

Company Registration No. 4787003

MILTON KEYNES DONS LIMITED

Report and Financial Statements

30 June 2009



(- 31/03/2010)

MILTON KEYNES DONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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MILTON KEYNES DONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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 Picton Howell LLP
Milton Keynes

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
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 2009

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

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of football and other entertainment, together with related commercial activities

BUSINESS REVIEW

The results for the year are set out on page 6

The company generated turnover of £5.6m compared to £4.9m in 2008. 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 new hotel and commercial property development.

On 31 March 2009 Inter MK Group Limited entered into new banking facilities with Clydesdale Bank PLC which provides sufficient working capital facilities for the company and its subsidiaries for the foreseeable future.

DIRECTORS

The directors in office throughout the year unless otherwise stated are listed below

P J Winkelman

B Winkelman

M Turner

(appointed 27 March 2009)

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, 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)

AUDITORS

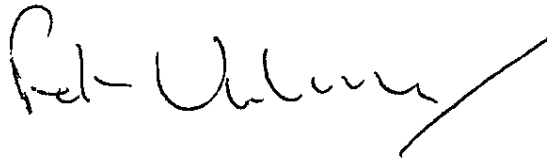
Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are 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 were appointed as auditors during the year and have expressed their willingness to continue in office as auditors. A resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting

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



P Winkelman

Chairman

31 March 2010

INDEPENDENT AUDITORS' 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 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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 auditors' 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 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 (APB'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.

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 2009 and of its loss 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MILTON KEYNES DONS LIMITED (continued)**

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

Ian Smith

Ian Smith (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Milton Keynes, United Kingdom

31 March 2010

MILTON KEYNES DONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2009

	Note	2009 Operations (excluding player amortisa- tion and trading) £	2009 Player amortisa- tion and trading £	2009 Total £	2008 Operations (excluding player amortisa- tion and trading) £	2008 Player amortisa- tion and trading £	2008 Total £
TURNOVER	1	5,620,236	26,804	5,647,040	4,924,110	-	4,924,110
Operating expenses		(7,570,994)	(145,707)	(7,716,701)	(6,881,408)	(145,808)	(7,027,216)
OPERATING LOSS	2	(1,950,758)	(118,903)	(2,069,661)	(1,957,298)	(145,808)	(2,103,106)
Profit on disposal of player registrations		-	860,000	860,000	-	1,003,938	1,003,938
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(1,950,758)	741,097	(1,209,661)	(1,957,298)	858,130	(1,099,168)
Interest payable and similar charges	4			(25,554)			(24,378)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(1,235,215)			(1,123,546)
Tax on loss on ordinary activities	5			-			-
LOSS FOR THE FINANCIAL YEAR	12			(1,235,215)			(1,123,546)

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 profits is given

MILTON KEYNES DONS LIMITED

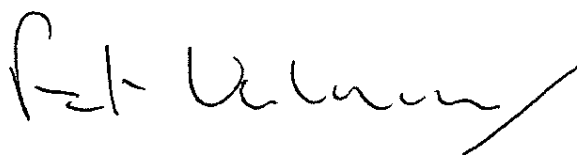
BALANCE SHEET

30 June 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Intangible assets	6	875	134,799
Tangible assets	7	602,568	542,938
		<u>603,443</u>	<u>677,737</u>
CURRENT ASSETS			
Debtors	8	1,387,684	850,990
Cash at bank and in hand		962,124	1,096,600
		<u>2,349,808</u>	<u>1,947,590</u>
CREDITORS, amounts falling due within one year	9	<u>(9,739,530)</u>	<u>(8,144,041)</u>
NET CURRENT LIABILITIES		<u>(7,389,722)</u>	<u>(6,196,451)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(6,786,279)</u>	<u>(5,518,714)</u>
PROVISIONS FOR LIABILITIES	10	<u>(276,444)</u>	<u>(308,794)</u>
NET LIABILITIES		<u>(7,062,723)</u>	<u>(5,827,508)</u>
CAPITAL AND RESERVES			
Called up share capital	11	2,000,000	2,000,000
Profit and loss account	12	<u>(9,062,723)</u>	<u>(7,827,508)</u>
SHAREHOLDERS' DEFICIT	13	<u>(7,062,723)</u>	<u>(5,827,508)</u>

The financial statements of Milton Keynes Dons Limited, registered number 4787003, were approved by the Board of Directors and authorised for issue on 31 March 2010

Signed on behalf of the Board of Directors



P Winkelman

Director

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

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 directors have prepared these accounts on a going concern basis. The Company has received an undertaking from Inter MK Group Limited that it will continue to provide financial support to the Company for at least 12 months from the date of these financial statements.

Inter MK Group Limited concluded new financing facilities with Clydesdale Bank on 31 March 2010. Included in these facilities is a working capital facility of £4.25 million which is renewable on a quarterly basis. In the light of this, the directors have considered the financial position of Inter MK Group Limited, the forecasts it has prepared and its ability to provide this support.

Based on this undertaking and the current Group financing structure, the directors have no reason to believe that a material going concern uncertainty exists and have prepared the financial statements on a going concern basis.

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.

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 14).

Turnover

Turnover represents income receivable, net of VAT, from football and related commercial activities.

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.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

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

Land and buildings	5 years
Office equipment	3 years
Plant and machinery	5 years

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

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 pension cost charges represents 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 15)

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

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

2. OPERATING LOSS

Operating loss is after charging:	2009 £	2008 £
Depreciation		
Owned assets	182,696	174,479
Amortisation of players' registrations	133,924	145,808
The analysis of auditors' remuneration is as follows		
Fees payable to the company's auditors for the audit of the company's annual accounts	6,000	12,000
Other services relating to tax	-	3,750
	<u> </u>	<u> </u>

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

	2009 No	2008 No
The average number of employees of the company during the year were:		
Full-time playing, training and management	47	53
Administration and commercial	32	27
	<u> </u>	<u> </u>
	79	80
	<u> </u>	<u> </u>

In addition to the above, the company employs an average of 150 (2008 - 143) temporary staff on match days

Staff costs incurred during the year in respect of all employees were:	£	£
Wages and salaries	3,959,862	3,746,361
Social security costs	437,591	379,386
Other pension costs (see note 15)	-	27,624
	<u> </u>	<u> </u>
	4,397,453	4,153,371
	<u> </u>	<u> </u>

The other pension costs above relates to payments made in relation to the service of past employees (see note 15) and excludes the utilisation of provisions made in this respect (see note 10)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank interest and charges	25,554	24,378
	<u> </u>	<u> </u>

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2009 £	2008 £
Current tax		
United Kingdom corporation tax at 28% (2008 - 29.5%) based on the results for the year	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-

The tax assessed for the year differs to the amount resulting from applying the standard rate of corporation tax in the UK of 28% (2008 - 29.5%). The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before tax	(1,235,215)	(1,123,546)
Tax on loss on ordinary activities at standard rate	(345,860)	(331,446)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	37,499	65,714
Capital allowances in excess of depreciation	51,155	48,855
Other short term timing differences	(3,457)	(3,020)
Tax losses not utilised	260,663	207,865
Impact of rate change on current year deferred tax	-	12,032
Total actual amount of current tax	-	-

The elements of deferred tax, not recognised are as follows

	2009 £	2008 £
Accelerated capital allowances	86,930	27,657
Other short term timing differences	32,605	36,062
Tax losses	883,267	645,549
Deferred tax asset (not recognised)	1,002,802	709,268

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

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

6. INTANGIBLE FIXED ASSETS

	Goodwill £	Player registra- tions £	Total £
Cost			
At 1 July 2008 and 30 June 2009	234,333	283,667	518,000
Amortisation			
At 1 July 2008	234,333	148,868	383,201
Charge for the year	-	133,924	133,924
At 30 June 2009	234,333	282,792	517,125
Net book value			
At 30 June 2009	-	875	875
At 30 June 2008	-	134,799	134,799

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Office equipment £	Plant and machinery £	Total £
Cost				
At 1 July 2008	195,742	47,455	539,299	782,496
Additions	41,857	31,553	168,916	242,326
At 30 June 2009	237,599	79,008	708,215	1,024,822
Depreciation				
At 1 July 2008	94,453	16,769	128,336	239,558
Charge for the year	46,120	9,064	127,512	182,696
At 30 June 2009	140,573	25,833	255,848	422,254
Net book value				
At 30 June 2009	97,026	53,175	452,367	602,568
At 30 June 2008	101,289	30,686	410,963	542,938

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2009

8. DEBTORS

	2009 £	2008 £
Trade debtors	1,233,068	811,556
Amounts owed by Group companies	48,212	-
Other debtors	6,215	-
Prepayments and accrued income	100,189	39,434
	<u>1,387,684</u>	<u>850,990</u>

All amounts fall due within one year

9. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans and overdraft	-	1,374,970
Trade creditors	537,906	906,288
Amounts owed to Group Companies	7,322,633	4,470,374
Taxation and social security	208,626	188,912
Other creditors	14,424	7,928
Accruals and deferred income	1,655,941	1,195,569
	<u>9,739,530</u>	<u>8,144,041</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension scheme £	Deferred grants £	Total £
Other provisions			
At 1 July 2008	128,794	180,000	308,794
Amounts utilised in year	(12,346)	(20,004)	(32,350)
At 30 June 2009	<u>116,448</u>	<u>159,996</u>	<u>276,444</u>

The amount provided under pension schemes relates to a share of a Football League pension scheme deficit attributable to the company - see note 15. 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.

11. CALLED UP SHARE CAPITAL

	2009 £	2008 £
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 2009

12. STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £
At 1 July 2008	(7,827,508)
Loss for the financial year	(1,235,215)
At 30 June 2009	<u>(9,062,723)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2009 £	2008 £
Loss for the financial year	(1,235,215)	(1,123,546)
Issue of shares	-	400,000
Net increase in shareholders' deficit	(1,235,215)	(723,546)
Opening shareholders' deficit	(5,827,508)	(5,103,962)
Closing shareholders' deficit	<u>(7,062,723)</u>	<u>(5,827,508)</u>

14. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, additional transfer fees payable of £nil (2008 - £104,000) 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 £810,000 (2008 - £1,660,000) 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

15. 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 10)

An amount of £12,346 (2008 - £10,789) was utilised against this provision in the year and the provided amount is now £116,448 (2008 - £128,794)

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2009

16. COMMITMENTS AND CONTINGENCIES

There are no commitments as at the end of the financial year (2008 - nil)

Included within cash is £355,000 which represents prepaid season tickets. This amount is held in an escrow arrangement by the bank and is released to the Company on a pro-rata basis during the football season.

17. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The immediate and ultimate parent undertaking is Inter MK Group Limited, a company incorporated in the United Kingdom.

18. ULTIMATE CONTROLLING PARTY

The controlling and ultimate controlling party is considered to be Mr P K Winkelman by virtue of his shareholding in Inter MK Group Limited.

19. POST BALANCE EVENTS

In July 2009, following the end of the financial year, the Football Manager, Roberto Di Matteo, left the company to join West Bromwich Albion Football Club. The company was paid an undisclosed amount of compensation by West Bromwich Albion in respect of his employment contract.

In July 2009, the company received a sell on fee from Manchester United Football Club for the transfer of Lee Martin to Ipswich Town Football Club. In addition, the company acquired the player registrations of Jermaine Easter from Plymouth Argyle Football Club and Stephen Gleeson from Wolverhampton Wanderers Football Club for undisclosed fees.

On 31 March 2010 Inter MK Group Limited agreed new financing facilities with Clydesdale Bank. Included in the funding is a £4.25m revolving credit facility, which is in place to meet working capital requirements of the group.