

Company Registration No 4787003

MILTON KEYNES DONS LIMITED

Report and Financial Statements

30 June 2012

(- 28/03/2013)



MILTON KEYNES DONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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MILTON KEYNES DONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Winkelman
B Winkelman
M Turner

SECRETARY

S O'Hara

REGISTERED OFFICE

Stadium MK
Stadium Way
Milton Keynes
MK1 1ST

BANKERS

Clydesdale Bank PLC
Milton Keynes

SOLICITORS

EMW LLP
Milton Keynes

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes

MILTON KEYNES DONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2012

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

PRINCIPAL ACTIVITY

The principal activity of the company is the operation of a professional football club, together with related commercial activities

BUSINESS REVIEW

The results for the year are set out on page 6

The company generated turnover of £5.8m compared to £5.7m in 2011. As with all football clubs, the challenge is to control player wages while remaining competitive. The company is supported by Inter MK Group Limited which is diversifying and generating future income from a hotel and from commercial property development.

During the year the company generated £3.8m (2011: £0.3m) of profit from the disposal of players. Profit before tax for the year was £1.9m (2011: loss £1.7m).

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements. However, they draw your attention to the material uncertainty which underpins this assessment, further details of which are provided in Note 1 to the financial statements.

DIRECTORS

The directors who served throughout the year, and to the date of this report, are listed below:

P J Winkelman
B Winkelman
M Turner

DIRECTORS' RESPONSIBILITIES STATEMENT

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, 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.

MILTON KEYNES DONS LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

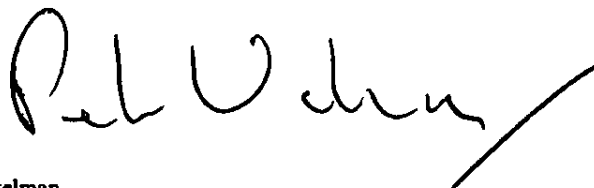
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'P Winkelman', followed by a long diagonal stroke.

P Winkelman

Chairman

28 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON KEYNES DONS LIMITED

We have audited the financial statements of Milton Keynes Dons Limited for the year ended 30 June 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern.

The Company is a wholly owned subsidiary within the Inter MK Group Limited Group (the "Group"). All subsidiaries within the Group are operationally inter-dependent and subject to financial cross guarantees.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON KEYNES DONS LIMITED (continued)

Emphasis of matter – Going concern (continued)

The Group has £4m due for repayment in June 2013 which requires re-financing. As described in note 1, the Group is in discussions with a number of parties, including its current loan provider, regarding future financing options. Based on these discussions, the directors are confident on reaching agreement on a sustainable new financing package.

The absence of an agreement at the date of this audit opinion however does represent a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Robert Knight FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes, United Kingdom

28 March 2013

MILTON KEYNES DONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2012

	Note	2012 Operations (excluding player amortisa- tion and trading) £	2012 Player amortisa- tion and trading £	2012 Total £	2011 Operations (excluding player amortisa- tion and trading) £	2011 Player amortisa- tion and trading £	2011 Total £
TURNOVER	1	5,772,521	11,640	5,784,161	5,632,915	45,187	5,678,102
Operating expenses		(7,609,360)	(63,675)	(7,673,035)	(7,612,160)	(82,532)	(7,694,692)
OPERATING LOSS	2	(1,836,839)	(52,035)	(1,888,874)	(1,979,245)	(37,345)	(2,016,590)
Profit on disposal of player registrations		-	3,800,000	3,800,000	-	347,500	347,500
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(1,836,839)	3,747,965	1,911,126	(1,979,245)	310,155	(1,669,090)
Interest payable and similar charges	4			(22,616)			(25,550)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				1,888,510			(1,694,640)
Tax on loss on ordinary activities	5			-			-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14			1,888,510			(1,694,640)

All activities derive from continuing operations

There were no recognised gains or losses other than the loss for the financial year and the preceding financial year
Accordingly, no statement of total recognised gains and losses is given

MILTON KEYNES DONS LIMITED

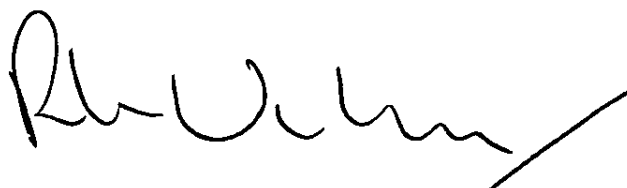
BALANCE SHEET

30 June 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	6	28,360	40,035
Tangible assets	7	235,846	385,088
Investments	8	-	-
		<u>264,206</u>	<u>425,123</u>
CURRENT ASSETS			
Stocks	9	100,073	99,785
Debtors	10	3,455,523	1,047,455
Cash at bank and in hand		9,195	11,108
		<u>3,564,791</u>	<u>1,158,348</u>
CREDITORS: amounts falling due within one year	11	<u>(11,430,724)</u>	<u>(11,041,088)</u>
NET CURRENT LIABILITIES		<u>(7,865,933)</u>	<u>(9,882,740)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(7,601,727)</u>	<u>(9,457,617)</u>
PROVISIONS FOR LIABILITIES	12	<u>(216,268)</u>	<u>(248,888)</u>
NET LIABILITIES		<u>(7,817,995)</u>	<u>(9,706,505)</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,000,000	2,000,000
Profit and loss account	14	<u>(9,817,995)</u>	<u>(11,706,505)</u>
SHAREHOLDERS' DEFICIT	15	<u>(7,817,995)</u>	<u>(9,706,505)</u>

The financial statements of Milton Keynes Dons Limited, registered number 4787003, were approved by the Board of Directors and authorised for issue on **28 March 2013**

Signed on behalf of the Board of Directors



P Winkelman
Director

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

1. ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have been applied consistently throughout the year and preceding year.

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Going concern

The Company is a wholly owned subsidiary within the Inter MK Group Limited Group ("the Group"). All subsidiaries within the Group are operationally inter-dependent and subject to cross-guarantees.

The Group has £4m due for repayment in June 2013 which requires re-financing. The Group is in discussions with a number of parties, including its current loan provider, regarding future financing options.

Based on these discussions and indicative offers received, the directors are confident on reaching agreement on a sustainable new financing package. Taking account of all of the above, the directors have prepared financial projections for the Group through to 30 June 2014 ("the Forecast") with the Group continuing as a going concern having successfully renegotiated its financing facilities. Accordingly, the directors continue to adopt the going concern basis of preparation.

The absence of an agreement at the date of approving the report and financial statements however does represent a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

Cash flow statement

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Inter MK Group Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Group accounts

The company has taken advantage of Section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Inter MK Group Limited, which prepares group accounts. These financial statements therefore present information about the company and not about its group.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This period is considered to be 20 years.

Player registrations (within intangible fixed assets)

The costs of obtaining players' registrations are capitalised and amortised evenly over the period of the associated player's contract. Provision is made where, in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred. Potential future registration fees, contingent on certain conditions agreed in the registration contracts with the selling company, are disclosed as contingent liabilities (see note 16).

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover represents income receivable, net of VAT, from football and related commercial activities. All turnover in the current year and preceding year was derived in the United Kingdom.

Gate and other match/event day revenue is recognised over the period of the football season as games are played and events are staged. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the financial period.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	5 years
Office equipment	3 years
Plant and machinery	5 years
Motor vehicles	5 years

Freehold land is not depreciated.

Investments

Investments are stated at cost less provision for impairment.

Stocks

Stocks, which comprise goods for resale, are stated on a first in, first out basis at the lower of cost and net realisable value.

Signing on fees

Signing on fees are recognised evenly over the period covered by the players' contracts.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

1. ACCOUNTING POLICIES (continued)

Financial liabilities and equity

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

Pensions

The company contributes to the Football League Limited Pension and Life Assurance Scheme for certain former employees, the assets of which are held separately from those of the company in independently administered funds. The company is not able to identify its share of the assets and liabilities of the scheme and therefore accounts for the scheme as a defined contribution scheme, in accordance with FRS 17 'Retirement benefits'. The pension cost charges represent contributions payable by the company during the year towards an actuarial deficit on the scheme, and a provision for the future settlement of the deficit in the Scheme, as advised by the Trustees (see note 17).

Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

2. OPERATING LOSS

Operating loss is after charging (crediting):	2012 £	2011 £
Depreciation		
Owned assets	226,056	244,149
Amortisation of government grant	(20,004)	(20,004)
Amortisation of players' registrations	63,675	82,532
The analysis of auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual accounts	10,200	10,000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any remuneration in respect of their services to the company in either year. The company does not contribute to any pension arrangements in favour of the directors.

	2012 No	2011 No
The average number of employees of the company during the year were:		
Full-time playing, training and management	46	46
Administration and commercial	32	32
	78	78

In addition to the above, the company employs an average of 150 (2011 - 150) temporary staff on match days.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Staff costs incurred during the year in respect of all employees were:	2012 £	2011 £
Wages and salaries	3,678,672	4,185,813
Social security costs	429,528	453,270
Other pension costs (see note 17)	35,232	35,232
	<u>4,143,432</u>	<u>4,674,315</u>

The other pension costs above relates to payments made in relation to the service of past employees (see note 17) and excludes the utilisation of provisions made in this respect (see note 12)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable on pension deficit	<u>22,616</u>	<u>25,550</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge for the year

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at blended standard UK rate of 25.5% (2011 - 27% 5) based on the results for the year	<u>-</u>	<u>-</u>
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

5 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs to the amount resulting from applying the blended standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	1,888,510	(1,694,640)
Tax on loss on ordinary activities at blended standard rate of 25.5% (2011 – 27.5%)	481,570	(466,026)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	77,756	92,267
Depreciation in excess of capital allowances	43,919	1,298
Other short term timing differences	(3,217)	(2,663)
Tax losses not recognised	(600,028)	375,124
Total actual amount of current tax	-	-

The elements of deferred tax, not recognised are as follows

	2012 £	2011 £
Accelerated capital allowances	215,144	134,493
Other short term timing differences	42,306	49,112
Tax losses	684,995	1,370,440
Deferred tax asset (not recognised)	942,445	1,554,045

(c) Factors affecting tax charge for future years

The deferred tax asset has not been recognised on the basis that, in the directors' opinion, there is not sufficient certainty that taxable profits will be available in the foreseeable future against which to utilise these tax losses

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively.

In December 2012, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

6. INTANGIBLE FIXED ASSETS

	Goodwill £	Player registra- tions £	Total £
Cost			
At 1 July 2011	-	144,700	379,033
Additions	-	52,000	52,000
At 30 June 2012	-	196,700	431,033
Amortisation			
At 1 July 2011	-	104,665	338,998
Charge for the year	-	63,675	63,675
Eliminated on disposals	-	-	-
At 30 June 2012	-	168,340	402,673
Net book value			
At 30 June 2012	-	28,360	28,360
At 30 June 2011	-	40,035	40,035

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Office equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 July 2011	275,151	148,365	793,796	54,756	1,272,068
Additions	-	22,269	36,591	17,955	76,815
At 30 June 2012	275,151	170,634	830,387	72,711	1,348,883
Depreciation					
At 1 July 2011	226,381	70,602	568,879	21,118	886,980
Charge for the year	14,698	35,870	158,620	16,869	226,056
At 30 June 2012	241,079	106,472	727,499	37,987	1,113,037
Net book value					
At 30 June 2012	34,072	64,162	102,888	34,724	235,846
At 30 June 2011	48,770	77,763	224,917	33,638	385,088

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

8. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 July 2011 and 30 June 2012	3,000
Provision for impairment	
At 1 July 2011 and 30 June 2012	3,000
Net book value	
At 30 June 2011 and 30 June 2012	-

The following are the subsidiary undertakings of the company

Subsidiary undertaking	Country of incorporation	Description of shares held	Business activity	Proportion of nominal value of shares held by the company
Milton Keynes City Football Club Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%
Milton Keynes Football Club Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%

9. STOCKS

	2012 £	2011 £
Merchandising stock	100,073	99,785

There is no material difference between the balance sheet value of stocks and their replacement cost

10. DEBTORS

Amounts falling due within one year	2012 £	2011 £
Trade debtors	3,162,281	815,969
Other debtors	59,199	17,122
Prepayments and accrued income	234,073	214,364
	3,455,553	1,047,455

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank overdraft	36,468	80,637
Trade creditors	659,687	714,071
Amounts owed to Group Companies	8,757,913	8,470,713
Taxation and social security	573,003	417,473
Other creditors	9,272	127,986
Accruals and deferred income	1,394,381	1,230,208
	<u>11,430,724</u>	<u>11,041,088</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension scheme £	Deferred grants £	Total £
Other provisions			
At 1 July 2011	188,892	59,996	248,888
Interest charged in the year	22,616	-	22,616
Amounts utilised in year	(35,232)	(20,004)	(55,236)
At 30 June 2012	<u>176,276</u>	<u>39,992</u>	<u>216,268</u>

The amount provided under pension schemes relates to a share of a Football League pension scheme deficit attributable to the company - see note 17. The actuarial deficit is now being settled through monthly contributions up to 2016. The deferred grant relates to grants received towards the stadium and related safety equipment.

13. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Called up, allotted and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2012

14. PROFIT AND LOSS ACCOUNT

	£
At 1 July 2011	(11,706,505)
Profit for the financial year	<u>1,888,510</u>
At 30 June 2012	<u>9,817,995</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2012 £	2011 £
Profit/(loss) for the financial year	<u>1,888,510</u>	<u>(1,694,640)</u>
Net reduction/(increase) in shareholders' deficit	1,888,510	(1,694,640)
Opening shareholders' deficit	<u>(9,706,505)</u>	<u>(8,011,865)</u>
Closing shareholders' deficit	<u>(7,817,995)</u>	<u>(9,706,505)</u>

16. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, no additional transfer fees (2011 - £nil) will arise contingent upon certain contractual events occurring after the year end, such as players making specific numbers of appearances and gaining international honours

Similarly, additional fees of up to £650k (2011 - £nil) may become receivable should certain contingent events occur in respect of players already sold by the year end. No amounts have been recognised in these financial statements in respect of these fees

17. PENSION SCHEME

Certain former staff of the company are members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1999) and defined contribution sections. The company makes no contributions to any scheme in respect of current employees

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1999. In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified. Under the Pensions Act 1985, participating employers will be required to contribute to the deficiency. The Club was advised that a basis of apportionment of the deficit had been approved by the trustees and their advisers, although in practice there are a number of important issues which remain that could impact on the final quantification of this liability. The amounts below therefore represent the directors' best estimate. The remaining amount payable on the allocation notified to the company on 3 April 2006, in respect of the actuarial deficit calculated as at 31 August 2005, is £149,495 and accordingly a provision for this amount was made in the financial statements (see note 12)

An amount of £35,232 (2011 - £35,232) was utilised against this provision in the year and the provided amount is now £176,276 (2011 - £188,892), including accrued interest charges

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2012

18. COMMITMENTS

There were no commitments as at the end of the financial year (2011 - none)

19. GUARANTEES

As at the balance sheet date, there were cross guarantees in place between the company and the other entities that form part of the Inter MK Group Limited group, as part of the group's financing arrangements. The financing is secured on substantially all of the assets of the company and group.

20. ULTIMATE PARENT COMPANY

The company is a subsidiary undertaking of Inter MK Group Limited, a company incorporated in England and Wales. The controlling party of Inter MK Group Limited is Mr P Winkelman, a director of the company.

The largest and smallest group in which the results of the company are consolidated is that headed by Inter MK Group Limited. The consolidated accounts of Inter MK Group Limited are available to the public and may be obtained from Stadium MK, Stadium Way, Milton Keynes, MK1 1ST.