Company Registration No. 04787003

MILTON KEYNES DONS LIMITED

Annual Report and Financial Statements

for the year ended 30 June 2018

MILTON KEYNES DONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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MILTON KEYNES DONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Winkelman
B Winkelman
M Turner
A Cullen
J Cove
S Dawson
A Richens (appointed 1 March 2018)
R Winkelman (appointed 1 July 2018)

COMPANY SECRETARY

A N Richens

REGISTERED OFFICE

Stadium MK
Stadium Way
Milton Keynes
MK1 1ST

BANKERS

Santander PLC
Milton Keynes

SOLICITORS

EMW LLP
Milton Keynes

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

STRATEGIC REPORT

The directors, in preparing this Strategic report for Milton Keynes Dons Limited ("the Company"), have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The results for the year are set out on page 9.

The Company generated turnover of £5.6m compared to £6.6m in 2017, this is due to balancing funding received in 2017 following relegation from the Championship which was not received this year. As with all football clubs, the challenge is to control player wages while remaining competitive. The Company is and will continue to be supported by Stadium MK Group Limited which is diversifying and generating future income from a hotel and from commercial property development.

During the year the Company generated £0.2m (2017: £1.1m) profit from the disposal of players. Loss before tax for the year was £4.1m (2017: £1.7m) as the group supported a large football wage budget to push for promotion back to the Championship.

The primary objective of the Company is for the team to continue to play and challenge competitively in the highest league possible.

The Company views the following as its key performance indicators:

	2018	2017
End of season league position (League One)	23rd	12th
Staff costs as percentage of turnover	97.4%	82.4%
Match day income as a percentage of turnover	48.0%	43.8%

Staff costs increased in during the financial year predominantly as a result of an increased playing budget to aid the failed promotion campaign. Staff costs also include amounts payable to two former managers on termination of their employment.

Match day revenue decreased year on year but formed a greater part of total revenue compared to the previous period due to a significant reduction in central distributions and commercial income.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of Stadium MK Group Limited and its subsidiaries ("the Group")'s expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

The Group's principal financial assets are bank balances and cash, restricted cash, trade and other debtors.

The Group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates, as both the short term and long term debt incur interest at variable rates, based on LIBOR. In order to mitigate this risk, the directors prepare cash flow forecasts, including sensitivity analysis, which take account of a reasonably possible increase in interest rates.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a significant impact on the Company's long-term performance.

The Group's management team actively review existing risks across the Group and identify new risks on a monthly basis. Suitable controls are put in place and action plans are established to mitigate risks. The most important risks to the group are the performance of Milton Keynes Dons Football Club, and changes within the construction & hotel industries as a whole.

FUTURE DEVELOPMENTS

The directors do not anticipate that there will be any change to the Group's principal activities in the foreseeable future.

Approved by the Board of Directors on 29 March 2019 and signed on behalf of the Board by

P Winkelman
Director

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the audited financial statements, for the year ended 30 June 2018.

As permitted under section 414C(11) of the Companies Act 2006, the disclosures required by regulations made under 416(4) in relation to financial risk management objectives and policies have been included in the Strategic Report and form part of this report by cross-reference.

GOING CONCERN

Despite the Company showing net liabilities of £10.6m (2017: £9.3m), the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. To determine the going concern basis is appropriate the company has received a letter of support from its parent company confirming that it will provide the necessary support to enable the company to continue as a going concern for the foreseeable future and for at least 12 months from the date of this report.

The directors of Stadium MK Group Limited, the ultimate parent company, have prepared financial projections for the Group, through to 30 June 2020 ("the Forecast"), which includes quarterly repayments against external borrowings, which continue until April 2022. These show the Group continuing as a going concern. Accordingly, the directors of the Company, having received a letter of support from the Group, continue to adopt the going concern basis of preparation.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

DIRECTORS

The directors who served throughout the year and to the date of this report unless otherwise stated, are:

P Winkelman
B Winkelman
M Turner
A Cullen
J Cove
S Dawson
A Richens (appointed 1 March 2018)
R Winkelman (appointed 1 July 2018)

DIVIDENDS

No dividend was paid or proposed during the year or after year end (2017: £nil).

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

DIRECTORS' REPORT

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 she/he ought to have taken as a director to make herself/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 and a resolution to reappoint them as auditor will be proposed in the absence of an Annual General Meeting.

Approved by the Board of Directors on 29 March 2019 and signed on behalf of the Board by

P Winkelman

Chairman

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Milton Keynes Dons Limited ('the company'):

- give a true and fair view of the state of the company's affairs as at 30th June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Financial Reporting Council's ('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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

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

Responsibilities of directors

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, 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Matthew Hall

Matthew Hall FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
29 March 2019

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2018

	Note	2018 £	2017 £
TURNOVER	3	5,558,485	6,586,274
Operating expenses		(9,898,500)	(9,417,350)
OPERATING LOSS		(4,340,015)	(2,831,076)
Profit on disposal of player registrations	4	244,630	1,111,788
LOSS BEFORE INTEREST AND TAXATION		(4,095,385)	(1,719,288)
Finance costs (net)	7	(380,237)	(17,379)
LOSS BEFORE TAXATION	5	(4,475,622)	(1,736,667)
Tax on loss	8	3,211,768	2,162,291
(LOSS)/PROFIT FOR THE FINANCIAL YEAR attributable to the equity shareholders of the Company		(1,263,854)	425,624

There are no recognised gains or losses in either the current or previous year other than the (loss)/profit disclosed in the profit and loss account. Accordingly, no statement of comprehensive income is presented.

All activities derive from continuing operations.

BALANCE SHEET
As at 30 June 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Intangible assets	9	404,033	330,466
Tangible assets	10	120,347	121,200
Investments	11	-	-
		524,380	451,666
CURRENT ASSETS			
Stocks	12	97,746	68,470
Debtors	13	2,352,454	2,279,501
Cash at bank and in hand		64,851	267,361
		2,515,050	2,615,332
CREDITORS: amounts falling due within one year	14	(12,844,170)	(11,907,407)
NET CURRENT LIABILITIES		(10,329,120)	(9,292,075)
TOTAL ASSETS LESS CURRENT LIABILITIES		(9,804,740)	(8,840,409)
PROVISIONS FOR LIABILITIES	17	(747,691)	(448,168)
NET LIABILITIES		(10,552,431)	(9,288,577)
CAPITAL AND RESERVES			
Called up share capital	15	2,000,000	2,000,000
Profit and loss account		(12,552,431)	(11,288,577)
SHAREHOLDERS' DEFICIT		(10,552,431)	(9,288,577)

The financial statements of Milton Keynes Dons Limited, registered number 04787003, were approved by the Board of Directors and authorised for issue on 29 March 2019

Signed on behalf of the Board of Directors by

P Winkelman

Director

STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2018

	Called up Share capital £	Profit and loss account £	Total £
At 1 July 2016	**2,000,000**	**(11,714,201)**	**(9,714,201)**
Profit for the financial year	-	425,624	425,624
Total comprehensive income	**-**	**425,624**	**425,624**
At 30 June 2017	**2,000,000**	**(11,288,577)**	**(9,288,577)**
Loss for the financial year	-	(1,263,854)	(1,263,854)
Total comprehensive loss	**-**	**(1,263,854)**	**(1,263,854)**
At 30 June 2018	**2,000,000**	**(12,552,431)**	**(10,552,431)**

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Milton Keynes Dons Limited is a private company limited by shares incorporated and registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operated. The Company's financial statements are therefore presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken the advantage of the disclosure exemptions in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The results of the Company are included in the consolidated accounts of its ultimate parent company, Stadium MK Group Limited, on this basis, no group accounts have been prepared for Milton Keynes Dons Limited and its subsidiaries.

Going concern

The Company is a wholly owned subsidiary of Stadium MK Group Limited. All subsidiaries within the Group are operationally inter-dependent and subject to cross-guarantees. To determine the going concern basis is appropriate the company has received a letter of support from its parent company confirming that it will provide the necessary support to enable the company to continue as a going concern for the foreseeable future and for at least 12 months from the date of this report.

The directors of the Group have prepared cashflow forecasts through 30 June 2020 and beyond, which include certain key assumptions around revenue, profitability and working capital management. The forecasts show that the Group has adequate resources to operate for the foreseeable future. Accordingly, the directors are satisfied on the ability of the Group to continue to meet its liabilities as and when they fall due for the foreseeable future, being a period of at least 12 months from the date of signing and approving this report. Accordingly, the directors of the Company, having received a letter of support from the Group, continue to adopt the going concern basis of preparation.

Turnover

Turnover represents income receivable, net of VAT, from football, entertainment 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 for the teams' end of season achievements are accounted for only when known at the end of the financial period.

Turnover is recognised in respect of barter transactions only where services are exchanged for dissimilar services and the transaction is deemed to have commercial substance. Such transactions are measured at the fair value of the services received, adjusted by any amount of cash and cash equivalents transferred.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

1. **ACCOUNTING POLICIES (continued)**

Intangible assets - Player registrations

When acquired 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).

Profits or losses on the disposal of these registrations represent the fair value of the consideration receivable, net of any transaction costs, less the unamortised cost of the original registration.

Signing on fees, including agent fees, are initially capitalised as intangible assets and amortised evenly over the period covered by the players' contracts.

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 are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Stocks, which comprise goods for resale, are stated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Leases

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

1. ACCOUNTING POLICIES (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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 102 'employee 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, 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. The directors are of the opinion that there are no accounting judgements that are not described in sufficient detail in note 1. The directors are of the opinion that the key sources of estimation uncertainty are as follows:

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key source of estimation uncertainty – present value of pension obligation

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit. Further details regarding the pension scheme is included at note 17.

3. TURNOVER

	2018 £	2017 £
Broadcasting	99,750	63,450
Match day receipts	2,669,100	2,886,460
Commercial (including league distributions)	2,592,971	3,336,237
Other (parking and stadium events)	196,664	300,127
	5,558,485	6,586,274

4. PROFIT ON DISPOSAL OF PLAYER REGISTRATIONS

	2018 £	2017 £
Consideration	247,880	1,261,382
Net book value of disposal	(3,250)	(149,594)
	244,630	1,111,788

5. LOSS BEFORE TAXATION

Loss before taxation is stated after charging/(crediting):	**2018 £**	**2017 £**
Depreciation of tangible fixed assets	69,116	70,035
Amortisation of players' registrations	350,381	280,782
Profit on disposal of player registrations	(244,630)	(1,111,788)
Inventories recognised as expenses during the period	110,598	154,061
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,400	11,000

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2018	2017
	£	£
Directors' remuneration		
Emoluments	125,000	125,000

During the current year the highest paid director was paid £125,500 (2017 - £125,000). The Company does not contribute to any pension arrangements in favour of the directors.

	2018	2017
	No	No
The monthly average number of employees of the Company during the year were:		
Directors	1	1
Full-time playing, training and management	78	72
Administration and commercial	106	120
	185	193

The Company also employs an average of approximately 150 (2017 - 150) temporary staff on match days.

Costs of £143,369 relating to agency staff were incorrectly included in wages and salaries in the prior year. Prior year comparatives have been restated.

	2018	Restated 2017
Staff costs incurred during the year in respect of all employees were:	£	£
Wages and salaries	4,652,543	4,678,537
Social security costs	607,465	586,841
Other pension costs	22,032	14,711
Agency costs	133,957	143,369
	5,415,997	5,423,458

7. FINANCE COSTS (NET)

	2018	2017
	£	£
Interest payable on pension deficit	380,237	17,379

8. TAX ON LOSS

	2018	2017
	£	£
Current tax		
United Kingdom corporation tax at blended standard rate of 19.00% (2017 – 19.75%) based on the loss for the year	(2,754,498)	(2,100,441)
Total current tax charge	(2,754,498)	(2,100,441)
Adjustments in respect of prior periods	147,158	(61,850)
Deferred tax		
Origination and reversal of timing differences	(604,428)	-
Total tax credit per income statement	(3,211,768)	(2,162,291)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

8. TAX ON LOSS (continued)

The credit for the year can be reconciled to the loss per the income statement as follows:

	2018 £	2017 £
Loss before tax	(4,475,622)	(1,736,669)
Tax on loss at blended standard rate of 19.00% (2017 – 19.75%)	(850,368)	(342,992)
Factors affecting charge for the year:		
Fixed asset differences	(61,861)	557
Adjustments to brought forward values	639	-
Transfer pricing adjustments	(77,383)	(33,830)
Effects of group relief / other reliefs	525,288	411,729
Receipt for group relief	(2,754,498)	(2,100,441)
Adjustment to tax charge in respect of previous periods	147,158	(61,850)
Deferred tax not recognised	(93,138)	(58,115)
Adjust closing deferred tax to average rate of 19.00% (2017 - 19.75%)	-	70,949
Adjust opening deferred tax to average rate of 19.00% (2017 - 19.75%)	(47,605)	(48,298)
Total tax credit for the year	(3,211,768)	(2,162,291)

The elements of deferred tax are as follows:

	2018 £	2017 £
Accelerated capital allowances	(92,372)	(83,333)
Other short term timing differences	(142,337)	(76,433)
Tax losses carried forward and other deductions	(369,719)	(278,716)
Deferred tax asset	(604,428)	(438,482)

From 1 April 2017, the main rate of corporation tax was reduced to 19%. A further reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Any deferred tax at 30 June 2018 has been calculated based on the rate of 19% being the rate substantively enacted at the balance sheet date and at also which the deferred tax is expected to reverse.

There are no expiry dates on elements of deferred tax that have been recognised.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

9. INTANGIBLE FIXED ASSETS

	Goodwill	Player registrations	Total
	£	£	£
Cost			
At 1 July 2017	234,333	968,221	1,202,554
Additions	-	427,197	427,197
Disposals	-	(6,500)	(6,500)
At 30 June 2018	234,333	1,388,918	1,623,251
Amortisation			
At 1 July 2017	234,333	637,754	872,087
Charge for the year	-	350,381	350,381
Released on disposals	-	(3,250)	(3,250)
At 30 June 2018	234,333	984,885	1,219,218
Net book value			
At 30 June 2018	-	404,033	404,033
At 30 June 2017	-	330,467	330,467

Included within player registrations at year-end is an amount being carried at £185,578 held in relation to Alex Gilby that is due to be amortised on a straight line basis until 30 June 2020.

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Office equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 2017	344,085	347,398	758,105	131,923	1,581,511
Additions	-	10,009	-	58,254	68,263
At 30 June 2018	344,085	357,407	758,105	190,177	1,649,774
Accumulated depreciation					
At 1 July 2017	338,341	279,526	728,328	114,116	1,460,311
Charge for the year	5,744	40,509	13,477	9,386	69,116
At 30 June 2018	344,085	320,035	741,805	123,502	1,529,427
Net book value					
At 30 June 2018	-	37,372	16,300	66,675	120,347
At 30 June 2017	5,744	67,872	29,777	17,807	121,200

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

11. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 July 2017 and 30 June 2018	3,000
Provision for impairment	
At 1 July 2017 and 30 June 2018	3,000
Net book value	
At 30 June 2017 and 30 June 2018	-

The Company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Registered office	Principal activity	Description of shares held	Proportion of nominal value of shares held by the Company	Capital and reserves at 30 June 2018 & 2017	Profit for the year
Milton Keynes City Football Club Limited	Stadium MK, Stadium Way, Milton Keynes MK1 1ST	Non-trading	Ordinary £1 shares	100%	£3	£nil
Milton Keynes Football Club Limited	Stadium MK, Stadium Way, Milton Keynes MK1 1ST	Non-trading	Ordinary £1 shares	100%	£3	£nil

12. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	97,746	68,470

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

13. DEBTORS

	2018 £	2017 £
Trade debtors	470,954	1,220,022
Other debtors	769,646	926,742
Prepayments and accrued income	507,426	132,737
Deferred tax	604,428	-
	2,352,454	2,279,501

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	1,077,348	863,614
Taxation and social security	246,947	509,290
Other creditors	128,362	573,320
Accruals	159,892	161,955
Deferred income	1,007,292	1,321,806
Amounts owed to Group undertakings	10,224,328	8,477,422
	12,844,170	11,907,407

The balance owed to group companies is repayable on demand, but the directors have received written assurances from the Board of Directors of Stadium MK Group Limited that no group company will seek repayment unless the Company's cash flow permits this. There are no securities held by group companies.

15. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Called up, allotted and fully paid		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000

The Company has one class of ordinary share which carries no right to fixed income.

16. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, no additional transfer fees payable (2017 - £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.

Additional transfer fees 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, as they are dependent on future events.

17. PROVISIONS FOR LIABILITIES

	Pension scheme £
At 1 July 2017	448,168
Charged to profit and loss account	380,234
Club contributions	(80,711)
At 30 June 2018	747,691

Pension Scheme

MK Dons Football Club ('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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2018

17. PROVISIONS FOR LIABILITIES (continued)

The last actuarial valuation was carried out at 31 August 2017 where the total deficit on the on-going valuation basis was £30.4 million. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

Discount Rate:	Gilt Yield Curve + 2.0% per annum
RPI inflation:	Bank of England inflation curve
Pension Increases:	Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, and modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS CMI_2016, 1.5% p.a. long term improvement rate

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

The results of the 2017 valuation were rolled forward to 30 June 2018 on the same assumptions as detailed above, and the Club's notional share of the deficit was £606,780 (£374,521 as at 30 June 2017).

As at 30 June 2018, the Club was paying total contributions of £6,780 per month (increasing by 5% p.a. from 1 September 2018 and thereafter) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 31 May 2026.

As at 30 June 2018, based on an appropriate discount rate of 1.61% per annum (1.18% per annum as at 30 June 2017), the present value of the Club's outstanding contributions (i.e. their future liability) is £747,691 (£448,168 as at 30 June 2017). This amounts to £84,749 (2017: £80,711) due within one year and £662,924 (2017: £367,457) due after more than one year and is included within other payables.

Present value of defined benefit obligation

	2018 £	2017 £
Present value of defined benefit obligation	747,691	448,168

Reconciliation of Defined Benefit Obligation

	2018 £	2017 £
Defined Benefit obligation at start of the year	448,168	517,557
Net Interest Charge (Unwinding of discount rate)	4,812	7,172
Club contribution (deficit contribution)	(80,711)	(76,878)
Remeasurement (changes in assumptions)	(3,363)	317
Remeasurement (change to contribution schedule)	378,784	-
Defined benefit obligation at end of year	747,691	448,168

17. PROVISIONS FOR LIABILITIES (continued)

	2018 £	2017 £
Net Interest Charge (Unwinding of discount rate)	4,812	7,172
Remeasurement (changes in assumptions)	(3,362)	317
Remeasurement (change to contribution schedule)	378,784	-
Assumptions:		
Discount Rate (based on AA corporate bond yields of appropriate currency/duration)	1.6%	1.2%

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2017), deficit contributions are payable by all participating clubs. Payments are made in accordance with a pension contribution schedule. As the Scheme is closed to accrual, there are no additional costs associated with the accruing of members' future benefits. In the case of a club being relegated from the Football League and being unable to settle its debt then the remaining clubs may, in exceptional circumstances, have to share the deficit.

Upon the wind-up of the Scheme with a surplus, any surplus will be used to augment benefits. Under the more likely scenario of there being a deficit, this will be split amongst the clubs in line with their contribution schedule. Should an individual club leave the Scheme, they may be required to pay their share of the deficit based on a proxy buyout basis (i.e. valuing the benefits on a basis consistent with buying out the benefits with an insurance company).

18. 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 Group, as part of the group's financing arrangements. As at 30 June 2018, the balance owing on this facility was £8,902,118 (2017: £9,538,098). Security is held as part of this facility in relation to assets owned by the Group.

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the Group headed by Stadium MK Group Limited, the Company has taken advantage of the exemption granted by paragraph 33.1 of Financial Reporting Standard 102, not to disclose transactions with 100% owned group entities.

20. ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of Stadium MK Group Limited, a company incorporated in England and Wales. Mr P Winkelman, a director of the Company, controls the Company as a result of controlling, directly or indirectly, 100% of the issued share capital of the Company.

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