

1924222

**The Millwall Football and Athletic
Company (1985) Plc**

Report and Financial Statements

Year Ended

31 May 2004



The Millwall Football and Athletic Company (1985) Plc

Annual report and financial statements for the year ended 31 May 2004

Contents

Page:

1	Directors and advisers
2	Report of the directors
5	Report of the independent auditors
7	Profit and loss account
8	Balance sheet
9	Notes forming part of the financial statements

Directors

T Paphitis
P W Mead
D P Sullivan
R I Burr
D M Woodward
K G Brown

Secretary and registered office

R E Towner, The Den, Zampa Road, London, SE16 3LN.

Company number

1924222

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Bankers

Bank of Cyprus Limited, 27/31 Charlotte Street, London, W1

Solicitors

Richards Butler, Beaufort House, 15 St Botolph Street, London, EC3A 7EE.

The Millwall Football and Athletic Company (1985) Plc

Report of the directors for the year ended 31 May 2004

The directors present their report together with the audited financial statements for the year ended 31 May 2004.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

During the year under review, the company reported a profit of £40,000 compared with a loss for the year ended 31 May 2003, of £4,532,000. The turnover for the current year was £10,198,000 (2003 - £6,496,000).

The directors are unable to recommend payment of a dividend (2003 - £Nil).

Principal activities, review of business and future developments

The company's principal activity is the operation of a professional football club.

Review of the business

It is with great satisfaction that we report on a magnificent season, which saw the club reach the FA Cup Final and achieve qualification for the UEFA cup, both for the first time in its 119-year history.

A worldwide TV audience estimated at 300 million households in over 150 countries watched the Cup Final and is now familiar with the name of Millwall Football Club. The vociferous and passionate support of Millwall fans all the way to Cardiff has given your Board enormous confidence for the future, as we continue to strive for the level of support necessary to help achieve our primary aim of Premiership football.

The ambition of the club and progress made is underlined by the fact that there was real disappointment in not achieving a play off position in the league, due to a poor run of results towards the end of the season. The FA Cup run, injuries and suspensions to key players all contributed in depriving us of a top six finish.

Our ambitions are reflected and shared by the management team appointed last November of Dennis Wise and Ray Wilkins. Dennis and Ray have been involved at the top level of football for many years and were a huge influence on the success enjoyed last year.

The success of the FA Cup run last season gives us optimism for the coming season. The club has participated in European competition for the first time in its history and has a squad that should be capable of competing for promotion to the Premiership.

The current squad includes the new signings of Jody Morris, Barry Hayles, Adrian Serioux and Josh Simpson as well as loan signings of Graham Stack from Arsenal and Stephan Moore from Aston Villa. This is in addition to Danielle Dichio who signed in January 2004 from West Bromwich Albion for a fee of up to £680k and Andy Marshall who signed on a permanent basis following his loan spell from Ipswich Town. Tim Cahill was transferred to Everton for a fee of £1.52m. Although it was disappointing to lose a player of Tim's calibre, he was in the final year of his contract and would have been able to leave Millwall on a free transfer at the end of the current season.

Our strong focus on the Millwall Youth Academy continues and last season saw the emergence of further talent developed by the club. Marvin Elliott established himself in the first team squad and Curtis Weston became the youngest player to appear in a final in the history of the FA Cup. We also established close ties with the British Columbia Soccer Association in Vancouver, Canada. The club's successful pre-season tour to Vancouver was followed by two Canadian international signings who have made promising starts to their careers with Millwall.

The Millwall Football and Athletic Company (1985) Plc

Report of the directors for the year ended 31 May 2004

Review of the business *(Continued)*

Season ticket sales for this season currently stand at 7,204, exceeding not only last season's total of 6,107 but also the club record of 6,242 achieved in the season 2001/02. Whilst this is encouraging, average crowds at The Den remain much lower than many of our promotion rivals, which makes our goal of Premiership football more challenging and the continued identification and development of talent through our Academy remains vital.

Theo Paphitis has made it known that it is his intention to retire as Chairman at the end of the current season, a decision he has not taken lightly and one that was discussed extensively with your Board. In May 2005, Theo will be completing his eighth season as Chairman. In that period the club has gone from Administration at the bottom of the old Second Division to a Wembley final, Second Division Play-offs, promotion to the First Division as champions, First Division play-offs, the FA Cup final and now participation in the UEFA Cup, some of these for the first time in our 119-year history. Your Chairman is proud that this has been one of the club's most successful periods and would like to thank all those that have made it possible. With the increased demands on his time from other interests, Theo feels that the time is right to hand over the reins to someone else who has the time, drive and ambition to continue the progress we have made at Millwall, whilst he continues to enjoy watching football at The Den.

It remains for us to thank the Players, Management and Staff for their hard work throughout a long, hard and competitive season. The support of shareholders, sponsors, fans and everyone connected with the club has been tremendous and to all of them, the Board extends its thanks.

Directors and their interests

The directors of the company during the year were:

T Paphitis
P W Mead
D P Sullivan
R I Burr
D W Woodward
K G Brown

None of the directors held any of the shares in the company throughout the year.

Messrs Mead and Paphitis were also directors of the holding company at 31 May 2004, and their interests in the shares of Millwall Holdings Plc are disclosed in that company's accounts.

The following directors are not directors of the holding company at 31 May 2004, and their interests in the ordinary shares of Millwall Holdings Plc are set out below:

	Ordinary shares of 0.1p each	
	2004	2003
D P Sullivan	-	-
R I Burr	5,156,250	2,062,500
D W Woodward	25,000,000	25,000,000
K G Brown	-	-

The Millwall Football and Athletic Company (1985) Plc

Report of the directors for the year ended 31 May 2004

Directors' responsibilities

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

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

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

Basis of preparation

The financial statements have been prepared on a going concern basis. The directors believe it is appropriate to prepare the accounts on this basis as they have obtained confirmation that the ultimate parent undertaking intends to continue (subject to the availability of funds) to support the company for the foreseeable future. The Board also accept that it is an integral part of the company's activities to trade in player registrations as the company's working capital position requires.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the Board



R E Towner

Secretary

2 October 2004

The Millwall Football and Athletic Company (1985) Plc

Report of the independent auditors

To the shareholders of The Millwall Football and Athletic Company (1985) Plc

We have audited the financial statements of The Millwall Football and Athletic Company (1985) Plc for the year ended 31 May 2004 on pages 7 to 20, which have been prepared under the accounting policies set out on pages 9 to 10.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

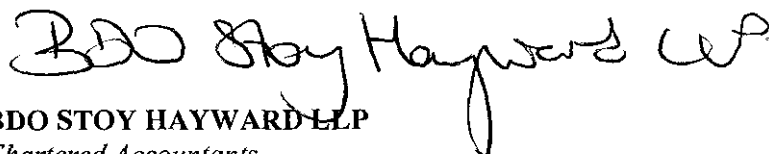
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

The Millwall Football and Athletic Company (1985) Plc

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 May 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "BDO Stoy Hayward LLP", is written over the printed name of the firm.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*

London

2 October 2004

The Millwall Football and Athletic Company (1985) Plc

Profit and loss account for the year ended 31 May 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Turnover	1		10,198		6,496
Staff costs	5	(7,891)		(6,708)	
Staff costs – exceptional	5	-		(95)	
Amortisation of players' registrations	7	(485)		(615)	
Depreciation	8	(356)		(330)	
Profit on disposal of players' registrations		2,744		145	
Other administrative expenses		(4,100)		(3,379)	
Administrative expenses			(10,088)		(10,982)
Operating profit/(loss)	4		110		(4,486)
Other interest receivable	2		4		19
Interest payable and similar charges	3		(74)		(65)
Profit/(loss) on ordinary activities before taxation			40		(4,532)
Taxation	6		-		-
Profit/(loss) for the financial year taken to reserves	16		40		(4,532)

All amounts relate to continuing activities.

There were no recognised gains and losses in the year or the preceding year, other than the respective profits and losses reported above.

The notes on pages 9 to 20 form part of these financial statements.

The Millwall Football and Athletic Company (1985) Plc

Balance sheet at 31 May 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Intangible assets	7		756		901
Tangible assets	8		16,539		16,842
			<u>17,295</u>		<u>17,743</u>
Current assets					
Stocks	9	157		108	
Debtors	10	2,627		273	
Cash at bank and in hand		<u>361</u>		<u>55</u>	
		3,145		436	
Creditors: amounts falling due within one year	11	<u>4,924</u>		<u>4,488</u>	
Net current liabilities			(1,779)		(4,052)
Total assets less current liabilities			<u>15,516</u>		<u>13,691</u>
Creditors: amounts falling due after more than one year	12		33,019		31,049
Deferred income	13		3,497		3,682
			<u>36,516</u>		<u>34,731</u>
Capital and reserves					
Called up share capital	15		455		455
Share premium account	16		3		3
Profit and loss account	16		(21,458)		(21,498)
			<u>15,516</u>		<u>13,691</u>
Shareholders' funds may be analysed as:					
Equity interests			(21,055)		(21,095)
Non-equity interests			55		55
Shareholders' funds (in deficit)	17		<u>(21,000)</u>		<u>(21,040)</u>

The financial statements were approved by the Board on 2 October 2004

T Paphitis
Director

The notes on pages 9 to 20 form part of these financial statements.

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets except freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Long leasehold premises	-	2% per annum
Fixtures and fittings	-	20% per annum
Motor vehicles	-	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition or valuation.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pension costs and other post retirement benefits

For defined contributions schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (*Continued*)

1 *Accounting policies (Continued)*

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of the future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term. An exception is when the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of the business, net of trade discounts, valued added tax and other sales related taxes.

Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Players' registrations

The cost of players' registrations, comprising transfer fees payable and signing on fees, is capitalised and the cost is amortised over the period of the contract to which the registration relates. The carrying value is reviewed to take into account any perceived impairment of the value of the registrations.

Transfer fees receivable are recognised in the period in which the registration is transferred and any profit or loss arising is dealt with in the profit and loss account. Contingent transfer fees receivable are recognised once the contingent conditions have been met.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised) not to prepare a cash flow statement, on the basis that it is consolidated in the financial statements of its ultimate parent company.

Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard No 8, 'Related Party Disclosures', whereby disclosure is not required by a subsidiary undertaking, 90% or more of whose voting rights are controlled within a group, of transactions with other group undertakings.

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

2	Interest receivable	2004	2003
		£'000	£'000
	Interest receivable and similar income	4	19
		<u> </u>	<u> </u>
3	Interest payable and similar charges	2004	2003
		£'000	£'000
	Bank loans and overdrafts	72	61
	Finance leases and hire purchase contracts	2	4
		<u> </u>	<u> </u>
		74	65
		<u> </u>	<u> </u>
4	Operating profit/(loss)	2004	2003
		£'000	£'000
	This has been stated after charging/(crediting):		
	Depreciation and amounts written off tangible fixed assets		
	- owned	342	315
	- held under finance leases and hire purchase contracts	14	15
	Amortisation of grant	(104)	(89)
	Operating lease rentals		
	- plant and machinery	42	41
	- other	79	79
	Auditors' remuneration		
	- audit services	13	20
	- non audit services	-	-
	Loss/(profit) on sale of fixed assets	15	(5)
	Amortisation of players' registrations	485	615
	Profit on sale of players' registrations	(2,744)	(145)
		<u> </u>	<u> </u>

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

5 Staff costs

The average monthly number of employees (including directors) was:

	2004 Number	2003 Number
Football team management	9	11
Administration and ground staff	52	50
Players	58	53
	<hr/>	<hr/>
	119	114
	<hr/>	<hr/>

In addition, the company employs on average, a further 220 temporary staff on match days.

Their aggregate remuneration comprised:

	2004 £'000	2003 £'000
Wages and salaries	7,050	5,993
Social security costs	769	613
Defined pension costs - exceptional (see note 18c)	-	95
- other	72	102
	<hr/>	<hr/>
	7,891	6,803
	<hr/>	<hr/>

Directors' remuneration, interests and transactions

The only director to receive remuneration for his services during the year was Mr K Brown the Chief Executive Officer. He received in the year £87,579 (2003 - £33,000).

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

6 Tax on profit on ordinary activities

No taxation charge arises due to the incidence of losses incurred in previous years and capital allowances claimed during the year (2003 - £Nil).

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before tax	40	(4,532)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2003 - 20%)	8	(906)
Effects of:		
Expenses not deductible for tax purposes	2	1
Income not charged to UK corporation tax	(21)	(18)
Capital allowances in excess of depreciation	71	59
Other timing differences	(2)	13
Losses carried forward in year	-	851
Losses utilised in year	(57)	-
Group relief	(1)	-
Current tax charge for year	-	-

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (*Continued*)

7 Intangible fixed assets

	Players' registrations £'000
<i>Cost</i>	
At 1 June 2003	2,118
Additions	485
Disposals	(526)
	<hr/>
At 31 May 2004	2,077
	<hr/>
<i>Depreciation</i>	
At 1 June 2003	1,217
Charge for the year	485
Disposals	(381)
	<hr/>
At 31 May 2004	1,321
	<hr/>
<i>Net book value</i>	
At 31 May 2004	756
	<hr/>
At 31 May 2003	901
	<hr/>

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

8 Tangible fixed assets

	Long leasehold premises £'000	Freehold land £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>					
At 1 June 2003	17,629	300	3,112	68	21,109
Additions	-	-	71	-	71
Disposals	-	-	(205)	(13)	(218)
At 31 May 2004	17,629	300	2,978	55	20,962
<i>Depreciation</i>					
At 1 June 2003	1,775	-	2,441	51	4,267
Charge for the year	176	-	171	9	356
Disposals	-	-	(187)	(13)	(200)
At 31 May 2004	1,951	-	2,425	47	4,423
<i>Net book value</i>					
At 31 May 2004	15,678	300	553	8	16,539
At 31 May 2003	15,854	300	671	17	16,842

The amounts classified as Long leasehold premises represent costs associated with the building of a football stadium at Senegal Fields.

The amounts classified as Freehold land represent the cost of a put option exercisable by the vendor between 2000 and 2005 at a cost of £300,000. On exercise of the put option, the ownership of the freehold land transfers to the Company. The liability for this put option is included within other creditors in note 11.

Included in the net book value of motor vehicles and fixtures and fittings is £15,971 (2003 - £30,617) relating to assets acquired under finance lease and hire purchase agreements. The depreciation charge for the year in respect of these assets is £14,646 (2003 - £16,886).

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

9 Stocks	2004	2003
	£'000	£'000
Goods for resale	157	108
	<u> </u>	<u> </u>
10 Debtors	2004	2003
	£'000	£'000
Trade debtors		
- amounts falling due within one year	227	117
Other debtors	2,212	-
Prepayments and deferred expenditure	188	156
	<u> </u>	<u> </u>
	2,627	273
	<u> </u>	<u> </u>
11 Creditors: amounts falling due within one year	2004	2003
	£'000	£'000
Bank loans and overdrafts	1,200	1,953
Signing on fees	231	304
Obligations under finance leases and hire purchase contracts	7	17
Taxation and social security	421	284
Other creditors	2,707	1,656
Accruals and deferred income	358	274
	<u> </u>	<u> </u>
	4,924	4,488
	<u> </u>	<u> </u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

Included within other creditors is an amount of £300,000 in relation to the put option for the freehold land as set out in note 8.

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

12 Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Signing on fees	85	189
Other creditors	68	-
Obligations under finance leases and hire purchase contracts	-	7
Amounts owed to holding company	32,866	30,853
	<u>33,019</u>	<u>31,049</u>

The amount due to the holding company is interest free and unsecured. There are no fixed repayment terms.

	Finance leases		Signing on fees		Total	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts payable						
- within one year	7	17	231	304	238	321
- after one year but within two years	-	7	85	184	85	191
- after two years but within five years	-	-	-	5	-	5
	<u>7</u>	<u>24</u>	<u>316</u>	<u>493</u>	<u>323</u>	<u>517</u>

13 Deferred income

	2004 £'000	2003 £'000
Payments received in advance in respect of season tickets, boxes, sponsorship and television income	222	303
Grants received in respect of the long leasehold premises and other fixtures and fittings	3,275	3,379
	<u>3,497</u>	<u>3,682</u>

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 (Continued)

14 Provision for liabilities and charges

A deferred taxation asset has not been created on trading losses allowable for tax purposes of £30,556,920 (2003: £30,619,375) given the inherent uncertainty of future profits. The unprovided deferred tax asset is £5,805,815 (2003 - £6,123,875).

15 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
450,000 ordinary shares of £1 each	450	450	-	-
5% cumulative redeemable preference shares of £1 each	55	55	-	-
400,000 ordinary shares of £1 each	-	-	400	400
5% cumulative redeemable preference shares of £1 each	-	-	55	55
	<u>505</u>	<u>505</u>	<u>455</u>	<u>455</u>

Under their terms, the 5% cumulative redeemable preference shares should have been redeemed by 4 March 1998, but the holders have not yet taken up their rights of redemption. The preference shares carry no voting rights and on a winding up are entitled to a repayment of the amount paid up plus any dividends due.

The preference shareholders have waived their entitlement to their dividends in respect of the year under review together with the arrears of the preference dividends.

16 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 June 2003	3	(21,498)
Profit for the financial year	-	40
	<u>3</u>	<u>(21,458)</u>
At 31 May 2004	3	(21,458)

The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 *(Continued)*

17 Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit/(loss) for the financial year	40	(4,532)
Opening shareholders' funds	(21,040)	(16,508)
	<hr/>	<hr/>
Closing shareholders' funds	(21,000)	(21,040)
	<hr/>	<hr/>

18 Financial commitments

(a) Contractual commitments

At the 31 May 2004 the company is committed to pay £316,000 (2003 - £493,000) in respect of players' signing on fees under current contracts. These amounts have been capitalised as a component of players' registrations and the cost is accrued in these accounts.

(b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004 Land and buildings £'000	2004 Other £'000	2003 Land and buildings £'000	2003 Other £'000
Operating leases which expire:				
Within one year	-	21	-	5
In two to five years	30	12	30	42
After five years	49	2	49	-
	<hr/>	<hr/>	<hr/>	<hr/>
	79	35	79	47
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The Millwall Football and Athletic Company (1985) Plc

Notes forming part of the financial statements for the year ended 31 May 2004 *(Continued)*

18 Financial commitments (continued)

(c) Pensions

The football club is one of 54 participating employers in The Football League Pension and Life Assurance Scheme. Until 31 August 1999, this scheme was a defined benefit scheme. After that date, the scheme was closed and a new scheme started to provide benefits on a defined contribution basis.

Contributions to the defined benefit scheme were determined in accordance with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent valuation was conducted on 31 August 2002 on scheme data using main assumptions of 9% yield with no further salary increases.

The valuation carried out on 31 August 2002 was in accordance with the Statutory Minimum Funding Requirement basis laid out in the Pensions Act 1995. This valuation showed that the value of the scheme's assets had not grown in accordance with the 1999 MFR due mainly to the 25% fall in Stock Market values over the period. The increased deficit will be spread over a period of 10 years from the date the valuation was signed off. During the year ended 31 May 2004, the football club's share of the scheme's deficit was not recalculated by the scheme actuaries (2003 - £131,277). This was fully provided for by the Company during the year ended 31 May 2003 and resulted in a net charge in the accounts of £95,000.

At 31 May 2004, 1 (2003 - 1) of the Company's employees was a member of the scheme. Contributions were paid by the Company being 10.4% (2003: 10.4%) of the member's pensionable salary for the year. The Company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis so the scheme has been treated as a multi-employer scheme in these financial statements.

Certain other employees of the Company, except for football players who are responsible for their own pension arrangements, are eligible to be members of defined contribution schemes. The assets of any schemes are held in funds separate from the Company.

(d) Transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the group if conditions as to future team selection are met. The maximum that could be receivable is £650,000 (2003 - £Nil). The maximum that could be payable is £622,500 (2003 : £97,500).

19 Ultimate parent company

The directors regard Millwall Holdings Plc a company incorporated in Great Britain as the company's ultimate parent undertaking.

Millwall Holdings Plc is the parent undertaking of the only group of which the Millwall Football and Athletic Company (1985) Plc is a member and for which group accounts are drawn up. Copies of those group accounts have been delivered to, and are available from, the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff CF4 3UZ.