

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

Report and Financial Statements

Year Ended

30 June 2017

**Registered number: 1924222**

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# **The Millwall Football and Athletic Company (1985) PLC**

## **Annual report and financial statements for the year ended 30 June 2017**

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### **Directors**

J G Berylson  
J T Berylson  
P Garston  
C Gonticas  
S Kavanagh  
T Keyse  
D Kouvaris  
R S Press

### **Secretary and registered office**

T B Simmons, The Den, Zampa Road, London, SE16 3LN.

### **Company number**

1924222

### **Independent Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU.

### **Bankers**

Barclays Bank plc, Corinthian House, 17 Lansdowne Road, Croydon, Surrey, CR0 2BX.

### **Solicitors**

Lewis Silkin, Windsor House, 5 Chancery Lane, Clifford's Inn Passage, London EC4A 1BL.

## **The Millwall Football and Athletic Company (1985) PLC**

### **Strategic report for the year ended 30 June 2017**

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#### **Principal activity**

The Company's principal activity is the operation of a professional football club ("Millwall" or the "Club").

#### **Results and dividends**

The result for the year shows a satisfactory further reduction in the level of losses incurred, with the loss from operations amounting to £4.0m (2016: £5.5m). The success achieved by the Club during this financial year contributed to this improvement as reflected in higher income offset principally by player costs in the form of a promotion bonus.

Revenue for the year at £10.0m (2016: £8.3m) is an increase of 20.0%. There was a welcome increase in matchday income of 19.3% assisted by a successful run of games in the FA Cup. This run also generated a substantial increase in TV income and other central allocations from the EFL; an increase of over £0.8m.

The basic salary costs of the squad remained similar to the previous year. However, the promotion bonus paid to players and the further strengthening of the administration departments of the Company lead to an increase in overall salary costs to £9.4m (2016: £8.0m). The ratio of total staff costs to revenue for the season under review was 94% (2016: 96%).

Other expenses (excluding depreciation and amortisation) at £4.7m were 7% down from the previous year (2016: £5.0m). Within this there was an improvement of nearly £0.8m arising from a reduced amortisation charge for the transfer fees paid for player contracts acquired and the profits from the transfer fees earned on player contracts sold. However, offsetting these benefits was a substantial increase in legal and advisory expenses incurred in respect of the Company's continuing efforts to gain permissions to be a participator of the Regeneration proposals to the land surrounding The Den.

The statement of comprehensive income is set out on page 10. The directors do not recommend payment of a dividend (2016: £Nil).

#### **Review of the business**

At the end of the 2016/17, the season under review, the Club was successful in gaining promotion from League One of the English Football League ("EFL") after two seasons spent in this division. Promotion back to the SkyBet Championship ("the Championship"), the second tier of English football, was achieved by a 1-0 victory over Bradford City in the Play-off final at Wembley Stadium in May, the Club's 5<sup>th</sup> appearance there in 9 years. The Club finished the season in 6<sup>th</sup> place with 73 points (2015/16: 4<sup>th</sup> with 81 points).

The 2016/17 season started indifferently with a run of 6 games without a win during September/October but improved slowly to the halfway stage. The Club then benefitted from a run of 16 league games without defeat, including 7 consecutive games without conceding a goal. The team suffered only one loss at The Den in the second half of the season, to earn a play-off position to play Scunthorpe United, winning 3-2 on aggregate over 2 legs, to reach the Play-off final.

The Club enjoyed a more successful participation in the FA Cup during this season with 5 home games, including 3 wins over Premier League teams without conceding a goal. The game against Leicester City, which was won 1-0, attracted an attendance of over 18,000, the highest for nearly 5 years. This cup run ended in the quarter final round in a 0-6 defeat at Tottenham Hotspur.

The total number of players utilised was largely consistent with the previous season, at 33 players (2015/16: 31), so too was the average home league attendance at 9,475 (2015/16: 9,407).

The philosophy of giving home grown players from the Club's Youth Academy the opportunity to be promoted into the first team continues to pay dividends. Of the 35 current contracted players, some 13 have come through the Club's Youth Academy. The Club continues to invest in its Youth Academy with a Category 2 status in the Elite Player Performance Plan scheme. More about the importance of the Youth Academy is set out under Prospects below.

Another significant achievement during this year is the Club having been voted the EFL Family Club of the Year. The Club is rightly proud to have such recognition for the family environment that has been created and the ongoing work and commitment made to making sure future generations can enjoy The Den.

## **Prospects**

### *Football*

The principal strategic objective for the year under review as set out in this report last year has been achieved; the Club gained promotion to the Championship. The objective for the current year is to not just to compete well at this higher level but to take steps enable the Club to become an established Championship side. Neil Harris, the manager, has strengthened the squad by the recruitment of experienced young players and considers that the Club has a squad of players who understand the Millwall philosophy of standards and performance. Further improvements to the squad will be made as necessary to enable the Club to meet its objectives.

The quality of the squad has been recognised by 6 players having been selected recently for the International squad of their home countries and 3 others having international experience in their career.

The Youth Academy continues to be key to the strategy of the Club and your directors regard this as a vital part of the future success of the Club. Under the direction of Scott Fitzgerald, it now has 140 signed young players from age 9 to 23 under the supervision of 50 full or part time coaches, medical and support staff. The Academy have enjoyed recent success in terms of player productivity with Aiden O'Brien, Ben Thompson and Fred Onyedinma making a substantial number of appearances in the first team over the last 3 seasons. Aiden O'Brien and Kris Twardek have recently received full international call ups from Republic of Ireland and Canada respectively. A further Academy player, James Brown, is currently enjoying a successful loan at Carlisle United and developing into a prospect for the first team.

The Club is now required to comply with the Profitability & Sustainability Rules (the Rules) of the EFL applicable to the Championship. In general, these permit a club to incur losses up to £39m over a 3 year period before any restrictions may be applied. Currently the Club's level of defined losses are well within this limit and your directors are confident that the Club will continue to meet the requirements of the Rules. With these Rules in mind the directors have set budgets for all areas of income and costs with plans in place to monitor financial and team performance and to take such steps that are needed to achieve the best outcome for the year.

It is expected that, having gained promotion, revenue streams of the Company for the current year will show increases over the previous year. Uplifts will, however, be dependent upon the success of the team, as attendances and match day income are affected by the team's performance and the Club's position in the league. Nonetheless, season ticket memberships numbers and related income show increases of 23.8% and 25% respectively at the start of this year.

Despite being newly promoted to the Championship the team has had a satisfactory start to the 2017/18 season. It has gained 23 points in the first 21 games up to 12 December, placing the team in 17<sup>th</sup> position; the 2016/17 season when, playing in League One, the team had gained 28 points after 21 games and was in 14<sup>th</sup> position. This season the Club will not enter the FA Cup until Round 3 in January. The Club was eliminated from the EFL Carabao Cup by Reading in the 2nd round.

So far this season, the average attendance for the first 7 home league games in the higher division has been 12,903 (2016/7: 8,684) an increase of 49%. This has led to a significant increase in match day income with retail sales also showing healthy year on year increases.

The budget for the current year provides for the inevitable increase in the cost of player wages that will arise as a Championship Club.

### *Other football related income*

The Commercial Department continues to introduce innovative plans and schemes to maximise attendances as well as match day income, sponsorship and business partnerships by proactive marketing techniques. This has been rewarded this season to date with a substantial increase in the level of sponsorships and advertising. The Club is reviewing its commercial advertising activities and is looking to modern technology to assist in driving the opportunities and revenues forward. This is seen as important in raising commercial revenues to allow the Club to compete at the Championship level.

### *The Den*

Other revenues from the utilisation of the stadium on non-match days are expected to continue at a similar level to last year. The conferencing activities are a little down so far this year and steps are in hand to promote the Club's facilities.

## **The Millwall Football and Athletic Company (1985) PLC**

### **Strategic report for the year ended 30 June 2017 (*Continued*)**

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#### *The Community*

The Club continues to recognise the importance of the relationship with the diverse communities of South London and actively supports the work of Millwall Community Trust (MCT). The Club's commitment is reflected by two directors, Steve Kavanagh and Peter Garston, acting as Trustees. The strength and depth of the relationship is also demonstrated both by financial support and by making Club facilities available for the activities undertaken by the MCT. A number of projects are undertaken jointly. The Club is rightly proud of its Community Trust and the incredible work it does in and around our local communities.

The MCT vision is to use the unique passion generated at Millwall to connect and inspire the Club's communities. This is achieved by using the inspiration of the Millwall spirit to improve the lives of people through engagement in sport. MCT works not just in schools coaching and sports participation but makes a significant contribution to community development, health improvement and community cohesion, as well as managing facilities such as the Lions Centre for the benefit of the community.

Its work focuses on people who find it difficult to participate in sport and those disadvantaged in life. This includes young people who have lost interest in education or who are at risk of substance abuse, young offenders and those with mental health issues. MCT helps local people to realise their potential, to be proud of their achievements and ultimately to build stronger and safer communities. Once again this year an average of over three thousand young people weekly and over seven thousand residents annually benefit as individuals by using our services.

A new chair of trustees, Mr Peter Walsh was appointed at the MCT AGM on 28 November 2016. Led by him, the Trustees aim to create a sustainable year-round community sport offer for the residents of Southwark and Lewisham and its partners. Discussions have been embarked upon with parties interested in working with the Trust to decide where additional delivery hubs will be, enhancing the range of opportunities for all.

The Trust has a strategy of encouraging sports participation through positive partnerships. It is affiliated to The English Football League Trust, which links all professional Football League community programmes. It has contracts with Housing Associations across the London Boroughs of Lewisham and Southwark, and KICKS, supported by the Metropolitan Police and the Premier League Charitable Foundation. The Trust has a strong relationship with London Boroughs of Southwark and Lewisham. In addition the Trust has developed Service Level Agreements with a number of schools across its catchment area for curriculum and extra-curricular physical activity delivery.

A new Education and Employability Manager was appointed in April 2017. MCT has since expanded its current traineeship programme, working with Job Centre Plus to recruit those young people furthest from the labour market. MCT retained its Academy intake at the level of previous year. MCT developed an Alternative Provision at The Lions Centre for a small cohort of young people on the verge of school exclusion. This offered two-day a week respite with focus on sport theory and practical; ICT; functional skills; fitness and health.

The Junior Lions Match Day Fun Zone was developed for the 2015/16 season to help offer an added experience for young supporters attending Millwall home matches. Two hours before kick-off, The Lions Centre opens its doors for families where young people can take part in sports activities, penalty shoot-outs, inflatable shooting and shooting speed challenge, face painting and live music, free of charge.

Primary Stars was a new Premier League funded programme that initially focussed on 15 new schools per year. Due to demand, the programme expanded to 21 additional local primary schools. MCT also attracted new English Football League Trust funding to deliver a multi-sport programme in 15 further schools. On World Mental Health Day this year, MCT hosted a seven-a-side tournament of London professional football clubs who support participants with complex mental health challenges. Millwall is very proud to have won the Trophy, celebrating the players' commitment to their beautiful game.

#### *Communication*

The Club regards communication with all supporters, business partners and staff as of central importance. The Fan on the Board provides a crucial link between the Board and supporters. Regular meetings and forums take place with all levels of the Club's supporters and partners.

## **The Millwall Football and Athletic Company (1985) PLC**

### **Strategic report for the year ended 30 June 2017 (*Continued*)**

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#### **Principal risks and uncertainties**

In common with many football clubs outside the FA Premier League the main business risk is the maintenance of a positive cash flow, bearing in mind the uncertainty of turnover and the high cost of maintaining a playing squad on which the success of the Company's business is largely dependent. In order to manage working capital there is the constant requirement to raise new finance and refinance existing facilities which, in turn, requires the continuing support of existing providers of those facilities.

A significant amount of the Club's revenue derives from ticket sales. Income generated from gate receipts is dependent on the level of attendance at matches. Weak economic conditions in the United Kingdom may have a negative impact on match attendance and gate receipts as supporters may have less disposable income.

Some income streams of the Club (such as television rights and related income) are dependent on third party contracts and arrangements to which the Club is not a party and over which the Club can exercise no or little influence.

As part of its normal activities, the Club deals in the trading of player registrations and there is always a risk of significant and lasting injuries to players that may impair player values. Players aged 24 years or older are free to move between clubs once their contract has come to an end and the Board monitors expiry dates carefully with a view to renewing contracts or realising value.

Relevant business risks are discussed during Board meetings so that, where a material exposure is identified, mitigating action can be taken.

#### **On behalf of the Board**



**S Kavanagh**  
Director

Date: 16.12.17

## **The Millwall Football and Athletic Company (1985) PLC**

### **Report of the directors for the year ended 30 June 2017**

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The directors present their report together with the audited financial statements for the year ended 30 June 2017.

#### **Directors**

The directors of the Company during the year and to the date of this Report were:

J G Berylson	
A Ambler	(resigned 30 October 2016)
J T Berylson	
P Garston	
C Gonticas	
S Kavanagh	(appointed 31 October 2016)
T Keyse	
D Kouvaris	
R S Press	

#### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for 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 immediate parent undertaking intends to continue to support the Company for the foreseeable future. In forming this opinion the Board has given consideration to the loan facilities currently available to the immediate parent entity, an undertaking of financial support provided by its majority shareholder to that entity and cash flow projections for a period of not less than twelve months from the date of signing these accounts. 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.

## **The Millwall Football and Athletic Company (1985) PLC**

### **Report of the directors for the year ended 30 June 2017 (*Continued*)**

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#### **Political and charitable donations**

During the year, the Company made no charitable contributions (2016: £70,000). The Company made no political donations.

#### **Market value of land and buildings**

Given the specialised nature of the Company's property interests, the directors do not consider that, without incurring the expense of a specialist third party professional valuer, there is a readily ascertainable market value for the Company's properties, which are carried in the accounts at cost less depreciation. However, based on information available to the company, the Board do not believe there to be any indicator of impairment to carrying value.

#### **Payment of creditors**

The Company's policy is to settle agreed amounts outstanding to creditors within sixty days. This policy is made known to staff who handle payments to suppliers and is made known to suppliers on request. Trade creditors of the Company at the period end represented 62 days purchases (2016: 57 days).

#### **Employee involvement**

The Company operates employment policies, which place emphasis upon employee involvement where possible. The Company practices equality of employment opportunity irrespective of sex, race, colour, marital status or ethnic or national origins. It is the Company's policy to offer equal opportunity to disabled persons wherever appropriate, having regard to their aptitudes and abilities.

#### **Other disclosures**

Disclosure of exposure to financial risks, post balance sheet events and future developments are included in the Strategic Report on pages 2 to 5.

#### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### **On behalf of the Board**



**S Kavanagh**  
Director

Date: 16.12.17



## **The Millwall Football and Athletic Company (1985) PLC**

### **Report of the independent auditors**

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#### **To the members of The Millwall Football and Athletic Company (1985) PLC**

##### *Opinion*

We have audited the financial statements of The Millwall Football and Athletic Company (1985) PLC (the 'Company') for the year ended 30 June 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Conclusions relating to going concern*

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

##### *Other information*

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, including the strategic report and the directors' report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

##### *Opinions on other matters prescribed by the Companies Act 2006*

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## The Millwall Football and Athletic Company (1985) PLC

### Report of the independent auditors (*Continued*)

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#### *Matters on which we are required to report by exception*

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

#### *Responsibilities of directors*

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's responsibilities for the audit of the financial statements*

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.

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

BDO LLP

**Ian Clayden (senior statutory auditor)**  
*For and on behalf of BDO LLP, statutory auditor*  
London  
United Kingdom

Date: 19-12-2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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

**Statement of comprehensive income for the year ended 30 June 2017**

	<b>Note</b>	<b>2017 £'000</b>	<b>2017 £'000</b>	<b>2016 £'000</b>	<b>2016 £'000</b>
<b>Turnover</b>	1,3		<b>9,988</b>		<b>8,324</b>
Staff costs	5	(9,373)		(7,992)	
Amortisation of players' registrations	7	(238)		(600)	
Depreciation	8	(242)		(238)	
Profit on disposal of players' registrations		514		85	
Other administrative expenses		(4,691)		(5,037)	
Administrative expenses			<b>(14,030)</b>		<b>(13,782)</b>
<b>Operating loss</b>	4		<b>(4,042)</b>		<b>(5,458)</b>
<b>Loss on ordinary activities before taxation</b>			<b>(4,042)</b>		<b>(5,458)</b>
Taxation	6		-		-
<b>Loss and total comprehensive loss for the financial year</b>			<b>(4,042)</b>		<b>(5,458)</b>

All amounts relate to continuing activities.

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

The notes on pages 13 to 23 form part of these financial statements.

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

**Balance sheet at 30 June 2017**

**Company number: 1924222**

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Intangible assets	7		907		222
Tangible assets	8		14,162		14,162
			<u>15,069</u>		<u>14,384</u>
<b>Current assets</b>					
Stocks	9	201		187	
Debtors	10	1,282		1,018	
Cash at bank and in hand		399		261	
		<u>1,882</u>		<u>1,466</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(92,176)</u>		<u>(86,723)</u>	
<b>Net current liabilities</b>			<u>(90,294)</u>		<u>(85,257)</u>
<b>Total assets less current liabilities</b>			<u>(75,225)</u>		<u>(70,873)</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(3,156)</u>		<u>(3,466)</u>
<b>Net liabilities</b>			<u>(78,381)</u>		<u>(74,339)</u>
<b>Capital and reserves</b>					
Called up share capital	14		400		400
Share premium account			3		3
Retained earnings			(78,784)		(74,742)
<b>Shareholders' funds (in deficit)</b>			<u>(78,381)</u>		<u>(74,339)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16.12.17

  
**S Karanagh**  
 Director

The notes on pages 13 to 23 form part of these financial statements.

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

**Statement of changes in equity for the year ended 30 June 2017**

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
<b>1 July 2016</b>	<b>400</b>	<b>3</b>	<b>(74,742)</b>	<b>(74,339)</b>
<b>Comprehensive loss for the year:</b>				
Loss for the year	-	-	(4,042)	(4,042)
<b>30 June 2017</b>	<b>400</b>	<b>3</b>	<b>(78,784)</b>	<b>(78,381)</b>
	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
<b>1 July 2015</b>	<b>400</b>	<b>3</b>	<b>(69,284)</b>	<b>(68,881)</b>
<b>Comprehensive income for the year:</b>				
Loss for the year	-	-	(5,458)	(5,458)
<b>30 June 2016</b>	<b>400</b>	<b>3</b>	<b>(74,742)</b>	<b>(74,339)</b>

The notes on pages 13 to 23 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 30 June 2017

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#### 1 Accounting policies

The Millwall Football and Athletic Company (1985) PLC is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

In preparing the financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company on the basis that the Company and its cash flows are consolidated in the financial statements of its immediate parent company;
- Disclosures in respect of the Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole in the consolidated in the financial statements of its immediate parent company, and

#### *Related parties disclosures*

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions with wholly owned entities within the group of which it is a member.

#### *Going concern*

The directors continually monitor the financial position of the Company, taking into account the latest cash flow forecasts and the ability of the Company to generate cash. The directors have prepared the financial statements on a going concern basis having had regard to cash flow projections for a period of not less than twelve months from the date of signing these accounts which includes funding from the immediate parent company, financed by the ultimate parent company. The directors have also considered the impact of player trading, which is an integral part of the Company's activities, and the cash flows associated with this activity.

While there will always remain some inherent uncertainty the directors remain confident that they will be able to manage the Company's finances and operations so as to achieve the forecasted cash flows and, as a result, that it is appropriate to draw up the financial statements on a going concern basis.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

The following principal accounting policies have been applied:

#### *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, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Long leasehold premises	-	1% per annum
Fixtures and fittings	-	20% per annum
Pitch renovation	-	over the next season
Motor vehicles	-	25% per annum

**1 Accounting policies (*Continued*)**

*Impairment of non-financial assets (excluding inventories)*

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the other expenses line item in the consolidated statement of comprehensive income.

*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 profit and loss 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.

Where the Company is a member of a multi-employer scheme and a reliable indication of its assets and liabilities cannot be made then in accordance with Section 28 of FRS 102 the contributions to the scheme are accounted for as though the scheme were a defined contribution scheme.

*Foreign currency*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

*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 profit and loss 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. Lease incentives on leases entered into before the date of transition to FRS 102 (1 July 2014) continue to be charged over the shorter period to the first market rent review rather than the term of the lease.

1 Accounting policies (Continued)

*Turnover*

Turnover represents income receivable from the Company's principal activities excluding transfer fees and value added tax.

Turnover is analysed between three categories of income streams: Match Day, Central League Awards and Commercial.

*Match Day*

Match Day turnover represents income receivable from all match day activities from Millwall games at The Den, together with the share of gate receipts from cup games not played at The Den. The share of gate receipts payable to the other participating club for domestic cup matches played at The Den is treated as a reduction in turnover. Season ticket revenue is recognised over the period of the football season as home matches are played.

*Central League Awards*

Central League Award revenue comprises the Basic Award and the Solidarity Award from the Football League, along with grant income for the Academy, prize money earned from cup competitions and income from other membership organisations. Awards are recognised over the financial period to which they relate once the revenue can be measured reliably.

*Commercial*

Commercial revenue comprises income receivable through sponsorship, shop revenue, use of the conference and catering facilities at The Den on non-match days and sundry other income. Sponsorship contracts are recognised over the duration of the contract, either on a straight line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from sale of branded products is recognised at the point of dispatch when significant risks and rewards of ownership is deemed to have been transferred to the buyer.

*Deferred income*

All income received in advance of football activities, such as season ticket revenue, league awards, advertising, sponsorship and broadcasting revenues are treated as deferred income and released to income over the period or number of matches to which they relate.

*Grants*

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

*Players' registrations*

The costs associated with the acquisition of players' registrations are initially recorded at fair value of the consideration payable at the date of acquisition as intangible fixed assets. These costs are fully amortised over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player is no longer an active member of the playing squad. In these circumstances the carrying value of the player's registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the statement of financial position if, at any time, it is considered that the carrying amount of a registration will be recovered principally through sale and an active programme is in place to sell the player. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges are made if applicable.



## The Millwall Football and Athletic Company (1985) PLC

### Notes forming part of the financial statements for the year ended 30 June 2017 (Continued)

#### *Signing on fees*

Signing on fees are charged, on a straight line basis, to the statement of comprehensive income over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fee payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

#### *Transfer fees*

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 statement of comprehensive income. Contingent transfer fees receivable are recognised once the contingent conditions have been met.

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above and on the previous page, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these financial statements, the directors have made the following judgements:

- *Useful lives of intangible assets*

Intangible assets are amortised over the length of the players' contract which is deemed to be their useful lives and management's estimates as to their continuing usefulness to the football side.

- *Useful lives and residual values of property, plant and equipment*

Property, plant and equipment are amortised or depreciated to their residual values over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

## 3 Turnover

Turnover, all of which arises from the Company's principal activity, can be analysed into its main components as follows:

	2017 £'000	2016 £'000
Match Day	5,160	4,326
Central League Awards	2,782	1,946
Commercial	2,046	2,052
	<hr/>	<hr/>
	9,988	8,324
	<hr/>	<hr/>

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

**Notes forming part of the financial statements for the year ended 30 June 2017 (Continued)**

**4 Operating loss**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
This has been stated after charging/(crediting):		
Depreciation of tangible fixed assets – owned assets	242	238
Amortisation of grant	(81)	(82)
Amortisation of proceeds on sale of training ground (note 13)	(63)	(63)
Operating lease rentals – land and property	237	237
Auditors' remuneration		
- audit of Company financial statements	33	31
- taxation services	3	5
- other services	1	5
Amortisation of players' registrations	238	600
Profit on sale of players' registrations	(514)	(85)
	<u>          </u>	<u>          </u>

**5 Staff costs**

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

	<b>2017</b>	2016
	<b>Number</b>	Number
Football team management	16	15
Administration and ground staff	73	80
Players (including Academy)	52	51
	<u>          </u>	<u>          </u>
	<b>141</b>	146
	<u>          </u>	<u>          </u>

In addition, the Company employs, on average, a further 120 (2016: 95) temporary staff on match days.

Aggregate remuneration comprised:

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Wages and salaries	8,477	7,154
Social security costs	840	773
Pension costs	56	65
	<u>          </u>	<u>          </u>
	<b>9,373</b>	7,992
	<u>          </u>	<u>          </u>

*Directors' remuneration, interests and transactions*

Directors emoluments (including benefits in kind)	<b>211</b>	134
	<u>          </u>	<u>          </u>
Pension costs	<b>18</b>	27
	<u>          </u>	<u>          </u>
Compensation for loss of office	<b>30</b>	-
	<u>          </u>	<u>          </u>

Payments made to money purchase pension schemes were made in respect of two directors (2016: one). The remuneration of the highest paid director was £172,000 including £8,000 of pension contributions.

The Company's key management personnel are considered to be its directors.

# The Millwall Football and Athletic Company (1985) PLC

## Notes forming part of the financial statements for the year ended 30 June 2017 (Continued)

### 6 Taxation

No taxation charge arises due to the incidence of losses incurred during the year (2016: £Nil). The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(4,042)	(5,458)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(798)	(1,092)
Effects of:		
Expenses and income not deductible or taxable for tax purposes	(14)	(12)
Depreciation in excess of capital allowances	48	48
Movement in losses carried forward for which deferred tax assets are not recognised	764	1,056
Current tax charge for year	-	-

#### *Factors that may affect future tax charges*

A deferred taxation asset has not been recognised in respect of trading tax losses totalling £75,770,000 (2016: £71,958,000) given the inherent uncertainty of future profits. The unprovided deferred tax asset is calculated at £12,881,000 (2016: £12,233,000).

A deferred taxation asset has not been recognised in respect of £8,964,000 (2016: £9,026,000) of unclaimed capital allowances given the inherent uncertainty of future profits. The unprovided deferred tax asset is calculated at £1,524,000 (2016: £1,534,000).

### 7 Intangible fixed assets

	Players' registrations £'000
<i>Cost</i>	
At 1 July 2016	1,535
Additions	923
Disposals	(815)
<b>At 30 June 2017</b>	<b>1,643</b>
<i>Accumulated amortisation</i>	
At 1 July 2016	1,313
Charge for the period	238
Disposals	(815)
<b>At 30 June 2017</b>	<b>736</b>
<i>Net book value</i>	
<b>At 30 June 2017</b>	<b>907</b>
At 30 June 2016	222

The Millwall Football and Athletic Company (1985) PLC

Notes forming part of the financial statements for the year ended 30 June 2017 (*Continued*)

**8 Tangible fixed assets**

	Long Leasehold premises £'000	Fixtures, fittings and equipment £'000	Pitch renovation £'000	Well Hall £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>						
At 1 July 2016	17,629	4,110	153	112	42	22,046
Additions	-	76	-	166	-	242
<b>At 30 June 2017</b>	<b>17,629</b>	<b>4,186</b>	<b>153</b>	<b>278</b>	<b>42</b>	<b>22,288</b>
<i>Accumulated depreciation</i>						
At 1 July 2016	4,078	3,611	153	-	42	7,884
Charge for the period	176	66	-	-	-	242
<b>At 30 June 2017</b>	<b>4,254</b>	<b>3,677</b>	<b>153</b>	<b>-</b>	<b>42</b>	<b>8,126</b>
<i>Net book value</i>						
<b>At 30 June 2017</b>	<b>13,375</b>	<b>509</b>	<b>-</b>	<b>278</b>	<b>-</b>	<b>14,162</b>
At 30 June 2016	13,551	499	-	112	-	14,162

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

The Well Hall asset represents the new Academy building which was still under construction at 30 June 2017. Therefore it is not currently being depreciated until it is brought into use.

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

**Notes forming part of the financial statements for the year ended 30 June 2017 (Continued)**

**9 Stocks**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Goods for resale	<b>201</b>	187

**10 Debtors**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Trade debtors	<b>618</b>	253
Prepayments and accrued income	<b>664</b>	765
	<b>1,282</b>	1,018

All amounts shown under debtors fall due for payment within one year, with the exception of £99,000 which is due in August 2018.

**11 Creditors: amounts falling due within one year**

	<b>2017</b>	2016
	<b>£'000</b>	£'000
Taxation and social security	<b>464</b>	546
Amounts relating to cumulative redeemable preference shares	<b>55</b>	55
Other creditors	<b>1,783</b>	902
Accruals and deferred income	<b>3,005</b>	1,530
Amounts owed to immediate parent company	<b>86,869</b>	83,690
	<b>92,176</b>	86,723

Included within accruals and deferred income is an amount of £1,707,000 (2016: £1,294,000) in relation to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.

Under their terms, the 5% cumulative redeemable preference shares of £1 each 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.

The amount due to the immediate parent company is interest free, unsecured and has no fixed terms of repayment. Net drawdowns totalling £3,179,000 (2016: £5,763,000) were made during the year.

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

**Notes forming part of the financial statements for the year ended 30 June 2017 (Continued)**

**12 Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Other creditors	165	192
Accruals	513	652
Deferred income (see note 13)	2,478	2,622
	<u>3,156</u>	<u>3,466</u>

**13 Deferred income**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Grants received in respect of the long leasehold premises and other fixtures and fittings	2,041	2,122
Unamortised proceeds from the sale of the Training Ground in excess of market value which is being amortised on a straight line basis over 20 years to 2025	437	500
	<u>2,478</u>	<u>2,622</u>

**14 Called up share capital**

	<b>Allotted, called up and fully paid</b>	
	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
400,000 ordinary shares of £1 each	400	400

## 15 Financial commitments

### (a) Non-cancellable operating leases

Commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2017 £'000	Land and Buildings 2016 £'000
Minimum lease payments due:		
Within one year	237	237
In two to five years	1,047	1,047
After five years	7,440	7,677
	<b>8,724</b>	<b>8,961</b>

### (b) Pensions

The Club participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8 million. The key assumptions used to calculate the deficit at the 31 August 2014 actuarial valuation are:

Discount Rate:	5.4% p.a. for the 1st 7 years, 4.4% p.a. for the following 10 years and 3.4% p.a. thereafter.
RPI inflation:	3.2% p.a.
Pension increases:	3.0% p.a. for benefits accrued prior to 6 April 1997, and 3.7% p.a. for benefits accrued after 6 April 1997.
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS CMI_2013 2.0%

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The results of this actuarial valuation were rolled forward to 30 June 2017 when the Club's notional share of the deficit, calculated using the actuarial valuation assumptions, was £209,000 (2016: £233,000). This resulted in a charge of £18,000 (2016: £19,000) being made to profit and loss in the current year.

The Club currently has 1 employee who is a member of the scheme (2016: 1) and pays total contributions of £43,168 p.a. which increases at 5.0% p.a. Based on the actuarial valuation assumptions detailed above, these contributions will be sufficient to pay off the Club's share of the deficit by 31 August 2022.

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.

## **The Millwall Football and Athletic Company (1985) PLC**

**Notes forming part of the financial statements for the year ended 30 June 2017 *(Continued)***

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### **15 Financial commitments *(Continued)***

#### *(c) 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 Company if conditions as to future team selection are met. The maximum that could be receivable is £Nil (2016: £67,000). The maximum that could be payable is £280,000 (2016: £Nil). These amounts have not been provided for in the financial statements. These amounts do not include various payments or receipts that are determinable only on circumstances which are considered remote.

### **16 Controlling party information**

Millwall Holdings PLC is the immediate parent undertaking of the Company and the parent of the only group to prepare consolidated financial statements which include the results of the Company. 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.

Millwall Holdings PLC is under the control of Chestnut Hill Ventures LLC, a company which is incorporated in the USA. Chestnut Hill Ventures LLC is ultimately controlled jointly by J G Berylson and R A Smith, as Trustee of the Phillip Smith dec'd Will Trust.