

Company Registration No. 2737849 (England and Wales)

THE HOTEL AT CHELSEA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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THE HOTEL AT CHELSEA LIMITED

COMPANY INFORMATION

Directors	B Buck	(Appointed 5 April 2017)
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Company number	2737849
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Registered office	Stamford Bridge Fulham Road London UK SW6 1HS
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Auditor	KPMG LLP 15 Canada Square London E14 5GL
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THE HOTEL AT CHELSEA LIMITED

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THE HOTEL AT CHELSEA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

Profit and loss

The turnover for the year has decreased from £9,939,821 to £9,788,363, a decrease of £151,458.

This financial year generated a gross profit of £5,849,393 with a gross margin of 59.8% in comparison to £5,814,870 with a gross margin of 58.5% in the previous year.

Balance sheet

Fixed assets have decreased by £392,583 to £25,300,836. Fixed asset additions of £309,409 were offset by a depreciation charge of £701,992.

Net current assets of £877,321 have increased by £199,640 from £677,681 in June 2016.

Principal risks and uncertainties

The Company is aware of risk exposure from external global factors with foreign exchange and terrorism being top of the list for London industry.

Furthermore, the Company has seen increased competition in recent years from both traditional and non-traditional lodging options.

Expenditure

Key issues on the Government and industry agenda are global warming and recycling. This is an area that has potential cost implications for businesses as governments seek to reduce the level of waste and increase the volume of recycling. Energy efficient machinery and equipment may also be required in order to achieve a greener workplace environment.

THE HOTEL AT CHELSEA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Key performance indicators

Non financial

- Occupancy
- Mystery guest surveys
- Online ratings and reviews

Financial

- Yield
- Average room rate
- Gross and net profit percentages
- Payroll Percentages
- Year on year growth
- Industry competitor analysis

On behalf of the board



B Buck

Director

26 March 2018

THE HOTEL AT CHELSEA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continued to be that of operation of a hotel complex.

Directors

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

C I Alexander	(Resigned 7 February 2018)
J C G Bonington	(Resigned 5 April 2017)
B Buck	(Appointed 5 April 2017)

Results and dividends

The results for the year are set out on page 7.

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

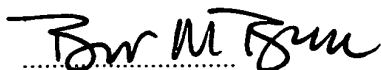
Auditor

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

Statement of disclosure to auditor

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

On behalf of the board



B Buck

Director

26 March 2018

THE HOTEL AT CHELSEA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

THE HOTEL AT CHELSEA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE HOTEL AT CHELSEA LIMITED

Opinion

We have audited the financial statements of The Hotel at Chelsea Limited ("the company") for the year ended 30 June 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

THE HOTEL AT CHELSEA LIMITED
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE HOTEL AT CHELSEA LIMITED

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

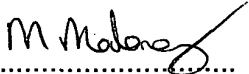
Auditor's responsibilities

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

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

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

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



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

.....
26 March 2018

Date

THE HOTEL AT CHELSEA LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Turnover	3	9,788,363	9,939,821
Cost of sales		(3,938,970)	(4,124,951)
Gross profit		5,849,393	5,814,870
Administrative expenses		(4,542,933)	(4,634,654)
Profit before taxation		1,306,460	1,180,216
Taxation	6	(295,435)	(337,748)
Profit for the financial year		1,011,025	842,468

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

The notes on 11 to 21 form an integral part of these financial statements.

THE HOTEL AT CHELSEA LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	£	£
Profit for the year	1,011,025	842,468
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,011,025</u>	<u>842,468</u>

THE HOTEL AT CHELSEA LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	7	25,300,836		25,693,419	
Current assets					
Stocks	8	27,416		24,752	
Debtors	9	1,389,808		1,108,575	
Cash at bank and in hand		3,739		4,900	
		<u>1,420,963</u>		<u>1,138,227</u>	
Creditors: amounts falling due within one year	10	<u>(543,642)</u>		<u>(460,546)</u>	
Net current assets		<u>877,321</u>		<u>677,681</u>	
Total assets less current liabilities		<u>26,178,157</u>		<u>26,371,100</u>	
Creditors: amounts falling due after more than one year	11	(24,671,704)		(26,171,107)	
Provisions for liabilities	13	(625,759)		(330,324)	
Net assets/(liabilities)		<u>880,694</u>		<u>(130,331)</u>	
Capital and reserves					
Called up share capital	15	1,000		1,000	
Revaluation reserve		2,189,295		2,223,825	
Profit and loss reserves		(1,309,601)		(2,355,156)	
Total equity		<u>880,694</u>		<u>(130,331)</u>	

The financial statements were approved by the board of directors and authorised for issue on 26 March 2018 and are signed on its behalf by:



B Buck
Director

Company Registration No. 2737849

The notes on 11 to 21 form an integral part of these financial statements.

THE HOTEL AT CHELSEA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2015		1,000	2,197,210	(3,232,154)	(1,033,944)
Year ended 30 June 2016:					
Profit and total comprehensive income for the year		-	-	842,468	842,468
Transfers		-	26,615	34,530	61,145
Balance at 30 June 2016		1,000	2,223,825	(2,355,156)	(130,331)
Year ended 30 June 2017:					
Profit and total comprehensive income for the year		-	-	1,011,025	1,011,025
Transfers		-	(34,530)	34,530	-
Balance at 30 June 2017		1,000	2,189,295	(1,309,601)	880,694

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

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

1.1 Accounting convention

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

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

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.

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

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

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

1.2 Going concern

The Company is reliant on its ultimate parent undertaking, Fordstam Limited, for its continued financial support. The Company has received confirmation from its ultimate parent undertaking 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.

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 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 buildings: Structures	Over 50 years on a straight line basis
Freehold buildings: Residual finishes	Over 25 years on a straight line basis
Plant and machinery	Over 4 years on a straight line basis
Fixtures, fittings & equipment	Over 7 years on a straight line basis

Freehold land is not depreciated.

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

1.5 Impairment of fixed assets

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

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

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.

1.6 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.

1.7 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.

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

THE HOTEL AT CHELSEA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

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 publically 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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future 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.

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover		
Operation of a hotel complex	9,788,363	9,939,821

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	9,788,363	9,939,821

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	15,792	17,831
Depreciation of owned tangible fixed assets	701,992	673,660

THE HOTEL AT CHELSEA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

5 Employees

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

	2017	2016
	Number	Number
Office and administration	18	20
Operational/floor staff	60	62
	<u>78</u>	<u>82</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	3,054,805	3,214,619
Social security costs	215,922	216,824
Pension costs	106,594	104,482
	<u>3,377,321</u>	<u>3,535,925</u>

6 Taxation

	2017	2016
	£	£
Deferred tax		
Origination and reversal of timing differences	307,918	288,190
Changes in tax rates	(18,697)	49,558
Adjustment in respect of prior periods	6,214	-
	<u>295,435</u>	<u>337,748</u>
Total deferred tax		

THE HOTEL AT CHELSEA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

6 Taxation

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

	2017 £	2016 £
Profit before taxation	1,306,460	1,180,216
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	258,026	236,043
Tax effect of expenses that are not deductible in determining taxable profit	3,254	3,839
Effect of change in corporation tax rate	(68,519)	-
Deferred tax adjustments in respect of prior years	6,223	-
Movement on deferred tax	-	17,537
Fixed asset differences	96,451	80,329
Tax expense for the year	295,435	337,748

7 Tangible fixed assets

	Freehold land £	Assets under construction £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 July 2016	32,157,187	46,257	3,433,458	35,636,902
Additions	-	-	309,409	309,409
Disposals	-	-	(96,496)	(96,496)
Transfers	-	(9,784)	9,784	-
At 30 June 2017	32,157,187	36,473	3,656,155	35,849,815
Depreciation and impairment				
At 1 July 2016	6,851,119	-	3,092,364	9,943,483
Depreciation charged in the year	488,344	-	213,648	701,992
Eliminated in respect of disposals	-	-	(96,496)	(96,496)
At 30 June 2017	7,339,463	-	3,209,516	10,548,979
Carrying amount				
At 30 June 2017	24,817,724	36,473	446,639	25,300,836
At 30 June 2016	25,145,708	46,257	501,454	25,693,419

THE HOTEL AT CHELSEA LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

8	Stocks		
		2017	2016
		£	£
	Finished goods and goods for resale	27,416	24,752
9	Debtors		
		2017	2016
		£	£
	Amounts falling due within one year:		
	Trade debtors	661,980	336,908
	Other debtors	251,653	398,236
	Prepayments and accrued income	476,175	373,431
		1,389,808	1,108,575
10	Creditors: amounts falling due within one year		
		2017	2016
		£	£
	Other creditors	4,017	4,885
	Accruals and deferred income	539,625	455,661
		543,642	460,546
11	Creditors: amounts falling due after more than one year		
		2017	2016
		£	£
	Amounts due to group undertakings	24,671,704	26,171,107
12	Provisions for liabilities		
		2017	2016
		£	£
	Deferred tax liabilities	625,759	330,324
		625,759	330,324

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THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

13 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Tax losses	(63,219)	(81,632)
Difference between accumulate depreciation and capital allowances	222,071	(76,202)
Capital gains	466,907	488,158
	<u>625,759</u>	<u>330,324</u>
 Movements in the year:		2017 £
Liability at 1 July 2016		330,324
Charge to profit or loss		295,435
Liability at 30 June 2017		<u>625,759</u>

14 Retirement benefit schemes

Defined contribution schemes

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

The charge to profit and loss in respect of defined contribution schemes was £106,594 (2016 - £104,482).

15 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,000 Allotted, called up and fully paid of £1 each	<u>1,000</u>	<u>1,000</u>

THE HOTEL AT CHELSEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

16 Controlling party

The immediate Parent Company is Chelsea FC plc, a company incorporated in England and Wales.

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

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