

FORDSTAM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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FORDSTAM LIMITED

COMPANY INFORMATION

Directors E Tenenbaum

Secretary P Heagren

Company number 04784127

Registered office Stamford Bridge
Fulham Road
London
SW6 1HS

Auditor KPMG LLP
15 Canada Square
London
E14 5GL

FORDSTAM LIMITED

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FORDSTAM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The director presents the Annual Report, comprising the Strategic Report and Director's Report, and audited financial statements of Fordstam Limited ("the company") and its subsidiary undertakings ("the Group") for the year ended 30 June 2020.

Results for the year

The net profit for the year, after taxation, was £39.3m (2019: loss of £110.4m).

Fair review of the business

Profit and Loss

The profit for the year before taxation was £42.5m compared to a loss of £115.6m for the prior year. Increased profit on player sales and decreased player amortisation were the principal reasons for this movement, offsetting a fall in turnover due to the impact of the COVID-19 Pandemic.

This year saw an overall decrease in turnover from £452.2m to £411.9m. The decrease was driven by reductions to the matchday, broadcasting, and commercial revenue streams caused by the COVID-19 Pandemic that forced the suspension of the 2019/20 Premier League Season in March 2020.

Matchday revenue fell by £12.2m compared to the prior year. This is as a result of the final four home league games of the season being concluded behind closed doors (one in June 2020 and the remaining three in the 2020/21 financial year). In addition, the concluding games of The FA Cup and the Champions League also took place behind closed doors post year end in July and August 2020. There was a complete loss of ticket (and other match day) revenue for the affected games, due to rebates or credits being provided to customers.

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

The fall in commercial revenue of £10.6m was driven by the effects of the closure of non match day activities in March 2020, decreased pre-season revenue and a decrease in player loan fee income. This was offset by a net increase in sponsorship revenue from new and existing partner renewals.

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

Overall, pre-exceptional operating expenses of £542.6m have decreased by £55.1m compared with £597.7m in the previous year. This was principally as a result of decreased player amortisation of £40.3m, and matchday savings.

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

FORDSTAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Balance Sheet

Intangible assets have decreased to £400.6m from £482.1m. This movement is a result of £93.7m of player acquisitions including Timo Werner from RB Leipzig and existing player contract renegotiations including Olivier Giroud, Callum Hudson-Odoi, Reece James, Ruben Loftus-Cheek, Mason Mount and Fikayo Tomori. This was offset by amortisation of £129.1m and the disposal of player registrations with a combined net book value of £47.8m as noted in the profit and loss section above.

Tangible fixed assets are £180.4m at the year end with additions of £5.7m in the year offset by £10.3m of depreciation.

Net current liabilities at £208.5m have decreased by £138.9m. This is as a result of an increase in debtors of £130.7m and a decrease in creditors falling due within one year of £27.2m, offset by other net movements in cash and stocks of £19.0m.

Creditors falling due after more than one year of £1,169m include £1,129m on a loan account repayable on eighteen months' notice.

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.

Income

The Group derives the majority of 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.

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 regulations since their inception in 2012 and expects to do so for the foreseeable future.

Funding

Funding is provided by the parent company, Fordstam Limited, which is supported by the ultimate controlling party, Mr. R Abramovich. The Group has repaid net funding of £4.5m during the last financial year (2019: increase in funding of £247.0m).

The Group reviews and updates its forecasts on a regular basis and keeps the parent company and ultimate controlling party aware of its financial commitments going forward.

FORDSTAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Key performance indicators

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

Non Financial

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

*Following the conclusion of the competition post year end.

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

Financial (reviewed by the Board on a monthly basis)

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

Other information and explanations

Going concern basis

The company has received confirmation from its ultimate controlling party that sufficient funds will be provided to finance the business for the foreseeable future. The Director has therefore adopted the going concern basis in preparing these financial statements.

Fixed assets

The movements in fixed assets during the year are as shown in notes 12 to 15 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 no impairment is necessary when comparing the valuation to a net book value of £395.3m (2019: £476.6m) as disclosed in Note 12 to the financial statements.

FORDSTAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Directors' duties under section 172

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

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

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

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

Fans

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

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

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

Partners

The commercial partners of the Group are fundamental to our success. The Group 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 Group is able to add value to the traditional partnering rights provided.

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

FORDSTAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Employees

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

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

Shareholders

As a privately owned company, the ultimate shareholder is kept fully informed of the 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 shareholder.

Regulatory bodies

The Group has subsidiaries that are 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 Group 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 Group's other charitable and community activities, including our international work and anti-discrimination projects. As one of the world's leading football social responsibility programmes the Chelsea Foundation uses the power of football and sport to motivate, educate and inspire. We believe that the power of football can be harnessed to support communities and individuals both at home and abroad.

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

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

FORDSTAM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Decision making and section 172 of the Companies Act 2006

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

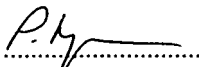
During the year, the Group faced a number of challenges as a result of the impact of the COVID-19 pandemic. With all competitions suspended in March 2020, the Group took swift action to support the needs of staff and the wider community. The Group supported all our staff through the maintenance of salaries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

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

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

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

By order of the board


P Heagren
Secretary

Date: 16/11/2020

Stamford Bridge
Fulham Road
LONDON
SW6 1HS

FORDSTAM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The director presents his report and the financial statements of the company and Group for the year ended 30 June 2020.

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, restaurateur, car park management, event organisation, health and fitness club operators and property development and management.

Directors

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

E Tenenbaum

Company Secretary

P Heagren served as the company secretary throughout the year.

Results and dividends

The profit for the year before taxation was £42.5m (2019: loss of £115.6m).

No dividends were paid. The director does 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 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 eight football players at an initial cost of £199.4m and disposed of the registration of three players at a profit of £1.9m.

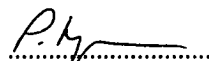
Auditor

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

Statement of disclosure to auditor

So far as the 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 director has taken all the necessary steps that they ought to have taken as a director 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



P Heagren
Secretary

Date: 16/11/2020

FORDSTAM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

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 FORDSTAM LIMITED

Opinion

We have audited the financial statements of Fordstam Limited ("the company") for the year ended 30 June 2020, which comprise the Group Profit and Loss account, the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the 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 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Other information

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

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

Based solely on that work:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORDSTAM LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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



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

16 November 2020

FORDSTAM LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | Operations excluding player amortisation and trading 30 June 2020 £000 | Player amortisation and trading 30 June 2020 £000 | Total 30 June 2020 £000 | 30 June 2019 £000 |
|--|-------|---|---|----------------------------------|-------------------------|
| Turnover | 3 | 411,882 | - | 411,882 | 452,245 |
| Cost of sales | | (321,093) | - | (321,093) | (339,401) |
| Gross profit | | 90,789 | - | 90,789 | 112,844 |
| Administrative expenses | | (94,235) | (127,302) | (221,537) | (258,284) |
| Exceptional administrative expenses | 4 | - | - | - | (26,647) |
| Operating loss | | (3,446) | (127,302) | (130,748) | (172,087) |
| Interest receivable and similar income | 9 | 86,832 | 7,738 | 94,570 | 66,008 |
| Interest payable and similar charges | 10 | (76,084) | (3,300) | (79,384) | (66,096) |
| Profit on disposal of subsidiary undertaking | 29 | 17,975 | - | 17,975 | |
| Profit on disposal of player registrations | | - | 142,645 | 142,645 | 60,459 |
| Fair value loss on investment properties | | (2,555) | - | (2,555) | (4,515) |
| Profit on disposal of tangible fixed assets | | - | - | - | 594 |
| Profit/(Loss) before taxation | 5 | 22,722 | 19,781 | 42,503 | (115,637) |
| Taxation | 11 | (3,179) | - | (3,179) | 5,215 |
| Profit/(Loss) for the financial year | | 19,543 | 19,781 | 39,324 | (110,422) |

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

The notes on pages 18 to 39 form an integral part of the financial statements.

FORDSTAM LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Profit/(Loss) for the year | 39,324 | (110,422) |
| Other comprehensive income | | |
| Cash flow hedges gain arising in the year | 8,124 | 3,122 |
| Deferred tax movement | - | 107 |
| Other comprehensive income for the year | 8,124 | 3,229 |
| Total comprehensive income for the year | 47,448 | (107,193) |

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

The notes on pages 18 to 39 form an integral part of these financial statements.

FORDSTAM LIMITED

GROUP BALANCE SHEET

AS AT 30 JUNE 2020

| | Notes | 2020 £000 | 2019 £000 |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 400,578 | 482,102 |
| Tangible assets | 13 | 180,396 | 185,088 |
| Investment properties | 14 | 61,040 | 63,595 |
| | | <u>642,014</u> | <u>730,785</u> |
| Current assets | | | |
| Stocks | 18 | 24 | 31 |
| Debtors | 19 | 305,802 | 175,112 |
| Cash at bank and in hand | | 17,606 | 36,581 |
| | | <u>323,432</u> | <u>211,724</u> |
| Creditors: amounts falling due within one year | 20 | <u>(531,901)</u> | <u>(559,111)</u> |
| Net current liabilities | | <u>(208,469)</u> | <u>(347,387)</u> |
| Total assets less current liabilities | | <u>433,545</u> | <u>383,398</u> |
| Creditors: amounts falling due after more than one year | 21 | (1,169,016) | (1,166,839) |
| Provisions for liabilities | 22 | <u>(1,015)</u> | <u>(975)</u> |
| Net liabilities | | <u>(736,486)</u> | <u>(784,416)</u> |
| Capital and reserves | | | |
| Called up share capital | 24 | 1 | 1 |
| Share premium account | | 59,999 | 59,999 |
| Revaluation reserve | | 1,314 | 1,314 |
| Hedging reserve | | 122 | (8,002) |
| Retranslation reserve | | (23) | - |
| Capital contribution reserve | | 116,187 | 115,682 |
| Profit and loss reserves | | <u>(914,086)</u> | <u>(953,410)</u> |
| Total equity | | <u>(736,486)</u> | <u>(784,416)</u> |

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



E Tenenbaum
Director

Company Registration No. 04784127

The notes on pages 18-39 form an integral part of these financial statements.

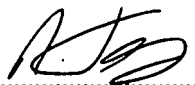
FORDSTAM LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2020

| | | 2020 | | 2019 | |
|--|-------|------------|------------------|------------|------------------|
| | Notes | £000 | £000 | £000 | £000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 613 | | 666 |
| Investment properties | 14 | | 57,880 | | 60,335 |
| Investments | 15 | | 1,268,800 | | 1,278,373 |
| | | | <u>1,327,293</u> | | <u>1,339,374</u> |
| Current assets | | | | | |
| Debtors | 19 | 437 | | 447 | |
| Cash at bank and in hand | | 528 | | - | |
| | | <u>965</u> | | <u>447</u> | |
| Creditors: amounts falling due within one year | 20 | (250,926) | | (254,644) | |
| Net current liabilities | | | <u>(249,961)</u> | | <u>(254,197)</u> |
| Total assets less current liabilities | | | 1,077,332 | | 1,085,177 |
| Creditors: amounts falling due after more than one year | 21 | | (1,129,000) | | (1,129,000) |
| Net liabilities | | | <u>(51,668)</u> | | <u>(43,823)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 24 | | 1 | | 1 |
| Share premium account | | | 59,999 | | 59,999 |
| Capital contribution reserve | | | 116,187 | | 115,682 |
| Profit and loss reserves | | | <u>(227,855)</u> | | <u>(219,505)</u> |
| Total equity | | | <u>(51,668)</u> | | <u>(43,823)</u> |

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



E Tenenbaum
Director

Company Registration No. 04784127

The notes on pages 18-39 form an integral part of these financial statements.

FORDSTAM LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

| | Share Capital | Share premium account | Capital contribution reserve | Revaluation reserve | Hedging reserve | Retranslation reserve | Profit and loss reserves | Total |
|---|------------------|-----------------------------|------------------------------------|------------------------|--------------------|--------------------------|--------------------------------|-----------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 July 2018 | 1 | 59,999 | 96,620 | 1,314 | (11,124) | - | (843,095) | (696,285) |
| Year ended 30 June 2019: | | | | | | | | |
| Loss for the year | - | - | - | - | - | - | (110,422) | (110,422) |
| Other comprehensive income: | | | | | | | | |
| Cash flow hedge gains arising in the year | - | - | - | - | 3,122 | - | - | 3,122 |
| Deferred tax movement | - | - | - | - | - | - | 107 | 107 |
| Total comprehensive income for the year | - | - | - | - | 3,122 | - | (110,315) | (107,193) |
| Other movements | - | - | 19,062 | - | - | - | - | 19,062 |
| Balance at 30 June 2019 | 1 | 59,999 | 115,682 | 1,314 | (8,002) | - | (953,410) | (784,416) |
| Year ended 30 June 2020: | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 39,324 | 39,324 |
| Other comprehensive income: | | | | | | | | |
| Cash flow hedge gains arising in the year | - | - | - | - | 8,124 | - | - | 8,124 |
| Deferred tax movement | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 8,124 | - | 39,324 | 47,448 |
| Other movements | - | - | 505 | - | - | (23) | - | 482 |
| Balance at 30 June 2020 | 1 | 59,999 | 116,187 | 1,314 | 122 | (23) | (914,086) | (736,486) |

The notes on pages 18-39 form an integral part of these financial statements.

FORDSTAM LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

| | Share capital £000 | Share premium account £000 | Capital contribution reserve £000 | Profit and loss reserves £000 | Total £000 |
|--|--------------------------|-------------------------------------|--|-------------------------------------|---------------|
| Balance at 1 July 2018 | 1 | 59,999 | 96,620 | (199,988) | (43,368) |
| Year ended 30 June 2019: | | | | | |
| Loss for the year | - | - | - | (19,517) | (19,517) |
| Other comprehensive income: | | | | | |
| Cash flow hedges gains arising in the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (19,517) | (19,517) |
| Other movements | - | - | 19,062 | - | 19,062 |
| Balance at 30 June 2019 | 1 | 59,999 | 115,682 | (219,505) | (43,823) |
| Year ended 30 June 2020: | | | | | |
| Loss for the year | - | - | - | (8,350) | (8,350) |
| Other comprehensive income: | | | | | |
| Cash flow hedges gains arising in the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (8,350) | (8,350) |
| Other movements | - | - | 505 | - | 505 |
| Balance at 30 June 2020 | 1 | 59,999 | 116,187 | (227,855) | (51,668) |

The notes on pages 18-39 form an integral part of these financial statements.

FORDSTAM LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

| | Notes | 2020 £000 | 2019 £000 |
|---|-------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Cash used in operations | 31 | (1,066) | (82,624) |
| Interest paid | | - | - |
| Interest received | | 95 | 40 |
| Tax received/(paid) | | 5,171 | (4,104) |
| Net cash inflow/(outflow) from operating activities | | 4,200 | (86,688) |
| Investing activities | | | |
| Purchase of intangible assets | | (109,249) | (282,238) |
| Proceeds on disposal of intangibles | | 80,758 | 119,773 |
| Purchase of tangible fixed assets | | (5,741) | (14,779) |
| Proceeds on disposal of tangible fixed assets | | - | 2,887 |
| Net cash used in investing activities | | (34,232) | (174,357) |
| Financing activities | | | |
| Proceeds from funding party | | 102,000 | 323,512 |
| Repayments to funding party | | (106,515) | (76,500) |
| Interest paid | | (3,300) | (2,548) |
| Interest received | | 18,391 | 2,420 |
| Capital contribution | | 505 | 19,062 |
| Net cash generated from financing activities | | 11,081 | 265,946 |
| Net (decrease)/increase in cash and cash equivalents | | (18,951) | 4,901 |
| Cash and cash equivalents at beginning of year | | 36,581 | 31,680 |
| Retranslation of foreign currency subsidiary | | (23) | - |
| Cash and cash equivalents at end of year | | 17,607 | 36,581 |

The notes on pages 18-39 form an integral part of these financial statements.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Fordstam Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Stamford Bridge, Fulham Road, London, SW6 1HS.

The "Group" consists of Fordstam 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 £8,350,000 (2019: £19,517,000 loss).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Fordstam Limited and all of its subsidiaries (ie 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 2020. 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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

1.3 Going concern

The Director has adopted the going concern basis in preparing the financial statements on the basis of assurances received from the funding party (see Note 31) that sufficient funds will be made available to allow the company and Group to continue trading for the foreseeable future. The funding party has confirmed there is no intention to recall the amounts due.

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

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

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

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

1.4 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, sale of broadcasting rights, matchday, central awards from the Premier League, UEFA solidarity and prize money and 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.

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 for a similar debt instrument.

The Directors review the carrying value of the players' registrations for impairment where events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. To the extent that the carrying value exceeds the recoverable amount, the asset is impaired and the impairment loss is recognised in the profit and loss account.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date 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 |
|----------|--------------|

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 |
| Freehold and long leasehold buildings | 50 years on a straight line basis |
| 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.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.9 Impairment of fixed assets

At each reporting period end date, the Group 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 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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

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.

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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

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.

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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

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 Taxation

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

Current tax

The charge 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.

1.16 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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies (continued)

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.

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.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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.

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

3 Turnover and other revenue

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

| | 2020 £000 | 2019 £000 |
|-----------------|----------------|----------------|
| Turnover | | |
| Broadcasting | 182,546 | 200,188 |
| Commercial | 174,867 | 185,434 |
| Matchday | 54,469 | 66,623 |
| | <u>411,882</u> | <u>452,245</u> |

Turnover analysed by geographical market

| | 2020 £000 | 2019 £000 |
|----------------|----------------|----------------|
| United Kingdom | <u>411,882</u> | <u>452,245</u> |

4 Exceptional items

| | 2020 £000 | 2019 £000 |
|-------------------------------------|--------------|---------------|
| Exceptional administrative expenses | <u>-</u> | <u>26,647</u> |

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

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

5 Profit/(Loss) before taxation

| | 2020 £000 | 2019 £000 |
|--|---------------|----------------|
| Profit/(Loss) for the year before taxation is stated after charging/(crediting): | | |
| Depreciation of owned tangible fixed assets | 10,343 | 9,946 |
| Amortisation and impairment of intangible assets | 129,141 | 170,010 |
| Fair value loss on investment properties | 2,555 | 4,515 |
| Profit on disposal of tangible fixed assets | - | (594) |
| Profit on disposal of player registrations | (142,645) | (60,459) |
| Operating lease charges | 157 | 201 |
| | <u>10,051</u> | <u>123,618</u> |

6 Auditor's remuneration

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the Group and company | 14 | 14 |
| Audit of the company's subsidiaries | 126 | 110 |
| | <u>140</u> | <u>124</u> |
| For other services | | |
| Taxation compliance services | 50 | 50 |
| Other taxation services | 104 | 85 |
| Review of the company's interim accounts | 48 | 42 |
| | <u>202</u> | <u>177</u> |

7 Employees

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

| | 2020 Number | 2019 Number |
|-------------------------------------|----------------|----------------|
| Administration and commercial | 698 | 663 |
| Playing staff, managers and coaches | 153 | 165 |
| | <u>851</u> | <u>828</u> |

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7 Employees

Their aggregate remuneration comprised:

| | 2020 £000 | 2019 £000 |
|-----------------------|----------------|----------------|
| Wages and salaries | 252,448 | 253,128 |
| Social security costs | 32,989 | 33,149 |
| Pension costs | 1,614 | 1,497 |
| | <u>287,051</u> | <u>287,774</u> |

8 Directors' remuneration

| | 2020 £000 | 2019 £000 |
|--------------------------------------|--------------|--------------|
| Remuneration for qualifying services | 76 | 100 |

9 Interest receivable and similar income

| | 2020 £000 | 2019 £000 |
|---------------------------|---------------|---------------|
| Interest income | | |
| Interest on bank deposits | 95 | 40 |
| Other interest income | 94,475 | 65,968 |
| Total income | <u>94,570</u> | <u>66,008</u> |

Other interest income in the year includes £76.1m (2019: £63.5m) relating to the reassessment of the repayment date of a long term loan (see Note 21). As the timing of the repayment of the interest free loan is uncertain the repayment date has been reassessed as the minimum contractual repayment term of the loan at the balance sheet date using a market value interest rate of a similar transaction.

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 other interest income of £7.9m (2019: £2.4m) being recognised over the period of the transactions. Foreign exchange gains of £10.5m represent the balance of other interest income.

10 Interest payable and similar charges

| | 2020 £000 | 2019 £000 |
|---|---------------|---------------|
| Interest on financial liabilities measured at amortised cost: | | |
| Other interest | 79,384 | 66,096 |
| Total finance costs | <u>79,384</u> | <u>66,096</u> |

Other interest payable includes £76.1m (2019: £63.5m) relating to the unwinding of the discount to present value in respect of the long term loan (see Note 21). The loan is measured initially at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The discount is then unwound over a period of 18 months from the previous balance sheet date. The minimum contractual repayment term of 18 months is used for this purpose as the timing of eventual repayment is uncertain.

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 an interest expense of £3.3m (2019: £2.5m) being recognised over the period of the transactions.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11 Taxation

| | 2020 £000 | 2019 £000 |
|--|--------------|----------------|
| Current tax | | |
| Current tax on income/(loss) for the period | 3,139 | (5,167) |
| Total Current Tax | <u>3,139</u> | <u>(5,167)</u> |
| Deferred tax (see note 22) | | |
| Origination and reversal of timing differences | (76) | (48) |
| Changes in tax rates | 116 | - |
| Other adjustments | - | - |
| Total Deferred Tax | <u>40</u> | <u>(48)</u> |
| Total tax charge/(credit) | <u>3,179</u> | <u>(5,215)</u> |

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

| | 2020 £000 | 2019 £000 |
|--|---------------|------------------|
| Profit/(Loss) on ordinary activities before taxation | <u>42,503</u> | <u>(115,637)</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%) | 8,076 | (21,971) |
| Tax effect of expenses that are not deductible in determining taxable profit | 879 | 1,583 |
| Tax effect of income not taxable in determining taxable profit | - | - |
| Chargeable gains | 868 | 593 |
| Deferred tax credited directly to equity | - | 107 |
| Non-taxable income | (3,415) | - |
| Deferred tax recognised in relation to property valuations | - | (931) |
| Fixed asset differences | 1,151 | 272 |
| Adjustment to tax charge in respect of previous periods | - | 2 |
| Remeasurement of recognised and unrecognised deferred tax for changes in tax rates | (15,433) | 1,762 |
| Utilisation of previously unrecognised trading losses | (3,395) | - |
| Deferred tax remeasurement not recognised | 14,448 | 13,368 |
| Tax expense/(income) for the year | <u>3,179</u> | <u>(5,215)</u> |

A potential deferred tax asset of £ 143,207,000 (2019: £131,844,000) has not been recognised due to uncertainty over future profits.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

12 Intangible fixed assets

| Group | Software | Players' registrations | Total |
|------------------------------------|----------|------------------------|-----------|
| | £000 | £000 | £000 |
| Cost | | | |
| At 1 July 2019 | 15,982 | 869,996 | 885,978 |
| Additions | 1,680 | 93,714 | 95,394 |
| Disposals | - | (141,317) | (141,317) |
| At 30 June 2020 | 17,662 | 822,393 | 840,055 |
| Amortisation and impairment | | | |
| At 1 July 2019 | 10,515 | 393,361 | 403,876 |
| Amortisation charged in the year | 1,839 | 127,302 | 129,141 |
| Eliminated in respect of disposals | - | (93,540) | (93,540) |
| At 30 June 2020 | 12,354 | 427,123 | 439,477 |
| Carrying amount | | | |
| At 30 June 2020 | 5,308 | 395,270 | 400,578 |
| At 30 June 2019 | 5,467 | 476,635 | 482,102 |

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 2020 and no impairment was deemed necessary (2019: £Nil).

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

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13 Tangible fixed assets

| Group | Land and buildings £000 | Assets under construction £000 | Plant & Equipment £000 | Total £000 |
|--------------------------------------|----------------------------|---|---------------------------------------|-----------------------|
| Cost | | | | |
| At 1 July 2019 | 195,933 | 10,974 | 92,760 | 299,667 |
| Additions | - | 2,128 | 3,613 | 5,741 |
| Disposals | - | - | (2,765) | (2,765) |
| Transfers | 7,566 | (10,322) | 2,756 | - |
| Eliminated on disposal of subsidiary | - | - | (113) | (113) |
| At 30 June 2020 | 203,499 | 2,780 | 96,251 | 302,530 |
| Depreciation and impairment | | | | |
| At 1 July 2019 | 53,847 | - | 60,732 | 114,579 |
| Depreciation charged in the year | 3,362 | - | 6,981 | 10,343 |
| Eliminated in respect of disposals | - | - | (2,765) | (2,765) |
| Eliminated on disposal of subsidiary | - | - | (23) | (23) |
| At 30 June 2020 | 57,209 | - | 64,925 | 122,134 |
| Carrying amount | | | | |
| At 30 June 2020 | 146,290 | 2,780 | 31,326 | 180,396 |
| At 30 June 2019 | 142,086 | 10,974 | 32,028 | 185,088 |
| Company | | Assets under construction £000 | Plant & Equipment £000 | Total £000 |
| At 1 July 2019 | | 549 | 197 | 746 |
| Additions | | - | - | - |
| Transfers | | - | - | - |
| At 30 June 2020 | | 549 | 197 | 746 |
| Depreciation and impairment | | | | |
| At 1 July 2019 | | - | 80 | 80 |
| Depreciation charged in the year | | - | 53 | 53 |
| At 30 June 2020 | | - | 133 | 133 |
| At 30 June 2020 | | 549 | 64 | 613 |
| At 30 June 2019 | | 549 | 117 | 666 |

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

14 Investment property

| | Group £000 | Company £000 |
|--|---------------|-----------------|
| Fair value | | |
| At 1 July 2019 | 63,595 | 60,335 |
| Net gains or losses through fair value adjustments | (2,555) | (2,455) |
| At 30 June 2020 | 61,040 | 57,880 |

The fair value of the investment properties have been arrived at on the basis of a valuation carried out at 30 June 2020 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.

15 Fixed asset investments

| Company | Subsidiary undertakings £000 | Loan to group undertakings £000 | Total £000 |
|----------------------------------|------------------------------------|---------------------------------------|------------------|
| Cost | | | |
| At 30 June 2019 | 1,278,710 | 122,644 | 1,401,354 |
| Additions | - | 3,572 | 3,572 |
| Capitalisation of loan to equity | 7,000 | (7,000) | - |
| At 30 June 2020 | 1,285,710 | 119,216 | 1,404,926 |
| Impairments | | | |
| At 30 June 2019 | 98,257 | 24,724 | 122,981 |
| Movement in year | - | 13,145 | 13,145 |
| At 30 June 2020 | 98,257 | 37,869 | 136,126 |
| Net book value | | | |
| At 30 June 2020 | 1,187,453 | 81,347 | 1,268,800 |
| At 30 June 2019 | 1,180,453 | 97,920 | 1,278,373 |

The Directors have assessed the appropriateness of the carrying value of the subsidiary undertakings and have recognised an impairment of £13.1m against the value of the loan to Stamford Bridge Projects Ltd (2019: £10.4m impairment against the value of the loan to Stamford Bridge Projects Ltd).

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

16 Subsidiaries

Details of the Company's subsidiaries at 30 June 2020 are as follows:

| Name of undertaking and country of incorporation or residency | Nature of business | Class of shareholding | % Held | |
|---|--|-----------------------|--------|----------|
| | | | Direct | Indirect |
| Chelsea FC plc** | Holding company | Ordinary | 100.00 | |
| Stamford Bridge Projects Limited** | Restaurant operation | Ordinary | 100.00 | |
| Fordstam Developments Limited | Dormant | Ordinary | 100.00 | |
| The Hotel at Chelsea Limited | Hotel management and catering services | Ordinary | | 100.00 |
| Chelsea Football Club Limited | Professional football club | Ordinary | | 100.00 |
| Chelsea Car Parks Limited | Car park management | Ordinary | | 100.00 |
| Chelsea FC Merchandising Limited | Merchandising and mail order | Ordinary | | 100.00 |
| Chelsea FC Pte Limited | Representative office | 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 |
| Under the Bridge Limited | Music venue | Ordinary | | 100.00 |
| Chelsea Leisure Services Limited | Health and fitness club | Ordinary | | 100.00 |
| Stamford Bridge Securities Limited | Property holding | 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.

Chelsea FC Pte Limited is a wholly owned subsidiary of Chelsea FC plc 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. Those subsidiary undertakings highlighted by ** are direct subsidiaries of Fordstam Limited, the other subsidiaries are directly controlled either by Chelsea FC plc or Stamford Bridge Projects Limited.

On 30 June 2020, the company disposed of its full investment in Chelsea Digital Ventures Limited. See Note 29 for further details.

17 Financial instruments

| | Group | | Company | |
|---|-------|---------|---------|------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Carrying amount of financial assets/(liabilities) | | | | |
| Instruments measured at fair value through profit or loss | 122 | (8,002) | - | - |

The Group manages significant transactional currency risk by using forward currency contracts to minimise the net currency exposures. The financial assets/(liabilities) relate to future cash inflows and have been designated as a cash flow hedge and the gain/(loss) has been recognised in other comprehensive income.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

18 Stocks

| | Group 2020 £000 | 2019 £000 | Company 2020 £000 | 2019 £000 |
|-------------------------------------|-----------------------|--------------|-------------------------|--------------|
| Finished goods and goods for resale | 24 | 31 | - | - |

19 Debtors

| | Group 2020 £000 | 2019 £000 | Company 2020 £000 | 2019 £000 |
|---|-----------------------|----------------|-------------------------|--------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 146,496 | 123,785 | - | - |
| Amount owed by related undertaking | 21,369 | - | - | - |
| Other debtors | 1,024 | 5,987 | 437 | 447 |
| Derivative financial instruments | 122 | - | - | - |
| Prepayments and accrued income | 37,067 | 11,436 | - | - |
| | <u>206,078</u> | <u>141,208</u> | <u>437</u> | <u>447</u> |
| Amounts falling due after one year: | | | | |
| Trade debtors | 98,376 | 32,681 | - | - |
| Other debtors | 1,348 | 1,223 | - | - |
| | <u>99,724</u> | <u>33,904</u> | <u>-</u> | <u>-</u> |
| Total debtors | <u>305,802</u> | <u>175,112</u> | <u>437</u> | <u>447</u> |

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 2020 was £8,245,851 (2019: £8,258,983). 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.

Amounts owed by related undertaking relates to £21.4m due from Chelsea Digital Ventures Limited, a subsidiary of the company until the shares were disposed of on 30 June 2020. See Note 29 for details.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

20 Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 101,884 | 116,105 | - | - |
| Corporation Tax | 3,133 | - | - | - |
| Other taxation and social security | 26,132 | 31,519 | - | - |
| Other creditors | 4,990 | 13,973 | - | - |
| Amounts owed to related parties | 249,343 | 254,363 | 250,376 | 254,363 |
| Derivative financial instruments | - | 8,002 | - | - |
| Accruals and deferred income | 146,419 | 135,149 | 550 | 281 |
| | <u>531,901</u> | <u>559,111</u> | <u>250,926</u> | <u>254,644</u> |

£11.8m (2019: £37.5m) of the accruals and deferred income balance represents 2019/20 season ticket revenue carried forward and initial season ticket sales for the 2020/21 season. Amounts owed to related parties includes the balance of a loan repayable to Camberley International Investments Limited. The terms of this loan are such that 3 months' notice must be given for the loans to be repaid. No such notice had been received at year end, however the amounts are shown within amounts owed falling due within one year.

21 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---------------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 40,016 | 37,839 | - | - |
| Amounts owed to related parties | 1,129,000 | 1,129,000 | 1,129,000 | 1,129,000 |
| | <u>1,169,016</u> | <u>1,166,839</u> | <u>1,129,000</u> | <u>1,129,000</u> |

Amounts owed to related parties comprises the balance of a loan repayable to Camberley International Investments Limited. The terms of this loan are such that 18 months' notice must be given for the loans to be repaid. No such notice had been received; therefore, the amounts are shown within amounts owed falling due after more than one year. The balance outstanding on all related party loans at 30 June 2020 was £1,494.5m (2019: £1,499.0m). The loans are currently held in the accounts at their present value, using a market rate of interest.

22 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:

| | Liabilities | Liabilities | Assets | Assets |
|--------------------------|----------------|--------------|----------|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Group | | | | |
| Tax losses | - | - | - | - |
| Other timing differences | 739 | (362) | - | - |
| Capital gains | (1,754) | (613) | - | - |
| | <u>(1,015)</u> | <u>(975)</u> | <u>-</u> | <u>-</u> |

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

22 Deferred taxation

The company has no deferred tax assets or liabilities.

Movements in the year:

| | Group 2020 £000 |
|--------------------------------------|-----------------------|
| Liability at 1 July 2019 | (975) |
| Charge to profit or loss | (40) |
| Credit to other comprehensive income | - |
| Liability at 30 June 2020 | <u>(1,015)</u> |

23 Retirement benefit schemes

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Defined contribution schemes | | |
| Charge to profit and loss in respect of defined contribution schemes | <u>1,614</u> | <u>1,497</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 £70,630 (2019: £67,262).

24 Share capital

| | Group and Company 2020 £000 | 2019 £000 |
|---|-----------------------------------|--------------|
| Ordinary share capital Issued and fully paid | | |
| 601 Ordinary shares of £1 each at 30 June | <u>1</u> | <u>1</u> |

25 Financial commitments, guarantees and contingent liabilities

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the company if certain conditions are met. The maximum amount that could be payable is £15.4m (2019: £10.2m).

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

26 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 2020 £000 | 2019 £000 |
|----------------------------|-----------------------|--------------|
| Within one year | 128 | 157 |
| Between two and five years | 57 | - |
| | <u>185</u> | <u>157</u> |

27 Capital commitments

At 30 June 2020 the Group had capital commitments as follows:

| | Group 2020 £000 | 2019 £000 |
|--|-----------------------|--------------|
| Contracted for but not provided in the financial statements: | | |
| Acquisition of property, plant and equipment | <u>-</u> | <u>-</u> |

28 Events after the reporting date

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

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

29 Profit on disposal of subsidiary undertaking

On 30 June 2020, the company disposed of its entire shareholding in Chelsea Digital Ventures Limited for £Nil consideration. The profit on disposal is £17,975,000.

| | | £000 |
|-------------------------------|---------|--------|
| Proceeds | | - |
| Net assets disposed of: | | |
| Tangible fixed assets | (90) | |
| Investments | (5,419) | |
| Stocks | (380) | |
| Debtors | (67) | |
| Creditors | 23,931 | |
| | | 17,975 |
| Profit on disposal before tax | | 17,975 |

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

30 Related party transactions

Remuneration of key management personnel

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

| | 2020 £000 | 2019 £000 |
|------------------------|--------------|--------------|
| Aggregate compensation | 76 | 100 |

Transactions with related parties

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

| | Sale of goods | | Purchase of goods | |
|--------------------------------|---------------|--------------|-------------------|--------------|
| | 2020 £000 | 2019 £000 | 2020 £000 | 2019 £000 |
| Group | | | | |
| Chelsea FC Foundation | 5,647 | 6,693 | 480 | 259 |
| Nike Chelsea Merchandising Ltd | 380 | 698 | - | 39 |
| | <u>6,026</u> | <u>7,391</u> | <u>480</u> | <u>298</u> |

The Board considers that Chelsea FC Foundation and its subsidiaries are a related party of Fordstam Limited by virtue of significant influence. During the year, Chelsea FC plc processed the Charity's payroll. The Charity repays this amount in full but with no additional charge or mark up for the provision of this service.

Mr G. Laurence, Mr J. Bonington, Mr R. Milham and Mr C. Townsend are all employees of Chelsea FC plc, as well as serving as Directors of Nike Chelsea Merchandising Limited in the period.

Camberley International Investments Limited provides funding to Fordstam Limited and its subsidiaries as required to enable the Group to continue as a going concern.

FORDSTAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

30 Related party transactions

The following amounts were outstanding at the reporting end date:

| | Amounts owed to related parties | |
|---|---------------------------------|-------------------|
| | 2020 £000 | 2019 £000 |
| Group | | |
| Camberley International Investments Limited | 1,378,343 | 1,383,363 |
| Chelsea FC Foundation | 157 | 68 |
| Nike Chelsea Merchandising Ltd | - | - |
| | <u> </u> | <u> </u> |

No guarantees have been given or received.

31 Controlling party

The Directors consider Fordstam Limited to be the ultimate parent company of the Group, and the ultimate controlling party is Mr R Abramovich. The largest group of undertakings for which group accounts have been drawn up is that headed by Fordstam Limited.

32 Cash used in group operations

| | 2020 £000 | 2019 £000 |
|--|-------------------|-------------------|
| Profit/(Loss) for the year after tax | 39,324 | (110,422) |
| Adjustments for: | | |
| Taxation charged/(credited) | 3,179 | (5,215) |
| Finance costs | 79,384 | 66,096 |
| Investment income | (94,570) | (66,008) |
| Profit on disposal of tangible fixed assets | - | (594) |
| Fair value losses on investment properties | 2,555 | 4,515 |
| Gain on disposal of subsidiary | (17,975) | - |
| Amortisation and impairment of intangible assets | 129,141 | 170,010 |
| Depreciation and impairment of tangible fixed assets | 10,343 | 9,946 |
| Profit on disposal of player registrations | (142,645) | (60,459) |
| Movements in working capital: | | |
| Decrease in stocks | 7 | 43 |
| Increase in debtors | (31,948) | (48,107) |
| Increase/(decrease) in creditors | 22,139 | (42,429) |
| | <u> </u> | <u> </u> |
| Cash used in operations | (1,066) | (82,624) |