 Ordinary shares of 1p each (2021: 211,905,000)	2,150	2,119

27 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 £16.1m (2021: £16.4m).

During the period, the company self-reported to relevant football authorities' certain legal matters concerning historical football transactions. Depending on the outcome of any regulatory reviews, there could be future liabilities that cannot be quantified as at the date of these financial statements.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****28 Operating lease commitments****Lessee**

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Within one year	92	94	67	72
Between two and five years	116	168	116	168
	<u>208</u>	<u>262</u>	<u>183</u>	<u>240</u>

29 Capital commitments

At 30 June 2022 the Group had capital commitments as follows:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Contracted for but not provided in the financial statements:				
Acquisition of property, plant and equipment	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

30 Events after the reporting date

Since the year end the Group has acquired the registration of 18 football players and restructured the first team management at an initial cost of £368.7m and disposed of the registration of 16 players at a profit of £22.2m.

Furthermore, since the year end the company incorporated a new wholly owned subsidiary, Chelsea FC US Inc., incorporated in the United States.

31 Related party transactions**Remuneration of key management personnel**

The remuneration of key management personnel, who are also directors, is as follows:

	2022	2021
	£000	£000
Aggregate compensation	<u>5,860</u>	<u>3,152</u>

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****31 Related party transactions (continued)****Transactions with related parties**

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

	Income		Expenditure	
	2022	2021	2022	2021
	£000	£000	£000	£000
Group				
Chelsea FC Foundation	626	973	262	408
Nike Chelsea Merchandising Limited	-	349	413	237
Chelsea Digital Ventures Limited	243	1,988	10	21
Lindeza Worldwide Limited	868	-	-	-
	<u>1,737</u>	<u>3,310</u>	<u>685</u>	<u>666</u>

The Board considers that Chelsea FC Foundation and its subsidiaries are a related party of Chelsea FC Holdings Limited by virtue of significant influence.

Mr G. Laurence, Mr J. Bonington and Mr R. Milham have all been employees of Chelsea FC Holdings Limited in the period, as well as serving as Directors of Nike Chelsea Merchandising Limited.

Mr E. Tenenbaum was for part of the year a serving director of both Chelsea FC Holdings Limited and Chelsea Digital Ventures Limited.

Lindeza Worldwide Limited has the same ultimate controlling party as Chelsea FC Holdings Limited prior to 30 May 2022.

Within accruals is a net amount of £1,164,000 payable with respect of a former Director to settle an ongoing legal matter.

In addition, during the period the Group facilitated payments through its payroll to certain former directors (see Note 9) and staff of £51,000,000 (2021: £Nil) on behalf of Blueco 22 Limited. This amount is repayable by Blueco 22 Limited and is included in amounts due from other group companies (Note 20).

The following amounts were outstanding at the reporting end date:

	Amounts owed from/(to) related parties	
	2022	2021
	£000	£000
Group		
Chelsea FC Foundation	200	40
Nike Chelsea Merchandising Limited	-	17
Chelsea Digital Ventures Limited	-	694
Lindeza Worldwide Limited	-	-
	<u>-</u>	<u>-</u>

No guarantees have been given or received.

£364,000 (2021: £Nil) due from Chelsea Digital Ventures Limited was written off in the year.

CHELSEA FC HOLDINGS LIMITED (formerly Chelsea FC PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2022****32 Controlling party**

The immediate parent company is Blueco 22 Midco Limited, a company incorporated in England and Wales.

Until 30 May 2022 the ultimate parent undertaking was Fordstam limited, a company incorporated in England and Wales. Since 30 May 2022, 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 2022, the smallest and largest group of undertakings in which the company's results are included is Chelsea FC Holdings Limited.

The registered office of Blueco 22 Midco Limited is Stamford Bridge, Fulham Road, London, SW6 1HS.

33 Cash used in group operations

	2022	2021
	£000	£000
Loss for the year after tax	(121,282)	(153,422)
Adjustments for:		
Taxation credited	(73)	(2,517)
Finance costs	7,063	5,996
Investment income	(4,879)	(4,995)
Fair value (gains)/losses on investment properties	(45)	35
Amortisation and impairment of intangible assets	239,157	181,797
Depreciation and impairment of tangible fixed assets	11,728	10,384
Profit on disposal of player registrations	(123,213)	(27,940)
Movements in working capital:		
Decrease/(increase) in stocks	60	(84)
(Increase)/decrease in debtors	(143,137)	4,123
Increase in creditors	48,408	56,503
Cash (used in)/generated from operations	(86,213)	69,880