

Millwall Properties Limited

Report and Financial Statements

Year Ended

30 June 2017

Registered number: 05850820

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Millwall Properties Limited

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

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Directors

J G Berylson
D Kouvaris
S Kavanagh

Secretary and registered office

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

Company number

05850820

Independent Auditors

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

Bankers

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

Solicitors

Lewis Silkin, Windsor House, 50 Victoria Street, London SW1 0NW.

Millwall Properties Limited

Report of the directors for the year ended 30 June 2017

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

Results and dividends

The statement of comprehensive income is set out on page 7 and shows the loss for the year. The directors do not recommend payment of a dividend (2016: £Nil).

Principal activity

The Company's principal activity is that of a developer in the regeneration of the area surrounding The Den, the football stadium of Millwall Football Club (the "Club"), a fellow group undertaking.

Business review and prospects

Last year your directors reported that the Company was very much in favour of the redevelopment and regeneration of New Bermondsey, a substantial area of some 30 acres surrounding The Den. Lewisham Council (Council) decided more than five years ago that it would allow the project to be carried out only by Renewal Group with which, as previously reported, the Company held discussions for the inclusion of land belonging to the Company and to the Millwall Community Trust (MCT) within the Renewal scheme. The Company is continuing to press its case to participate in the New Bermondsey regeneration project and has received both recognition and support for its position, including from some elements within the Council, but not so far from Renewal. As was also previously reported, at one time, the Company had agreed detailed heads of terms with the Council whereby the Company would be allowed to develop the land surrounding the stadium for its own account, with a portion of any profit going to the Council, the Company's landlord. That deal was unilaterally withdrawn by the Council. The Company is pressing the Council to reconsider that decision and allow the development scheme to proceed with appropriate participation by Millwall.

Unfortunately, the Council has consistently declined to consider the Millwall proposals and instead granted Renewal Group an exclusive right to develop and profit from New Bermondsey thereby shutting the Company out of any involvement in the regeneration of the land surrounding The Den. Furthermore, the Council resolved to sell its freehold interests in all that land to Renewal Group without giving the Company any opportunity to buy them, preferring instead to deal secretly with a private property developer which is owned offshore and, by its own admission, has no experience of carrying out developments of this size.

Those decisions materially and adversely affected not only the Club and its community scheme but also the livelihoods and futures of its neighbours and friends. Accordingly, the Company's representatives have challenged the Council's actions and sought full disclosure of the circumstances in which the decisions were made and the documents and investigations on which they appear to have been based. As a result of the pressure applied directly by the Company, which was reinforced by public opinion and a number of supportive articles in the media, the Council disclosed details of the due diligence that had been carried out on Renewal by PricewaterhouseCoopers (PwC). However, the Council has been allowed to withhold the price at which it has conditionally sold publicly-owned land occupied by the Company and the MCT to Renewal. That sale transaction has not been completed and the Council has an opportunity to withdraw from the agreement at the end of 2017. Your directors hope it will choose to do so and look afresh at how the much needed regeneration is possible.

Millwall Properties Limited

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

Business review and prospects *(continued)*

In order for the sale of those freeholds to proceed, the Council must take back the leases from the Company and the MCT and has long been threatening to use compulsory purchase powers. As reported last year, the Council resolved to use those powers in September 2016 but was challenged by its own Overview and Scrutiny Committee which halted the process. Following further media reports, notably in The Guardian, Private Eye and the Evening Standard, Lewisham's Mayor decided to initiate an independent investigation to review the activities of the Council in relation to the New Bermondsey project as well as its relationships and dealings with Renewal. The inquiry is being led by former Master of the Rolls and Justice of the Supreme Court, the Right Honourable Lord Dyson. Your directors wait to hear the result of that investigation which is expected later in 2017. The Company made a detailed written submission to Lord Dyson and accepted his invitation to attend an oral hearing in July.

Lewisham is a Labour controlled Council. The local Labour Party has just completed an election process to select its candidate who will stand for Mayor in May 2018. The current long-standing Mayor will stand down at that time. The new candidate has been asked by the Company to make clear his policies and attitude towards the current plans for New Bermondsey. He has publicly stated that he opposes the use of compulsory purchase powers, disagrees with the sale of publicly-owned freeholds and supports the Company's wish to play its part in any developments of the land around The Den. Your directors will endeavour to ensure he maintains those attitudes and commitments over the coming months. It should be noted that all of the other major political parties against the use of compulsory purchase powers.

If the current administration in Lewisham Council decides to resume the compulsory purchase process following publication of Lord Dyson's report, the Company will vigorously contest it and believes that it has many important arguments and facts to place before any appointed Planning Inspector.

A lot of this unhappy saga has appeared in the media and interested shareholders are referred to a series of articles that appeared in The Guardian. These can be accessed online by visiting the New Bermondsey section of the Company's website at: <https://www.millwallfc.co.uk/new-bermondsey/media-coverage/>.

The Company will continue to do its very best to persuade the Council of the synergy that exists between a football club its local authority and that working together is always in the best interests of the community as a whole.

Basis of preparation

The financial statements have been prepared on a going concern basis. The directors believe it is appropriate to prepare the accounts on this basis as they have obtained confirmation that the immediate parent undertaking intends to continue to support the Company for the foreseeable future. In forming this opinion the Board has given consideration to the loan facilities currently available to the immediate parent entity, an undertaking of financial support provided to that entity and cash flow projections for a period of not less than twelve months from the date of signing these accounts.

Political and charitable donations

During the year, the Company made no political or charitable donations.

Millwall Properties Limited

Report of the directors for the year ended 30 June 2017 (continued)

Directors

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

J G Berylson
D Kouvaris
A Ambler (resigned 30 October 2016)
S Kavanagh (appointed 31 October 2016)

All of the current directors are also directors of the immediate parent company, Millwall Holdings Plc.

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.

Auditors

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

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

In preparing this directors' report advantage has been taken of the small companies exemption.

On behalf of the Board


S Kavanagh
Director

Date: 16.12.17

Millwall Properties Limited

Report of the independent auditors

To the members of Millwall Properties Limited

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Millwall Properties Limited

Report of the independent auditors (*continued*)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

BDO LLP

Ian Clayden (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 19-12-2017

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

Millwall Properties Limited

Statement of comprehensive income for the year ended 30 June 2017

	Note	2017 £	2016 £
Administrative expenses		(439,961)	(183,865)
Operating loss and loss on ordinary activities before taxation	3	(439,961)	(183,865)
Taxation		-	-
Loss and total comprehensive loss for the financial year		<u>(439,961)</u>	<u>(183,865)</u>

All amounts relate to continuing activities.

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

The notes on pages 10 to 12 form part of these financial statements.

Millwall Properties Limited

Balance sheet at 30 June 2017

Company number: 05850820

	Note	2017 £	2016 £
Current assets			
Amount due from immediate parent undertaking		1	1
Creditors: amounts falling due within one year	6	(3,541,923)	(3,101,962)
Net current liabilities		(3,541,922)	(3,101,961)
Total liabilities		(3,541,922)	(3,101,961)
Capital and reserves			
Called up share capital	7	1	1
Retained earnings		(3,541,923)	(3,101,962)
Shareholder's funds (in deficit)		(3,541,922)	(3,101,961)

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


S. Kavanagh
Director

The notes on pages 10 to 12 form part of these financial statements.

Millwall Properties Limited

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

	Share capital £	Retained earnings £	Total equity £
1 July 2016	1	(3,101,962)	(3,101,961)
Comprehensive loss for the year:			
Loss for the year	-	(439,961)	(439,961)
	<hr/>	<hr/>	<hr/>
30 June 2017	1	(3,541,923)	(3,541,922)
	<hr/>	<hr/>	<hr/>
	Share capital £	Retained earnings £	Total equity £
1 July 2015	1	(2,918,097)	(2,918,096)
Comprehensive loss for the year:			
Loss for the year	-	(183,865)	(183,865)
	<hr/>	<hr/>	<hr/>
30 June 2016	1	(3,101,962)	(3,101,961)
	<hr/>	<hr/>	<hr/>

The notes on pages 10 to 12 form part of these financial statements.

Millwall Properties Limited

Notes forming part of the financial statements for the year ended 30 June 2017

1 Accounting policies

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

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

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

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

Related party disclosures

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

The following principal accounting policies have been applied:

Going concern

The directors continually monitor the financial position of the Company and its wider group, taking into account the latest cash flow forecasts and the ability of the Company to generate cash. The directors have prepared the financial statements on a going concern basis having had regard to cash flow projections for a period of not less than twelve months from the date of signing these accounts, which includes funding from the immediate parent company financed by the ultimate parent company.

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

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

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Millwall Properties Limited

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

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

In the application of the Company's accounting policies, which are described above and on the previous page, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

However, no material judgements were required in the preparation of the financial statements for the current period.

3 Operating loss

The auditors' remuneration for the current and preceding year has been incurred and settled by the Company's immediate parent undertaking.

4 Staff costs

The Company had no employees during the current or preceding year.

Directors' remuneration, interests and transactions

The Company's key management personnel are considered to be its directors. None of the directors received any remuneration from the Company during the current or preceding year.

5 Tax on loss on ordinary activities

No taxation charge arises due to the incidence of losses incurred during the year.

The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(439,961)	(183,865)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(86,892)	(36,733)
Effects of: Increase in losses carried forward for which no deferred tax asset is recognised	86,892	36,733
Current tax charge for year	-	-

Factors that may affect future tax charges

A deferred taxation asset has not been recognised in respect of tax losses totalling £3,535,098 (2016: £3,095,135) given the inherent uncertainty of future profits. The unprovided deferred tax asset is calculated at £600,967 (2016: £526,173).

Millwall Properties Limited

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

6 Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to immediate parent undertaking	3,541,923	3,101,962

The amount due to the immediate parent undertaking is interest free, unsecured and has no fixed terms of repayment.

7 Called up share capital

	Allotted, called up and fully paid 2017 £	Allotted, called up and fully paid 2016 £
1 ordinary share of £1	1	1

8 Controlling party information

Millwall Holdings PLC is the immediate parent undertaking of the Company and the parent of the only group to prepare consolidated financial statements which include the results of the Company. Copies of those group accounts have been delivered to, and are available from, the Registrar of Companies Registration Office, Crown Way, Maindy, Cardiff CF4 3UZ.

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