

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

Report and Financial Statements

Year Ended

30 June 2018

Registered number: 1924222

MONDAY



LD3 *L7KZØNR4* #1
17/12/2018
COMPANIES HOUSE

The Millwall Football and Athletic Company (1985) PLC

Annual report and financial statements for the year ended 30 June 2018

Contents

Page:

2	Directors and advisers
3	Strategic report
7	Report of the directors
9	Report of the independent auditors
11	Statement of comprehensive income
12	Balance sheet
13	Statement of changes in equity
14	Notes forming part of the financial statements

The Millwall Football and Athletic Company (1985) PLC

Annual report and financial statements for the year ended 30 June 2018

Directors and Advisors

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.

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 £3.8m (2017: £4.0m). The success achieved by the Club during this financial year participating in the EFL Championship contributed to this improvement as reflected in higher income offset principally by player costs.

Revenue for the year at £15.6m (2017: £10.0m) is an increase of 56%. There was a welcome increase in central allocations from the EFL and Premier League Solidarity income of £4.8m assisted by a successful first season in the EFL Championship which generated an increase in Match Day Revenues of 9.6% and Commercial Revenues of 12.4%.

The basic salary costs of the squad increased in comparison to the previous year. However, the strengthening of the playing squad to compete in the EFL Championship and the further strengthening of the administration departments of the Company lead to an increase in overall staff costs to £13.4m (2017: £9.4m). The ratio of total staff costs to revenue for the season under review improved to 86% (2017: 94%).

Other expenses (excluding depreciation and amortisation) at £5.1m were 9% up from the previous year (2017: £4.7m) driven by an increase in event related expenses.

The statement of comprehensive income is set out on page 11. The directors do not recommend payment of a dividend (2017: £Nil).

Review of the business

The season under review, 2017/18, saw the Club complete its first season after gaining promotion back to the Sky Bet Championship ("the Championship"), the second tier of English football. After spending 3 games in a play-off position, the Club finished the season in 8th place with 72 points (2016/17: 6th with 73 points in League One).

During the early part of the 2017/18 season, the Club found it difficult to convert excellent performances into points, but results began to improve so that at the halfway stage it was placed in 17th position. The Club then benefited from a run of 17 league games without defeat, which took it into the play-off places before 2 losses moved the Club to its final position, the highest it has achieved for 16 years.

There was little success in the cup competitions this season. The Club was eliminated from the EFL Carabao Cup in Round 3 by Reading and from the FA Cup in Round 4 by Rochdale.

The squad was kept at a low number of players once again and the total number of players utilised was also lower than the previous season, at 29 players (2016/17: 33). However, the average home league attendances rose substantially during the season under review reflecting both the promotion factor and the success of the team in later games. In the first part of the season average gates were 12,789 and for the latter part were 14,140, giving an average for the season of 13,376 (2016/17: 9,475 in Division One), an increase of 41%.

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 38 current contracted players, some 15 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.

The Club continues to receive recognition for its achievements in off the field activities. Following having been voted the EFL Family Club of the Year last season, the Club has now received another prestigious award. The Club is delighted to have been awarded the EFL Code of Practice in recognition of its continued success in providing an environment that is inclusive for all employees and supporters alike. The EFL's Code of Practice represents a nationwide commitment by football clubs to improve equality and inclusion across all areas of the game.

Prospects

The current season sees the Club celebrate 25 years since moving to the current Den stadium which will be marked by a number of fan related activities.

One of the principal strategic objectives for the Club as set out in this report last year has been successfully achieved; to compete well at the higher level of football. Being in a play-off place towards the end of the season, and an 8th place finish, exceeded expectations for the season. The second objective from last year remains; to take steps to enable the Club to become an established Championship side. The quality and wealth of many of the clubs now playing in the Championship continues to rise, with an increasing number of clubs still in receipt of parachute payments from the Premier League. The impact of this is to increase both the value of transfer fees and player salaries. Neil Harris, the manager, and Directors are constantly looking for opportunities to strengthen the squad by the recruitment of experienced young players within the Club's overall budget. However, already in the current year there are arrangements in place that are expected to result in a record transfer fee being received and new record transfer fees being paid for 2 incoming players. Further improvements to the squad will be made as necessary to enable the Club to meet its objectives. The manager considers that the Club has a squad of players who understand the Millwall philosophy of standards and performance.

The quality of the squad has been recognised by 6 players having been selected recently for international duty and 3 others having had 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 160 players signed from the ages of 9 to 23. There are 18 full time and 40 part time staff who are responsible for the development of the players which consists of coaching, medical, analysis, sport science, strength and conditioning, nutrition and life skills. The Academy training venue in Eltham has now been completed and has 4 grass pitches, 1 full size 3G pitch, 12 changing rooms and showers, 2 classrooms, an analysis suite, gymnasium, and medical room. Harry Donovan (Dagenham & Redbridge), Fred Onyedima (Wycombe Wanderers), Sid Nelson (Swindon Town) and Ben Thompson (Portsmouth) have all gone out on loan to gain vital first team experience at Conference and Football League level. The Academy achieved Category 2 status again last season within the Elite Player Performance Plan process.

The Club is 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, so long as annual losses in excess of £5m are funded through equity. 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.

Revenue streams of the Company for the current year are expected to be similar to the previous year. These 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 and progress in cup competitions. Whilst the Club may benefit from net transfer fees received during this year, there will be increased amortisation of contract costs to counter this benefit. Season ticket membership numbers and related income showed increases of 17% and 4% respectively at the start of this year.

The team has not started the 2018/19 season with the form that it ended the previous season. It has gained 16 points in the first 15 games up to 31 October, placing the team in 18th position; in the 2017/18 season the team had gained 17 points after 15 games in 16th position. The Club was eliminated from the EFL Carabao Cup by Fulham in the 3rd round.

So far this season the average attendance for the first 8 home league games has been 14,058 (2017/18: 12,903), up by 9%.

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. The Club is continually reviewing its commercial advertising activities and is looking to modern technology to assist in driving the opportunities and revenues forward. The Club has invested in the introduction of LED Perimeter Advertising which is already producing a new profitable income stream.

The Millwall Football and Athletic Company (1985) PLC

Strategic report for the year ended 30 June 2018 (*Continued*)

The Den

Other incomes from the utilisation of the stadium on non-match days and retail, which together in 2017/18 showed increased revenue of over 30% last year, are expected to continue at a similar level this year.

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 and players available for the activities undertaken by the MCT. The Club is rightly proud of its Community Trust and the incredible work it does, embedded within 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 delivers not just schools coaching and sports participation programmes but makes a significant contribution to community development, health improvement, education and employability, as well as managing facilities such as the Lions Centre and St Paul's Community Sports Ground 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 disabilities or mental health challenges. MCT helps local people to realise their potential, to be proud of their achievements and ultimately to build stronger and safer communities.

The Trust aims to create a sustainable year-round community sport offering for the residents of Southwark and Lewisham and its partners. Discussions are ongoing with like-minded organisations in developing additional local delivery hubs, enhancing the range of opportunities for all. This year over eight thousand residents have benefitted by using the services provided.

The Trust has a strategy of encouraging sports participation through positive partnerships. It is affiliated to The English Football League Trust and the Premier League. It has contracts with Housing Associations across the London Boroughs of Lewisham and Southwark and delivers PL KICKS at a number of estate-based venues, supported by the Metropolitan Police and the Premier League Charitable Foundation. The Trust has a strong relationship with London Boroughs of Southwark and Lewisham.

A new Schools Coaching and Sports Participation Manager was appointed in April 2017. This has led to the establishment of additional 16+ football and education provision at local schools and colleges and a relaunch of PL Girls sessions across Lewisham and Southwark.

PL Primary Stars has become well recognised as a key intervention in schools and this year MCT has chosen to work in depth with a small number of schools to make maximum impact. The English Football League Trust has again extended its funding for MCT to deliver a multi-sports programme in a further 15 schools. In addition, MCT has developed a Service Level Agreement with Everyone Active to deliver football programmes in a number of Southwark leisure centres.

In the past year MCT has developed a number of acclaimed programmes for some of the more vulnerable people within our communities. Under the health improvement banner, MCT has developed a highly successful Walking Sports for Older People with dementia, Alzheimer's disease or other life-limiting conditions. MCT has expanded its Education and Employability offer, working with the Royal British Legion to support former service personnel into employment.

Further, Trust for London is supporting MCT to deliver a programme for some of the poorest paid young people in London that offers training, mentoring and support to develop skills to win better paid jobs.

MCT is delivering an Independent Living Programme for teenagers with disabilities and learning difficulties. This ground-breaking project is supported by City Bridge Trust and works with small cohorts of young people on the verge of school exclusion to help them ready themselves for adult life and also provides healthy activity sessions and mentoring.

Communication

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

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: 5/11/18

The Millwall Football and Athletic Company (1985) PLC

Report of the directors for the year ended 30 June 2018

The directors present their report together with the audited financial statements for the year ended 30 June 2018.

Directors

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

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

Statement of 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 to that entity by its principal shareholder 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 2018 (*Continued*)

Political and charitable donations

During the year, the Company made no charitable contributions (2017: £Nil). 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 indication 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 66 days purchases (2017: 62 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 3 to 6.

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: 5/1/18

The Millwall Football and Athletic Company (1985) PLC

Report of the independent auditors

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 2018 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 2018 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 Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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*)

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 and 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 Statement of Directors' responsibilities set out on page 7, 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

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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BOC LLP

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

Date: 5-11-2018

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 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Turnover	1,3		15,575		9,988
Staff costs	5	(13,396)		(9,373)	
Amortisation of players' registrations	7	(585)		(238)	
Depreciation	8	(322)		(242)	
Profit / (Loss) on disposal of players' registrations		(10)		514	
Other administrative expenses		(5,095)		(4,691)	
Administrative expenses			(19,408)		(14,030)
Operating loss	4		(3,833)		(4,042)
Loss on ordinary activities before taxation			(3,833)		(4,042)
Taxation	6		-		-
Loss and total comprehensive loss for the financial year			(3,833)		(4,042)

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 14 to 24 form part of these financial statements.

The Millwall Football and Athletic Company (1985) PLC

Balance sheet at 30 June 2018

Company number: 1924222

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible assets	7		1,480		907
Tangible assets	8		14,145		14,162
			<u>15,625</u>		<u>15,069</u>
Current assets					
Stocks	9	128		201	
Debtors	10	1,250		1,282	
Cash at bank and in hand		344		399	
		<u>1,722</u>		<u>1,882</u>	
Creditors: amounts falling due within one year	11	<u>(96,458)</u>		<u>(92,176)</u>	
Net current liabilities			<u>(94,736)</u>		<u>(90,294)</u>
Total assets less current liabilities			<u>(79,111)</u>		<u>(75,225)</u>
Creditors: amounts falling due after more than one year	12		<u>(3,103)</u>		<u>(3,156)</u>
Net liabilities			<u>(82,214)</u>		<u>(78,381)</u>
Capital and reserves					
Called up share capital	14		400		400
Share premium account			3		3
Retained earnings			<u>(82,617)</u>		<u>(78,784)</u>
Shareholders' funds (in deficit)			<u>(82,214)</u>		<u>(78,381)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5/11/18



S Kavanagh
Director

The notes on pages 14 to 24 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 2018

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
1 July 2017	400	3	(78,784)	(78,381)
Comprehensive loss for the year:				
Loss for the year	-	-	(3,833)	(3,833)
30 June 2018	400	3	(82,617)	(82,214)
	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
1 July 2016	400	3	(74,742)	(74,339)
Comprehensive income for the year:				
Loss for the year	-	-	(4,042)	(4,042)
30 June 2017	400	3	(78,784)	(78,381)

The notes on pages 14 to 24 form part of these financial statements.

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

Residual value is initially calculated on prices prevailing at the date of acquisition. Residual value is reviewed in each financial period and any changes to initial estimates are reflected in the period of change.

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 participates in a defined benefit plan, which is a multi-employer plan that is accounted for as if the plan were a defined contribution plan, and the Company has entered into an agreement with the multi-employer plan that determines how the Company will fund a deficit, the Company recognises a liability for the contributions payable that arise from the agreement and a resulting expense in the statement of comprehensive income.

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 profit and loss.

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.

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.

1 Accounting policies (*Continued*)

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:

	2018 £'000	2017 £'000
Match Day	5,653	5,160
Central League Awards	7,623	2,782
Commercial	2,299	2,046
	<hr/> 15,575 <hr/>	<hr/> 9,988 <hr/>

4 Operating loss

	2018 £'000	2017 £'000
This has been stated after charging/(crediting):		
Depreciation of tangible fixed assets – owned assets	322	242
Amortisation of grant	(162)	(81)
Amortisation of proceeds on sale of training ground (note 13)	(62)	(62)
Operating lease rentals - Land & Buildings	533	237
Operating lease rentals - Other	100	-
Auditors' remuneration		
- audit of Company financial statements	30	33
- taxation services	11	3
- other services	-	1
Amortisation of players' registrations	585	238
Loss / (Profit) on sale of players' registrations	10	(514)
	<u> </u>	<u> </u>

5 Staff costs

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

	2018 Number	2017 Number
Football team management	31	16
Administration and ground staff	46	73
Players (including Academy)	56	52
	<u> </u>	<u> </u>
	133	141
	<u> </u>	<u> </u>

In addition, the Company employs, on average, a further 112 (2017: 120) temporary staff on match days.

Aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	11,665	8,477
Social security costs	1,494	840
Pension costs	237	56
	<u> </u>	<u> </u>
	13,396	9,373
	<u> </u>	<u> </u>

Directors' remuneration, interests and transactions

Directors emoluments (including benefits in kind)	275	211
	<u> </u>	<u> </u>
Pension costs	12	18
	<u> </u>	<u> </u>
Compensation for loss of office	-	30
	<u> </u>	<u> </u>

Payments made to money purchase pension schemes were made in respect of one director (2017: two). The remuneration of the highest paid director was £287,000 including £12,000 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 2018 (Continued)

6 Taxation

No taxation charge arises due to the incidence of losses incurred during the year (2017: £Nil). The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(3,833)	(4,042)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(728)	(798)
Effects of:		
Expenses and income not deductible or taxable for tax purposes	(13)	(14)
Depreciation in excess of capital allowances	57	48
Movement in losses carried forward	684	764
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 £78,975,000 (2017: £75,770,000) given the inherent uncertainty of future profits. The unprovided deferred tax asset is calculated at £13,426,000 (2017: £12,881,000).

A deferred taxation asset has not been recognised in respect of £8,251,000 (2017: £8,230,000) of unclaimed capital allowances given the inherent uncertainty of future profits. The unprovided deferred tax asset is calculated at £1,403,000 (2017: £1,399,000).

7 Intangible fixed assets

	Players' registrations £'000
<i>Cost</i>	
At 1 July 2017	1,643
Additions	1,168
Disposals	(159)
At 30 June 2018	2,652
<i>Accumulated amortisation</i>	
At 1 July 2017	736
Charge for the period	585
Disposals	(149)
At 30 June 2018	1,172
<i>Net book value</i>	
At 30 June 2018	1,480
At 30 June 2017	907

8 Tangible fixed assets

	Long Leasehold premises £'000	Fixtures, fittings and equipment £'000	Leasehold Improvements £'000	Motor vehicles £'000	Total £'000
<i>Cost</i>					
At 1 July 2017	17,629	4,339	278	42	22,288
Additions	-	272	33	-	305
Disposals	-	(32)	-	-	(32)
At 30 June 2018	17,629	4,579	311	42	22,561
<i>Accumulated depreciation</i>					
At 1 July 2017	4,254	3,830	-	42	8,126
Charge for the period	176	117	29	-	322
Disposals	-	(32)	-	-	(32)
At 30 June 2018	4,430	3,915	29	42	8,416
<i>Net book value</i>					
At 30 June 2018	13,199	664	282	-	14,145
At 30 June 2017	13,375	509	278	-	14,162

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

The Millwall Football and Athletic Company (1985) PLC

Notes forming part of the financial statements for the year ended 30 June 2018 (Continued)

9 Stocks

	2018 £'000	2017 £'000
Goods for resale	128	201

Goods for resale include an amount of £128,000 (2017: £66,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £778,000 (2017: £396,000).

10 Debtors

	2018 £'000	2017 £'000
Trade debtors	402	321
Transfer fees receivable	99	297
Prepayments and accrued income	749	664
	<u>1,250</u>	<u>1,282</u>

11 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade Creditors	1,331	1,727
Taxation and social security	621	464
Amounts relating to cumulative redeemable preference shares	55	55
Other creditors	46	56
Accruals and deferred income	3,478	3,005
Amounts owed to immediate parent company	90,927	86,869
	<u>96,458</u>	<u>92,176</u>

Included within accruals and deferred income is an amount of £2,242,000 (2017: £1,707,000) in relation to amounts received in advance, in respect of season tickets, executive boxes, membership, advertising 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 £4,058,000 (2017: £3,179,000) 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 2018 *(Continued)*

12 Creditors: amounts falling due after more than one year

	2018 £'000	2017 £'000
Other creditors	387	165
Accruals	462	513
Deferred income (see note 13)	2,254	2,478
	<u>3,103</u>	<u>3,156</u>

13 Deferred income

	2018 £'000	2017 £'000
Grants received in respect of the long leasehold premises and other fixtures and fittings	1,879	2,041
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	375	437
	<u>2,254</u>	<u>2,478</u>

14 Called up share capital

	Allotted, called up and fully paid	
	2018 £'000	2017 £'000
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 2018 £'000	Other 2018 £'000	Total 2018 £'000	Land and Buildings 2017 £'000
Minimum lease payments due:				
Within one year	556	38	594	553
In two to five years	2,265	50	2,315	2,119
After five years	8,261	-	8,261	8,877
	<u>11,082</u>	<u>88</u>	<u>11,170</u>	<u>11,529</u>

(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 2017. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

Discount Rate	3.5% p.a. until 2021, 2.5% p.a. for the following 10 years and 1.5% p.a. thereafter.
RPI inflation:	3.4% p.a.
Pension Increases:	3.7% p.a.
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS S2PMA / S2PFA CMI_2016 1.5%

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 2018 when the Club's notional share of the deficit, calculated using the actuarial valuation assumptions, was £327,000 (2017: £209,000). This resulted in a charge of £186,000 (2017: £18,000) being made to profit and loss in the current year.

The Club currently has 1 employee who is a member of the scheme (2017: 1) and pays total contributions of £47,592 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 May 2025.

Under the terms and conditions of the multi-employer plan the entity cannot be liable to the plan for other entities' obligations.

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.

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 (2017: £Nil). The maximum that could be payable is £797,500 (2017: £280,000). 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 distant or outside the direct control of the parties to the contract and the player in question.

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.