



MILLWALL HOLDINGS PLC

Registered Number: 2355508

Report and Accounts
for the year ended
30 June 2017

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Directors and Advisers

DIRECTORS

John G Berylson (Non-Executive Chairman)
James T Berylson (Non-Executive)
Peter Garston (Non-Executive)
Constantine Gonticas (Non-Executive)
Trevor Keyse (Non-Executive)
Demos Kouvaris (Non-Executive)
Richard S Press (Non-Executive)
Stephen Kavanagh (Chief Executive)

SECRETARY

Thomas Bernard Simmons

REGISTERED OFFICE

The Den
Zampa Road
London SE16 3LN
Registered no. 2355508

INDEPENDENT AUDITORS

BDO LLP

55 Baker Street
London W1U 7EU

SOLICITORS

Lewis Silkin LLP

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Clifford's Inn Passage
London EC4A 1BL

PRINCIPAL BANKERS

Barclays Bank plc

Corinthian House
17 Lansdowne Road
Croydon
Surrey CR0 2BX

REGISTRARS AND TRANSFER OFFICE

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Principal activities

The Company is the holding company of a group engaged primarily in the operation of a professional football club (Millwall or the Club), through its subsidiary, The Millwall Football and Athletic Company (1985) PLC.

Business review

At the end of the 2016/17, the season under review, the Club was successful in gaining promotion from League One of the English Football League (“EFL”) after two seasons spent in this division. Promotion back to the SkyBet Championship (“the Championship”), the second tier of English football, was achieved by a 1-0 victory over Bradford City in the Play-off final at Wembley Stadium in May, the Club’s 5th appearance there in 9 years. The Club finished the season in 6th place with 73 points (2015/16: 4th with 81 points).

The 2016/17 season started indifferently with a run of 6 games without a win during September/October but improved slowly to the halfway stage. The Club then benefitted from a run of 16 league games without defeat, including 7 consecutive games without conceding a goal. The team suffered only one loss at The Den in the second half of the season, to earn a play-off position to play Scunthorpe United, winning 3-2 on aggregate over 2 legs, to reach the Play-off final.

The Club enjoyed a more successful participation in the FA Cup during this season with 5 home games, including 3 wins over Premier League teams without conceding a goal. The game against Leicester City, which was won 1-0, attracted an attendance of over 18,000, the highest for nearly 5 years. This cup run ended in the quarter final round in a 0-6 defeat at Tottenham Hotspur.

The total number of players utilised was largely consistent with the previous season, at 33 players (2015/16: 31), so too was the average home league attendance at 9,475 (2015/16: 9,407).

The philosophy of giving home grown players from the Club’s Youth Academy the opportunity to be promoted into the first team continues to pay dividends. Of the 35 current contracted players, some 13 have come through the Club’s Youth Academy. The Club continues to invest in its Youth Academy with a Category 2 status in the Elite Player Performance Plan scheme. More about the importance of the Youth Academy is set out under Prospects below.

Another significant achievement during this year is the Club having been voted the EFL Family Club of the Year. The Club is rightly proud to have such recognition for the family environment that has been created and the ongoing work and commitment made to making sure future generations can enjoy The Den.

A review of the Group’s financing, property development and regeneration activities is provided later in this report.

Results

The consolidated statement of comprehensive income is set out on page 13.

The result for the year shows a satisfactory further reduction in the level of losses incurred, with the loss from operations amounting to £4.8m (2016: £5.8m). The success achieved by the Club during this financial year contributed to this improvement as reflected in higher income offset principally by player costs in the form of a promotion bonus.

Revenue for the year at £10.0m (2016: £8.3m) is an increase of 20.0%. There was a welcome increase in matchday income of 19.3% assisted by a successful run of games in the FA Cup. This run also generated a substantial increase in TV income and other central allocations from the EFL; an increase of over £0.8m (2016: reduction £2.7m).

The basic salary costs of the squad remained similar to the previous year. However, the promotion bonus paid to players and the further strengthening of the administration departments of the Group lead to an increase in overall salary costs to £9.4m (2016: £8.0m). The ratio of total staff costs to revenue for the season under review was 94% (2016: 96%).

Other expenses (excluding depreciation and amortisation) at £5.4m were unchanged from the previous year. Within this there was an improvement of nearly £0.8m arising from a reduced amortisation charge for the transfer fees paid for player contracts acquired and the profits from the transfer fees earned on player contracts sold. However, offsetting these benefits was a substantial increase in legal and advisory expenses incurred in respect of the Group’s continuing efforts to gain permissions to be a participator of the Regeneration proposals to the land surrounding The Den.

Finance costs for the year were £1.0m (2016: £1.3m). Chestnut Hill Ventures LLC (CHV), the majority shareholder of the Company and principal provider of funding facilities, along with the Company’s other loan note holders, agreed that no interest would accrue in respect of the existing £20.5m loan facilities in the period from 1 January 2015 to 30 June 2018 (when interest will begin to accrue again unless CHV agrees otherwise). Within these financial statements these loans are initially carried at fair value (and readjusted to fair value following a substantial modification) and subsequently carried at amortised cost. Accordingly, the finance cost recognised in the current year represents the effective rate of interest payable over the remaining term of the facility.

The directors do not recommend payment of a dividend.

Strategic Report

Directorship changes during the year

As reported last year, on 30 October 2016, Andy Ambler resigned as Chief Executive Officer and as a director of all group companies in order to take up an appointment with The Football Association. He was succeeded by Steve Kavanagh who was appointed as Chief Executive Officer and as a director of all group companies on 31 October 2016.

During the year Peter Garston accepted an invitation to join the Board of the Company and was appointed as a non-executive director on 17 March 2017. Peter has been a director of the football club subsidiary since 2006 in the position of Fan on the Board, a role which he relinquished this year. In view of his long term deep knowledge of supporter issues and his continuing contribution in this area, your directors were happy to extend this invitation and wish Peter every success in this appointment.

Peter has been replaced as Fan on the Board by Micky Simpson who was voted into this role by supporters, although he is not formally a director. Your directors look forward to working with Micky in the future on issues for the general benefit of supporters.

Prospects

Football

The principal strategic objective for the year under review as set out in this report last year has been achieved; the Club gained promotion to the Championship. The objective for the current year is to not just to compete well at this higher level but to take steps enable the Club to become an established Championship side. Neil Harris, the manager, has strengthened the squad by the recruitment of experienced young players and considers that the Club has a squad of players who understand the Millwall philosophy of standards and performance. Further improvements to the squad will be made as necessary to enable the Club to meet its objectives.

The quality of the squad has been recognised by 6 players having been selected recently for the International squad of their home countries and 3 others having international experience in their career.

The Youth Academy continues to be key to the strategy of the Club and your directors regard this as a vital part of the future success of the Club. Under the direction of Scott Fitzgerald, it now has 140 signed young players from age 9 to 23 under the supervision of 50 full or part time coaches, medical and support staff. The Academy have enjoyed recent success in terms of player productivity with Aiden O'Brien, Ben Thompson and Fred Onyedinma making a substantial number of appearances in the first team over the last 3 seasons. Aiden O'Brien and Kris Twardek have recently received full international call ups from Republic of Ireland and Canada respectively. A further Academy player, James Brown, is currently enjoying a successful loan at Carlisle United and developing into a prospect for the first team.

The Club is now required to comply with the Profitability & Sustainability Rules (the Rules) of the EFL applicable to the Championship. In general, these permit a club to incur losses up to £39m over a 3 year period before any restrictions may be applied. Currently the Club's level of defined losses are well within this limit and your directors are confident that the Club will continue to meet the requirements of the Rules. With these Rules in mind the directors have set budgets for all areas of income and costs with plans in place to monitor financial and team performance and to take such steps that are needed to achieve the best outcome for the year.

It is expected that, having gained promotion, revenue streams of the Company for the current year will show increases over the previous year. Uplifts will, however, be dependant upon the success of the team, as attendances and match day income are affected by the team's performance and the Club's position in the league. Nonetheless, season ticket memberships numbers and related income show increases of 23.8% and 25% respectively at the start of this year.

Despite being newly promoted to the Championship the team has had a satisfactory start to the 2017/18 season. It has gained 17 points in the first 15 games up to 31 October, placing the team in 16th position; the 2016/17 season when, playing in League One, the team had gained 21 points after 15 games and was in 13th position. This season the Club will not enter the FA Cup until Round 3 in January. The Club was eliminated from the EFL Carabao Cup by Reading in the 2nd round.

So far this season, the average attendance for the first 7 home league games in the higher division has been 12,903 (2016/17: 8,684) an increase of 49%. This has led to a significant increase in match day income with retail sales also showing healthy year on year increases.

The budget for the current year provides for the inevitable increase in the cost of player wages that will arise as a Championship Club.

Other football related income

The Commercial Department continues to introduce innovative plans and schemes to maximise attendances as well as match day income, sponsorship and business partnerships by proactive marketing techniques. This has been rewarded this season to date with a substantial increase in the level of sponsorships and advertising. The Club is reviewing its commercial advertising activities and is looking to modern technology to assist in driving the opportunities and revenues forward. This is seen as important in raising commercial revenues to allow the Club to compete at the Championship level.

The Den

Other revenues from the utilisation of the stadium on non-match days are expected to continue at a similar level to last year. The conferencing activities are a little down so far this year and steps are in hand to promote the Club's facilities.

The Community

The Club continues to recognise the importance of the relationship with the diverse communities of South London and actively supports the work of Millwall Community Trust (MCT). The Club's commitment is reflected by two directors, Steve Kavanagh and Peter Garston, acting as Trustees. The strength and depth of the relationship is also demonstrated both by financial support and by making Club facilities available for the activities undertaken by the MCT. A number of projects are undertaken jointly. The Club is rightly proud of its Community Trust and the incredible work it does in and around our local communities.

The MCT vision is to use the unique passion generated at Millwall to connect and inspire the Club's communities. This is achieved by using the inspiration of the Millwall spirit to improve the lives of people through engagement in sport. MCT works not just in schools coaching and sports participation but makes a significant contribution to community development, health improvement and community cohesion, as well as managing facilities such as the Lions Centre for the benefit of the community.

Its work focuses on people who find it difficult to participate in sport and those disadvantaged in life. This includes young people who have lost interest in education or who are at risk of substance abuse, young offenders and those with mental health issues. MCT helps local people to realise their potential, to be proud of their achievements and ultimately to build stronger and safer communities. Once again this year an average of over three thousand young people weekly and over seven thousand residents annually benefit as individuals by using our services.

A new chair of trustees, Mr Peter Walsh was appointed at the MCT AGM on 28 November 2016. Led by him, the Trustees aim to create a sustainable year-round community sport offer for the residents of Southwark and Lewisham and its partners. Discussions have been embarked upon with parties interested in working with the Trust to decide where additional delivery hubs will be, enhancing the range of opportunities for all.

The Trust has a strategy of encouraging sports participation through positive partnerships. It is affiliated to The English Football League Trust, which links all professional Football League community programmes. It has contracts with Housing Associations across the London Boroughs of Lewisham and Southwark, and KICKS, supported by the Metropolitan Police and the Premier League Charitable Foundation. The Trust has a strong relationship with London Boroughs of Southwark and Lewisham. In addition the Trust has developed Service Level Agreements with a number of schools across its catchment area for curriculum and extra-curricular physical activity delivery.

A new Education and Employability Manager was appointed in April 2017. MCT has since expanded its current traineeship programme, working with Job Centre Plus to recruit those young people furthest from the labour market. MCT retained its Academy intake at the level of previous year. MCT developed an Alternative Provision at The Lions Centre for a small cohort of young people on the verge of school exclusion. This offered two-day a week respite with focus on sport theory and practical; ICT; functional skills; fitness and health.

The Junior Lions Match Day Fun Zone was developed for the 2015/16 season to help offer an added experience for young supporters attending Millwall home matches. Two hours before kick-off, The Lions Centre opens its doors for families where young people can take part in sports activities, penalty shoot-outs, inflatable shooting and shooting speed challenge, face painting and live music, free of charge.

Primary Stars was a new Premier League funded programme that initially focussed on 15 new schools per year. Due to demand, the programme expanded to 21 additional local primary schools. MCT also attracted new English Football League Trust funding to deliver a multi-sport programme in 15 further schools. On World Mental Health Day this year, MCT hosted a seven-a-side tournament of London professional football clubs who support participants with complex mental health challenges. Millwall is very proud to have won the Trophy, celebrating the players' commitment to their beautiful game.

Communication

The Club regards communication with all supporters, business partners and staff as of central importance. The Fan on the Board provides a crucial link between the Board and supporters. Regular meetings and forums take place with all levels of the Club's supporters and partners. Along with the Fan on the Board, the Club has set up a Fans Panel to broaden the communication with all aspects of the support base.

Finance

The Company continues to be funded by its principal shareholder, Chestnut Hill Ventures LLC ("CHV") and by directors. The fully drawn down existing facility of £20m (CHV Facility) provided by CHV remains in place. Additional funding requirements during the year have been met by CHV and certain directors subscribing for new B ordinary shares of £1 each at par. During the year 3,150,000 B ordinary shares were so issued raising £3.2m of funds for the Company. Since the year end CHV has subscribed for 2,700,000 B ordinary shares raising a further £2.7m as well as providing current account facilities.

The CHV Facility and the £525,000 Unsecured Loan Notes (Loan Notes), held by directors and their associates, were repayable on 1 July 2018. CHV and the Loan Notes holders had agreed that no interest would accrue in respect of the CHV Facility and Loan Notes until 30 June 2017. By an agreement dated 24 May 2017, CHV extended the suspension of interest until 1 July 2018 (when interest will begin to accrue again unless CHV agrees otherwise). The Loan Notes holders have agreed that no interest will accrue on the Loan Notes until the date on which the Company and CHV agree that interest will begin to accrue again in respect of the CHV Facility. The repayment date of CHV Facility and Loan Notes was also extended to 1 July 2019.

Under the accounting standards, the above changes to the loan terms were deemed to constitute a substantial modification of the original facilities. The consequence has been to extinguish the £19.4m carrying value of the loan liability at the date of the modification and recognise a new liability of £18.4m, being the fair value of the loan facilities under the modified terms at that date. The £0.9m gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to equity.

Together with the further shareholder support arrangements referred to in note 1 to the financial statements, the further equity investment and extended loan facilities from CHV and the directors provides the Company with sufficient working capital to fund the operations of the Company and the costs that may be incurred on the regeneration over the next few years.

The balance sheet of the Company as at 30 June 2017 discloses that the Company has net liabilities and in accordance with Section 656 of the Companies Act 2006, the directors are convening a General Meeting to take place immediately following the forthcoming Annual General Meeting to consider what, if any, steps should be taken to deal with the situation in addition to the share subscription referred to above.

Strategic Report

Regeneration

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.

The Company therefore put forward its own scheme for the development of the land that it and the MCT lease from the Council. That scheme would create a significant amount of much-needed affordable and private housing, student accommodation, retail and office space and a substantial hotel and conference centre. The proposed plans incorporate improvements for the stadium itself, a new home for the MCT, affordable work space for some of the Club's neighbouring businesses and, very importantly, allow for the future extension of The Den and ensure the safe operation of the stadium on match days. Plans were initially prepared on behalf of the Club in 2006, and were revised and improved in 2010 and again in 2013. They were further updated during 2016. Discussions were opened with the local planning officers to press the Company's case for being allowed to undertake that part of the development of New Bermondsey that relates to the land around the stadium.

Your directors fully endorse and support the Council's stated intention that the Club and its stadium should be at the heart of the thriving and brighter community that can emerge in Lewisham and wish to ensure that the Company plays a full part in making this happen, and benefits accordingly. The Company's scheme provides an opportunity to bring much greater financial stability to the Club by generating the essential non-football revenues which are vital to the long term future of any football club.

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.

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 those attitudes and commitments are maintained over the coming months. It should be noted that all of the other major political parties are also 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.

Strategic Report

Principal risks and uncertainties

In common with many football clubs outside the FA Premier League the main business risk is the maintenance of a positive cash flow, bearing in mind the uncertainty of turnover and the high cost of maintaining a playing squad on which the success of the Group's business is largely dependent. In order to manage working capital there is the constant requirement to raise new finance and refinance existing facilities which, in turn, requires the continuing support of existing providers of those facilities.

A significant amount of the Club's revenue derives from ticket sales. Income generated from gate receipts is dependent on the level of attendance at matches. Weak economic conditions in the United Kingdom may have a negative impact on match attendance and gate receipts as supporters may have less disposable income.

Some income streams of the Club (such as television rights and related income) are dependent on third party contracts and arrangements to which the Club is not a party and over which the Club can exercise no or little influence.

As part of its normal activities, the Club deals in the trading of player registrations and there is always a risk of significant and lasting injuries to players that may impair player values. Players aged 24 years or older are free to move between clubs once their contract has come to an end and the Board monitors expiry dates carefully with a view to renewing contracts or realising value.

Relevant business risks are discussed during Board meetings so that, where a material exposure is identified, mitigating action can be taken.

Details of the Group's exposure to financial risks and the management procedures in place to mitigate these are set out in note 16 to these financial statements.

Going concern

The Board has considered the adoption of the going concern basis of preparation of these financial statements in light of the facilities currently available to the Group, as mentioned in note 1, and has concluded that the basis has been appropriately adopted in the accounts.

There is in place a £20m facility from CHV, which does not fall due for repayment until 1 July 2019. Since the year end CHV has also subscribed for £2.7m of new B ordinary share capital and undertaken to provide the Group with further support, if necessary, for at least the next 12 months. Your directors believe this provides sufficient working capital for the current needs of the Group for the foreseeable future.

The Board would like to thank players, management and staff for their hard work in making last season such a success, not just on the field of play but also in gaining the EFL Family Club of the Year award. The support of shareholders, fans and everyone connected with the Club has, as ever, been tremendous and to all of them, the Board extends its thanks.

On behalf of the Board

S Kavanagh Director

Date: 20 November 2017

Directors' Report

The directors present their report on the affairs of the Group, together with the accounts and independent auditor's report for the year ended 30 June 2017.

Directors

The directors, who served during the year and to the date of this report, are as follows:

John G Berylson (*Non-Executive Chairman*)
James T Berylson (*Non-Executive*)
Peter Garston (*Non-Executive, appointed 17 March 2017*)
Constantine Gonticas (*Non-Executive*)
Trevor Keyse (*Non-Executive*)
Demos Kouvaris (*Non-Executive*)
Richard S Press (*Non-Executive*)
Andrew Ambler (*Executive, resigned 30 October 2016*)
Stephen Kavanagh (*Executive, appointed 31 October 2016*)

In accordance with the Articles of Association, Mr John G Berylson, Mr Demos Kouvaris and Mr Trevor Keyse retire by rotation and, being eligible, each offers himself for re-election at the Annual General Meeting. Mr Peter Garston also retires having been made a director since the last Annual General Meeting and offers himself for re-election.

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 Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 Group and Company and of the profit or loss of the Group 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of 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.

Website publication

The directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Financial risk management objectives and policies

Details of the Group's exposure to financial risks and the management procedures in place to mitigate these are set out in note 16 to these financial statements. Details of the use of financial instruments by the Company and its subsidiary undertakings are also contained in this note.

Political and charitable donations

During the year, the Group made no charitable contributions (2016: £70,000). The Group made no political donations.

Market value of land and buildings

Given the specialised nature of the Group's property interests, the directors do not consider that, without incurring the expense of a specialist third party professional valuer, there is a readily ascertainable market value for the Group's properties, which are carried in the accounts at cost less depreciation.

Payment of creditors

The Group's and Company's policy is to settle agreed amounts outstanding to creditors within sixty days. This policy is made known to staff who handle payments to suppliers and is made known to suppliers on request. The Company had no trade creditors at 30 June 2017 (2016: £nil). The Group's trade creditors at 30 June 2017 represented 62 days purchase (2016: 57 days).

Employee involvement

The Group operates employment policies, which place emphasis upon employee involvement where possible. The Group practices equality of employment opportunity irrespective of sex, race, colour, marital status or ethnic or national origins. It is the Group's policy to offer equal opportunity to disabled persons wherever appropriate, having regard to their aptitudes and abilities.

Directors' Report

Other disclosures

Disclosure of exposure to financial risks, post balance sheet events and future developments are included in the Strategic Report on pages 4 to 8.

Auditors

All 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.

On behalf of the Board

S Kavanagh Director

Date: 20 November 2017

Independent Auditor's Report

To the members of Millwall Holdings PLC

Opinion

We have audited the financial statements of Millwall Holdings PLC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2017 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company 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 the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and the financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom 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 group's and of the parent company's affairs as at 30 June 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 group's or the parent 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 strategic report and 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.

Opinion 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.

Independent Auditor's Report

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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 group's and the parent 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 group or parent 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.

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

Date: 20 November 2017

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

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2017

	Notes	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Revenue	1,2	9,988	8,324
Other income – profit on disposal of player’s registrations		514	85
Staff costs	5	(9,373)	(7,992)
Amortisation of players’ registrations	8	(238)	(600)
Depreciation of property, plant and equipment	9	(242)	(238)
Total depreciation and amortisation expense		(480)	(838)
Other expenses		(5,411)	(5,426)
Loss from operations	4	(4,762)	(5,847)
Finance expense	3	(1,049)	(1,255)
Loss before taxation		(5,811)	(7,102)
Tax expense	7	–	–
Loss after tax for the financial year and total comprehensive loss		(5,811)	(7,102)

All amounts relate to continuing activities.

The accompanying notes form an integral part of this Consolidated Statement of Comprehensive Income.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Ordinary shares of £10 each £000	Deferred shares of 0.09p each £000	Share premium account £000	B ordinary shares of £1 each £000	Capital reserve £000	Retained deficit £000	Total equity £000
1 July 2015	13,905	2,333	15,152	12,375	21,474	(76,948)	(11,709)
B ordinary shares issued in year	–	–	–	5,800	–	–	5,800
Gain on shareholder loan modification	–	–	–	–	–	3,364	3,364
Loss for the year	–	–	–	–	–	(7,102)	(7,102)
30 June 2016	13,905	2,333	15,152	18,175	21,474	(80,686)	(9,647)
1 July 2016	13,905	2,333	15,152	18,175	21,474	(80,686)	(9,647)
B ordinary shares issued in year	–	–	–	3,150	–	–	3,150
Gain on shareholder loan modification	–	–	–	–	–	947	947
Loss for the year	–	–	–	–	–	(5,811)	(5,811)
30 June 2017	13,905	2,333	15,152	21,325	21,474	(85,550)	(11,361)

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity.

Consolidated Statement of Financial Position

at 30 June 2017

Company number: 2355508

	Notes	30 June 2017 £000	30 June 2016 £000
Non-current assets			
Intangible assets	8	907	222
Property, plant and equipment	9	14,162	14,162
		<u>15,069</u>	<u>14,384</u>
Current assets			
Inventories	10	201	187
Trade and other receivables	11	1,282	1,018
Cash and cash equivalents		399	261
		<u>1,882</u>	<u>1,466</u>
Total assets		<u>16,951</u>	<u>15,850</u>
Non-current liabilities			
Trade and other payables	12	(678)	(844)
Financial liabilities	13	(18,744)	(18,642)
Deferred income	12	(2,478)	(2,622)
		<u>(21,900)</u>	<u>(22,108)</u>
Current liabilities			
Trade and other payables	12	(4,560)	(1,951)
Deferred income	12	(1,852)	(1,438)
		<u>(6,412)</u>	<u>(3,389)</u>
Total liabilities		<u>(28,312)</u>	<u>(25,497)</u>
Net liabilities		<u>(11,361)</u>	<u>(9,647)</u>
Equity			
Called up share capital	14,19	37,563	34,413
Share premium	19	15,152	15,152
Capital reserve	19	21,474	21,474
Retained deficit	19	(85,550)	(80,686)
Total equity attributable to the shareholders of the parent (in deficit)		<u>(11,361)</u>	<u>(9,647)</u>

The accounts on pages 13 to 33 were approved by the Board of Directors and authorised for issue on 20 November 2017

S Kavanagh
Director

The accompanying notes form an integral part of this Consolidated Statement of Financial Position.

Consolidated Statement of Cash Flows

for the year ended 30 June 2017

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Cash flows from operating activities		
Loss before taxation	(5,811)	(7,102)
Depreciation on property, plant and equipment	242	238
Amortisation of intangible assets	238	600
Amortisation of grants	(82)	(82)
Profit on disposal of players' registrations	(514)	(85)
Finance expense	1,049	1,255
	(4,878)	(5,176)
Cash flows from operating activities before changes in working capital		
(Increase)/decrease in inventory	(14)	9
Decrease in trade and other receivables	33	44
Increase/(decrease) in trade and other payables and deferred income	1,408	(942)
	(3,451)	(6,065)
Net cash flow from operations		
Investing activities		
Purchase of property, plant and equipment	(242)	(199)
Proceeds on disposal of players' registrations	217	117
Purchase of players' registrations	(286)	(360)
	(311)	(442)
Net cash flow from investing activities		
Financing activities		
Issue of B ordinary shares	3,150	5,800
Net drawdown under loan note and other facilities	750	350
	3,900	6,150
Net cash flow from financing activities		
Net movement in cash and cash equivalents	138	(357)
Cash and cash equivalents at start of year	261	618
Cash and cash equivalents at end of year	399	261

The accompanying notes form an integral part of this Consolidated Statement of Cash Flows.

Notes to the Accounts

for the year ended 30 June 2017

I Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and in accordance with those parts of the Companies Act 2006 that remain applicable to groups reporting under IFRS.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared under the historical cost basis.

Going concern

At 30 June 2017, the Group had net liabilities of £11.4 million and net current liabilities of £4.5 million.

The directors continually monitor the financial position of the Group and have prepared the financial statements on a going concern basis, having had regard to:

- cash flow projections prepared to 30 June 2018, and expected cash flow forecasts for the year thereafter, including the effect of player trading; and
- the continuing provision of facilities to the Group from Chestnut Hill Ventures LLC ("CHV"), a company controlled by the Chairman, John G Berylson. The repayment date on the existing £20 million loan facility was extended during the year to 1 July 2019. Since the year end CHV has subscribed for a further 2.7 million B ordinary shares of £1 each, which cleared down the £1.1 million year end working capital facility and raised a further £1.6 million to improve cash resources. CHV has also undertaken to provide the Group with further support, if necessary, for at least the next 12 months.

While there will always remain inherent uncertainty, the directors remain confident that they will be able to manage the Group's finances and operations so as to achieve the forecasted cash flows and, with the continued support of CHV, consider 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.

New standards and interpretations

There have been no new standards, interpretations or amendments issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) during the year that have an impact on the financial statements of the Group.

The IASB and IFRIC have issued or amended the following standards and interpretations that are mandatory for later accounting periods, are relevant to the Group, and which have not been adopted early for the year ended 30 June 2017. These are:

- IFRS 15 – Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018) is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition.
- IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 1 January 2018) replaces IAS 39 and contains new requirements which cover the classification, measurement and impairment of financial instruments as well as hedge accounting.
- IFRS 16 – Leases (effective for accounting periods beginning on or after 1 January 2019) sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessor and lessee. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model that will require lessees to recognise assets and liabilities for all material leases with a term of more than 12 months and depreciate lease assets separate from interest on lease liabilities in the income statement. This has not yet been endorsed for use in the EU.

The directors are yet to determine the full impact that the adoption of these standards and interpretations and whether they will have a material impact on the Group's financial statements in the period of initial application, on recognition, measurement, presentation and disclosure.

The IASB has also issued or made amendments to IAS 7, IAS 12, IAS 40, IFRS 2, IFRS 4, IFRIC 22 and IFRS 23 but these changes are not relevant to the current operations of the Group.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

I Accounting policies (continued)

Basis of consolidation

The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries, The Millwall Football and Athletic Company (1985) PLC and Millwall Properties Limited). Control is achieved where the following three elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. The consolidated financial statements present the financial results of the Company and its subsidiaries (the Group) as if they formed a single entity.

The results of subsidiaries acquired or disposed during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate, using the purchase method.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Players' registrations

The costs associated with the acquisition of players' registrations are initially recorded at fair value of the consideration payable at the date of acquisition as intangible fixed assets. These costs are fully amortised over the period of the respective players' contracts.

For the purposes of impairment reviews, acquired players' registrations are classified as a single cash-generating unit until the point at which it is made clear that the player is no longer an active member of the playing squad. In these circumstances the carrying value of the player's registration is reviewed against a measurable net realisable value.

Acquired players' registrations are classified as "Assets held for sale" on the statement of financial position if, at any time, it is considered that the carrying amount of a registration will be recovered principally through sale and an active programme is in place to sell the player. The measurement of the registration is the lower of (a) fair value (less costs to sell) and (b) carrying value. Amortisation of the asset is suspended at the time of reclassification, although impairment charges are made if applicable.

Signing on fees

Signing on fees are charged, on a straight line basis, to the statement of comprehensive income over the period of the player's contract. Prepayments/accruals arising at each period end are included within prepayments and accrued income or accruals within current assets or current liabilities, as appropriate. Where a player's registration is transferred, any signing on fee payable in respect of future periods are charged against the profit/(loss) on disposal of players' registrations in the period in which the disposal is recognised.

Transfer fees

Transfer fees receivable are recognised in the period in which the registration is transferred and any profit or loss arising is dealt with in the statement of comprehensive income. Contingent transfer fees receivable are recognised once the contingent conditions have been met.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life on a straight line basis, as follows:

Long leasehold premises	– 1% per annum
Fixtures and fittings	– 20% per annum
Pitch renovation	– over the next season
Motor vehicles	– 25% per annum

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

Inventory

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to sell. Provision is made for obsolete, slow moving or defective items where appropriate.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

I Accounting policies (continued)

Impairment of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the other expenses line item in the consolidated statement of comprehensive income.

Taxation

Corporation tax payable is provided on taxable profits at the rates that are enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred tax is calculated using the balance sheet asset-liability method of tax allocation for all temporary differences arising between the book value of assets and liabilities and their tax bases, except for differences arising on:

- the initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiary where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that there will be future taxable profits on which this asset can be charged. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will arise.

Deferred taxation balances are calculated at rates either enacted or substantively enacted at the balance sheet date and are shown on the balance sheet separately from current tax assets and liabilities and categorised among non-current items.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable group company or different group entities which intend to either settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Pension costs and other post retirement benefits

For defined contribution schemes the amount charged to profit and loss in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Where the Group is a member of a multi-employer scheme and a reliable identification of its assets and liabilities cannot be made then in accordance with IAS 19: "Employee Benefits" the contributions to the scheme are accounted for as though the scheme were a defined contribution scheme.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities:

Financial assets

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and then subsequently carried at amortised cost using the effective rate method.

Financial liabilities

Other financial liabilities: Other financial liabilities include the following items - Trade payables and other short-term monetary liabilities, which are initially recognised at fair value; Loan note borrowings which are initially recognised at fair value being the net present value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest payable while the liability is outstanding. Where there is a substantial modification to the loan terms the existing financial liability is extinguished and a new financial liability is recognised at fair value.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

I Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits all with maturities of three months or less from inception, and bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

Finance income

Interest income is accrued on a time basis, by reference to the principal outstanding and under the effective interest method.

Leased assets

Finance leases are those which transfer substantially all of the risks and rewards of ownership to the lessee. Assets held under finance leases are capitalised as property, plant and equipment and are depreciated over the shorter of the lease term or their useful economic life. The capital elements of future lease obligations are included within borrowings, while the interest elements are charged to the statement of comprehensive income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

All other leases are operating leases, the rentals on which are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Trade and other payables and receivables

Trade and other payables and receivables on normal terms are stated at their nominal value, less, in the case of receivables, any impairment losses that may be required.

Other payables, on deferred terms, in particular the purchase of players' registrations, are recorded at their fair value on the date of the transaction and subsequently at amortised cost.

Other receivables on deferred terms, in particular the proceeds from sales of players' registrations, are recorded at their fair value at the date of sale and subsequently at amortised cost less allowances for impairment.

Revenue recognition

Revenue represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Revenue is recognised at the fair value of the consideration receivable. Revenue is split between three categories of income stream; Match Day, Central League Awards and Commercial.

Match Day

Match Day revenue represents income receivable from all match day activities from Millwall games at The Den, together with the share of gate receipts from cup games not played at The Den. The share of gate receipts payable to the other participating club for domestic cup matches played at The Den is treated as a reduction in revenue. Season ticket revenue is recognised over the period of the football season as home matches are played.

Central League Awards

Central League Award revenue comprises the Basic Award and the Solidarity Award from the Football League, along with grant income for the academy, prize money earned from cup competitions and income from other membership organisations. Awards are recognised over the financial period to which they relate once the revenue can be measured reliably.

Commercial

Commercial revenue comprises income receivable through sponsorship, shop revenue, use of the conference and catering facilities at The Den on non-match days and sundry other income. Sponsorship contracts are recognised over the duration of the contract, either on a straight line basis, or over the period of the football season, as appropriate based on the terms of the contract. Catering revenues are recognised on an earned basis. Revenue from sale of branded products is recognised at the point of dispatch when significant risks and rewards of ownership are deemed to have been transferred to the buyer.

Deferred income

All income received in advance of football activities, such as season ticket revenue, league awards, advertising, sponsorship and broadcasting revenues are treated as deferred income and released to income over the period or number of matches to which they relate.

Grants

Grants relating to property, plant and equipment are treated as deferred income and released to the income statement over the estimated life of the original assets concerned. Other grants are credited to the statement of comprehensive income as the related expenditure is incurred.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

2 Segmental analysis

The Group has one main operating segment in the current and preceding year, that of professional football operations. As a result, no additional operating segment information is required to be provided. It operates in one geographical segment, the United Kingdom. Chief operating decisions are made primarily by the Board of Directors.

The analysis of group revenue is as follows:

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Match Day	5,160	4,326
Central League Awards	2,782	1,946
Commercial	2,046	2,052
	9,988	8,324

3 Finance expense

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
<i>Finance expense</i>		
Interest on loan notes (see notes 13 and 16)	1,049	1,255

4 Loss from operations

Loss from operations is stated after charging/(crediting):

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Depreciation and amounts written off property, plant and equipment		
– owned	242	238
Amortisation of grant	(82)	(82)
Amortisation of player registrations	238	600
Operating lease rentals		
– land and property	237	237
Auditors' remuneration		
– Audit of company financial statements	6	5
– Audit of financial statements of subsidiaries	33	31
– Taxation services	8	8
– Other services	3	6
Profit on sale of players' registrations	(514)	(85)

Notes to the Accounts

for the year ended 30 June 2017 (continued)

5 Staff costs

The average monthly number of employees in the Group (including executive directors) was:

	Year ended 30 June 2017 Number	Year ended 30 June 2016 Number
Football team management	16	15
Administrative and ground staff	73	80
Players (including Academy)	52	51
	<u>141</u>	<u>146</u>

In addition, the Group employs, on average, a further 120 (2016: 95) temporary staff on matchdays.

Aggregate remuneration comprised:

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Wages and salaries	8,477	7,154
Social security costs	840	773
Pension costs	56	65
	<u>9,373</u>	<u>7,992</u>

6 Directors' remuneration

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Directors' emoluments (including benefits in kind)	<u>211</u>	<u>134</u>
Pension costs	<u>18</u>	<u>27</u>
Compensation for loss of office	<u>30</u>	<u>-</u>
Total directors' remuneration	<u>259</u>	<u>161</u>

Payments to money purchase pension schemes were made in respect of two directors (2016: one)

The remuneration of the highest paid director was £172,000 including £8,000 of pension contributions.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

7 Tax expense

No taxation charge arises in either the current or prior year due to the incidence of losses incurred.

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

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Loss on ordinary activities before tax	(5,811)	(7,102)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	(1,148)	(1,420)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	328	323
Losses for which deferred tax assets are not recognised	820	1,097
Total tax charge for the year	–	–

Deferred tax

At 30 June 2017 the Group had estimated tax losses carried forward of £79.6m (2016: £75.5m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2017 financial year the Board has decided to not recognise any deferred tax asset as the utilisation of tax losses in a reasonably foreseeable time-frame is not considered probable. The amount of the unprovided deferred tax asset at a future UK tax rate of 17% (2016: 17%) is calculated at £13.5m (2016: £12.8m).

At 30 June 2017 the Group had £9.0m (2016: £9.0m) of unclaimed capital allowances. These have not been recognised as the Board cannot prudently estimate that these will be utilised in the forthcoming period. The amount of the unprovided deferred tax asset is calculated as £1.5m (2016: £1.5m).

At 30 June 2017 the Group had capital losses carried forward of £4.7m (2016: £4.7m). These have not been recognised as the Board cannot prudently estimate that these will be utilised in the forthcoming period. The amount of the unprovided deferred tax asset is calculated as £0.8m (2016: £0.8m).

Notes to the Accounts

for the year ended 30 June 2017 (continued)

8 Intangible assets

	<i>Players' registrations £000</i>
<i>Cost</i>	
1 July 2015	1,539
Additions	225
Disposals	(229)
30 June 2016	1,535
Additions	923
Disposals	(815)
30 June 2017	1,643
<i>Amortisation</i>	
1 July 2015	942
Charge for the year	600
Disposals	(229)
30 June 2016	1,313
Charge for the year	238
Disposals	(815)
30 June 2017	736
<i>Net book value</i>	
30 June 2016	222
30 June 2017	907

Included in the net book value of players' registrations are two registrations at a net book value at 30 June 2017 of £450,000 and £350,000 (2016: one at £132,000). The remaining useful life of these registrations is three years.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

9 Property, plant and equipment

	Long leasehold premises £000	Fixtures and fittings £000	Pitch renovation £000	Well Hall £000	Motor vehicles £000	Total £000
<i>Cost</i>						
1 July 2015	17,629	4,023	153	–	42	21,847
Additions	–	87	–	112	–	199
30 June 2016	17,629	4,110	153	112	42	22,046
Additions	–	76	–	166	–	242
30 June 2017	17,629	4,186	153	278	42	22,288
<i>Accumulated depreciation</i>						
1 July 2015	3,902	3,549	153	–	42	7,646
Charge for the year	176	62	–	–	–	238
30 June 2016	4,078	3,611	153	–	42	7,884
Charge for the year	176	66	–	–	–	242
30 June 2017	4,254	3,677	153	–	42	8,126
<i>Net book value</i>						
30 June 2016	13,551	499	–	112	–	14,162
30 June 2017	13,375	509	–	278	–	14,162

Included in amounts classified as long leasehold premises are the costs associated with the building of a football stadium at Senegal Fields.

The Well Hall asset represents the new Academy building which was still under construction at 30 June 2017. Therefore it is not currently being depreciated until it is brought into use.

10 Inventories

	30 June 2017 £000	30 June 2016 £000
Goods for resale	201	187

Goods for resale include an amount of £66,000 (2016: £166,000) carried at realisable value less costs to sell. The amount of inventories recognised as an expense during the year was £396,000 (2016: £550,000).

11 Trade and other receivables

	30 June 2017 £000	30 June 2016 £000
<i>Current:</i>		
Trade receivables	618	257
Prepayments and accrued income	664	761
	1,282	1,018

Notes to the Accounts

for the year ended 30 June 2017 (continued)

11 Trade and other receivables (continued)

All amounts shown under trade receivables fall due for payment within one year, with the exception of £99,000 which is due in August 2018.

In the directors' opinion the carrying value of trade and other receivables are stated at their fair value, after deduction of appropriate allowances for irrecoverable amounts, as these assets are not interest bearing and receipts occur over a short period. They are therefore subject to an insignificant risk of changes in value. All trade and other receivables that are neither past due nor impaired are considered recoverable.

At 30 June 2017 trade receivables of £28,000 (2016: £Nil) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	30 June 2017 £'000	30 June 2016 £'000
3 to 6 months	28	–
	28	–

12 Trade and other payables

	30 June 2017 £000	30 June 2016 £000
<i>Current:</i>		
Trade and other payables	1,790	882
Taxation and social security	443	525
Amount due to parent company	1,100	350
Accruals	1,227	194
	4,560	1,951
Deferred income	1,852	1,438
	6,412	3,389
<i>Non-current:</i>		
Trade and other payables	165	192
Accruals	513	652
	678	844
Deferred income	2,478	2,622
	3,156	3,466

The amount due to the parent company is unsecured, interest free and repayable on demand.

Included within deferred income is:

- an amount of £1,707,000 (2016: £1,294,000) relating to amounts received in advance, in respect of season tickets, executive boxes and sponsorship relating to the following year.
- unamortised grants totalling £2,123,000 (2016: £2,204,000) received in respect of the long leasehold premises and other fixtures and fittings.
- unamortised proceeds of £500,000 (2016: £562,000) from the sale of the Training Ground in excess of market value which are being amortised on a straight line basis over 20 years to 2025.

In the directors' opinion the carrying values of trade and other payables are stated at their fair value as they are not interest bearing and payments occur over a short period. They are therefore subject to an insignificant risk of changes in value. All trade and other payables are considered to be payable within 60 days, with the exception of those described as non-current which are payable in more than one year. The fair values of these non-current payables are not considered to be materially different from their carrying values.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

13 Financial liabilities

	30 June 2017 £000	<i>30 June 2016 £000</i>
<i>Non-current:</i>		
Non-convertible loan notes	18,518	18,416
Interest accrued on loan notes	226	226
	18,744	18,642

All financial liabilities are classified as financial liabilities at amortised cost.

The loan notes have a nominal value of £20,525,000 but, following a substantial modification to their terms in May 2017, were re-recognised at their fair value of £18,416,000. This discount to nominal value is being charged to profit and loss as a finance cost over the facility term.

£20,000,000 of the loan notes are secured by a fixed and floating charge over the current and future assets of the Group. The remaining £525,000 of loan notes are unsecured.

Further details in respect of the loan note instruments are provided in note 16.

At 30 June 2017 loan note liabilities were due as follows:

	30 June 2017 £000	<i>30 June 2016 £000</i>
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	18,518	18,416
	18,518	18,416

On 24 May 2017 the repayment date for all loan note facilities was extended to 1 July 2019.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

14 Share capital

	30 June 2017 Number	30 June 2016 Number
Allotted, called up and fully paid		
Ordinary shares of £10 each	1,390,523	1,390,523
B ordinary shares of £1 each	21,325,000	18,175,000
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	2,614,802,690	2,611,652,690
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £10 each	13,905	13,905
B ordinary shares of £1 each	21,325	18,175
Deferred shares of 0.09p each	2,333	2,333
	37,563	34,413

B ordinary shares

During the year the Company issued 3,150,000 new B ordinary shares of £1 each, at par, for cash.

The B ordinary shares are non-voting and carry no entitlement to receive any dividends, but rank above the ordinary and deferred shares on a return of assets on liquidation. They are also redeemable at the option of the Company.

Deferred shares

The rights attaching to the deferred shares render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the Company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Warrants

At 30 June 2016 there were 30,683 share warrants in issue which were exercisable, at any time prior to 30 March 2017, at a price of £40 each. As these warrants were not exercised by that date they have now expired.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

15 Financial commitments and contingent assets/liabilities

a) Non-cancellable operating leases

The total value of minimum lease payments in respect of property leases are due as follows:-

	<i>Land and buildings</i>
	<i>30 June</i>
	<i>2017</i>
	<i>£000</i>
Not later than one year	237
Later than one year but not later than five years	1,047
Later than five years	7,440
	<hr/>
	8,724
	<hr/>
	8,961

b) Pensions

The Club participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2014 where the total deficit on the on-going valuation basis was £21.8 million. The key assumptions used to calculate the deficit at the 31 August 2014 actuarial valuation are:

Discount Rate	5.4% p.a. for the 1st 7 years, 4.4% p.a. for the following 10 years and 3.4% p.a. thereafter.
RPI inflation:	3.2% p.a.
Pension Increases:	3.0% p.a. for benefits accrued prior to 6 April 1997, and 3.7% p.a. for benefits accrued after 6 April 1997.
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS CMI_2013 2.0%

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 this actuarial valuation were rolled forward to 30 June 2017 when the Club's notional share of the deficit, calculated using the actuarial valuation assumptions, was £209,000 (2016: £233,000). This resulted in a charge of £18,000 (2016: £19,000) being made to profit and loss in the current year.

The Club currently has 1 employee who is a member of the scheme (2016: 1) and pays total contributions of £43,168 p.a. which increases at 5.0% p.a. Based on the actuarial valuation assumptions detailed above, these contributions will be sufficient to pay off the Club's share of the deficit by 31 August 2022.

Certain other employees of the Group, except for football players who are responsible for their own pension arrangements, are eligible to be members of defined contribution schemes. The assets of any schemes are held in funds separate from the Group.

c) Transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be receivable/payable by the Group if conditions as to future team selection are met. The maximum that could be receivable is £Nil (2016: £67,000). The maximum that could be payable is £280,000 (2016: £Nil). These amounts have not been provided for in the financial statements. These accounts do not include various payments or receipts that are determinable only on circumstances that are considered remote.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

16 Nature and extent of financial instruments

The Group's financial instruments include the following:

- trade and other receivables
- trade and other payables
- cash and cash equivalents
- accruals
- non-convertible loan notes

Categories of Financial Instruments

	30 June 2017 £000	30 June 2016 £000
<i>Classification of financial assets:</i>		
Trade receivables	618	257
Cash and cash equivalents	399	261
Total financial assets classified as loans and receivables at amortised cost	1,017	518
<i>Classification of financial liabilities:</i>		
Trade and other payables	1,955	1,074
Amount due to parent company	1,100	350
Accruals (including accrued interest on loan notes)	1,966	1,072
Amounts relating to non-convertible loan notes	18,518	18,416
Total financial liabilities measured at amortised cost	23,539	20,912

Financial Instruments – Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

The Group does not trade in financial instruments or carry out derivative transactions. There is no foreign currency exposure.

Credit risk

Maximum exposure to credit risk arises principally from the Group's trade and other receivables and cash at bank and cash equivalent. It is the risk that the counterparty fails to discharge their obligations and could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Group manages this risk by using a reputable bank and requesting references from customers that are previously unknown to the Group.

The Group does not consider that it has any significant risk due to the profile of its customers.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group considers the interest rates available when deciding where to place cash balances. The Group has no material exposure to interest rate risk as cash is held only on short-term deposit and the interest on all borrowings is fixed over the facility term.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

16 Nature and extent of financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and repayments of its liabilities. It is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's policy is to monitor and update cash flow forecasts on at least a weekly basis, to ensure that it will have sufficient cash available to it to allow it to meet its liabilities when they become due. Should a future cash shortfall be identified, the directors will explore the options available to the Group to raise the necessary funds. The Group had, at the year end, no undrawn loan facilities available but, as detailed in note 1, continues to receive financial support from its parent company.

The maturity analysis of financial liabilities is shown in note 13.

Interest bearing financial assets

Financial assets from time to time include sterling balances on deposit which may be withdrawn on demand. Interest is earned on cleared balances at market rate as and when monetary deposits are made. At 30 June 2017 the Group had no amounts (2016: £Nil) on deposit.

Non-convertible loan notes

Non-convertible loan notes at 30 June 2017 and 2016 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2018 to 30 June 2019. This facility was fully drawn down at 30 June 2017 and 2016. It is available to the Company until 1 July 2019 following a term extension in the year.
- A £20,000,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2018 to 30 June 2019. This facility was fully drawn down at 30 June 2017 and 2016. It is available to the Company until 1 July 2019 following a term extension in the year.

At the option of the Company the interest on all non-convertible loan notes may be settled by the issue of PIK notes which have the same terms as the loan notes to which they relate and carry the same interest terms.

The £20,000,000 facility is provided by CHV, the Company's immediate controlling party. During previous years, CHV agreed to suspend the payment of interest on the facility until 30 June 2017. The other loan note holders also agreed that no interest will accrue on their loan notes until the date on which the Company and CHV agree that interest will begin to accrue again on the CHV loan notes. On 24 May 2017, CHV extended the suspension of interest on its loan note facility to 30 June 2018 and the term of all loan notes was extended to 1 July 2019. These changes to the loan terms were deemed to constitute a substantial modification of the existing facilities. The consequence has been to extinguish the £19,363,000 carrying value of the loan liability at the date of the modification and recognise a new liability of £18,416,000, being the fair value of the loan notes under the modified terms at that date. The £947,000 gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to the retained deficit reserve.

Interest payable during the year of £1,049,000 comprises £947,000 of effective interest accruing on the loan prior to the modification and £102,000 of effective interest accruing after the modification.

Fair values

The fair value of the financial assets and liabilities at 30 June 2017 and 30 June 2016 are not considered to be materially different from their book values.

Capital disclosures

The Group's key management personnel define capital as the Group's cash holding of £399,000 (2016: £261,000); loan notes and accrued interest of £18,744,000 (2016: £18,642,000); the working capital amount owed to the parent company of £1,100,000 (2016: £350,000) and equity share capital and premium of £52,715,000 (2016: £49,565,000).

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can begin to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure the Group may seek to sell assets or issue equity instruments to reduce debt.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

17 Related party transactions

John G Berylson (Non-Executive Chairman) and Demos Kouvaris (Non-Executive Director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of CHV, the Company's immediate controlling party. CHV has advanced the following lines of credit to the Company:

- A £20,000,000 non-convertible loan note facility carrying interest at 12% p.a. calculated daily and consolidated quarterly. At 30 June 2017 £20,000,000 (2016: £20,000,000) of this facility had been drawn down.
- An interest free working capital facility which is repayable on demand. At 30 June 2017 £1,100,000 (2016: £350,000) had been drawn down against this facility.

During the year, no interest (2016: £Nil) was charged under facilities provided by CHV since, as described in note 16, the charging of interest has been suspended until 30 June 2018. However, an effective interest charge of £1,022,000 (2016: £1,255,000) has been recognised in profit and loss in the year in respect of this facility.

During the year ended 30 June 2012, Messrs. C Gonticas (Non-Executive Director), T Keyse (Non-Executive Director) and J Press, spouse of R Press (Non-Executive Director), subscribed for £300,000 of non-convertible loan notes which carry interest at 12% p.a. At 30 June 2017, the balance drawn under this facility was £300,000 (2016: £300,000). During the year, no interest (2016: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 30 June 2018, although an effective interest charge of £15,000 (2016: £Nil) has been recognised in profit and loss in respect of this facility. Total accrued interest of £161,000 (2016: £161,000) remains unpaid at the balance sheet date.

During the year ended 30 June 2013, Messrs. C Gonticas (Non-Executive Director), T Keyse (Non-Executive Director), and J Press, spouse of R Press (Non-Executive Director), subscribed for £200,000 of non-convertible loan notes which carry interest at 12% p.a. At 30 June 2017, the balance drawn under this facility was £200,000 (2016: £200,000). During the year no interest (2016: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 30 June 2018, although an effective interest charge of £10,000 (2016: £Nil) has been recognised in profit and loss in respect of this facility. Total accrued interest of £65,000 (2016: £65,000) remains unpaid at the balance sheet date.

The Group's key management personnel are considered to be the Company's directors. Details of their remuneration are given in note 6.

18 Accounting estimates and judgements

Critical accounting judgements in applying the Group's policies

The preparation of financial statements under IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Certain critical accounting judgements made in applying the Group's accounting policies are described below:

Acquired players' registrations

In assessing whether the registration of any individual player requires reclassification to "Assets held for sale" and, if so, whether any impairment charge is required, the directors will apply the accounting policy detailed in note 1.

Useful lives of intangible assets

Intangible assets are amortised over the length of the players' contract which is deemed to be their useful lives and management's estimates as to their continuing usefulness to the football side.

Useful lives and residual values of property, plant and equipment

Property, plant and equipment are amortised or depreciated to their residual values over their useful lives. Useful lives are based on management estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

Fair value of loan note facilities

In assessing the fair value of loan note facilities on initial recognition, the directors determine the present value of the liability by discounting the total future cash flows using a market rate of interest.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

19 Reserves

Reserve	Description and purpose
Share capital	Amount subscribed for ordinary and deferred share capital at nominal value.
Share premium	Amount subscribed for ordinary and deferred share capital in excess of nominal value.
Equity proportion of convertible loan notes	The residual equity element of convertible loan note instruments after deducting all liability components.
Capital reserve	Amount arising on cancellation of deferred shares and share premiums in prior years.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income plus any capital contributions received from shareholders.

20 Subsequent events

Since the balance sheet date CHV has subscribed for a further 2.7 million new B ordinary shares of £1 each in the Company at par.

21 Ultimate controlling party

The Company 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 John G Berylson and Richard A Smith, as Trustee of the Phillip Smith dec'd Will Trust.

Company Balance Sheet

as at 30 June 2017

Company number: 2355508

	Notes	30 June 2017 £000	30 June 2016 £000
Fixed assets			
Investments	v	8,546	9,409
Current assets			
Debtors	vi	22	22
Cash at bank and in hand		-	-
		22	22
Creditors: Amounts falling due within one year	vii	(1,185)	(436)
Net current liabilities		(1,163)	(414)
Total assets less current liabilities		7,383	8,995
Creditors: Amounts falling due after more than one year	viii	(18,744)	(18,642)
Net liabilities		(11,361)	(9,647)
Capital and reserves			
Called up share capital	ix	37,563	34,413
Share premium account		15,152	15,152
Capital reserve		21,416	21,416
Retained deficit		(85,492)	(80,628)
Shareholders' funds (in deficit)		(11,361)	(9,647)

The Company has taken advantage of the exemption in the Companies Act 2006 S408 not to present its own profit and loss account. A loss of £5,811,000 (2016: £7,102,000) of the consolidated loss for the year attributable to the shareholders of Millwall Holdings PLC has been dealt with in the accounts of the Company.

The accounts on pages 34 to 41 were approved by the Board of Directors and authorised for issue on 20 November 2017

S Kavanagh

Director

The accompanying notes form an integral part of this Balance Sheet.

Company Statement of Changes in Equity

for the year ended 30 June 2017

	Ordinary shares of £10 each £000	Deferred shares of 0.09p each £000	Share premium account £000	B ordinary shares of £1 each £000	Capital reserve £000	Retained deficit £000	Total equity £000
1 July 2015	13,905	2,333	15,152	12,375	21,416	(76,890)	(11,709)
B ordinary shares issued in year	–	–	–	5,800	–	–	5,800
Gain on shareholder loan modification	–	–	–	–	–	3,364	3,364
Loss for the year	–	–	–	–	–	(7,102)	(7,102)
30 June 2016	13,905	2,333	15,152	18,175	21,416	(80,628)	(9,647)
1 July 2016	13,905	2,333	15,152	18,175	21,416	(80,628)	(9,647)
B ordinary shares issued in year	–	–	–	3,150	–	–	3,150
Gain on shareholder loan modification	–	–	–	–	–	947	947
Loss for the year	–	–	–	–	–	(5,811)	(5,811)
30 June 2017	13,905	2,333	15,152	21,325	21,416	(85,492)	(11,361)

The accompanying notes form an integral part of this Statement of Changes in Equity.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

i Accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom Accounting Standards, specifically 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 the exercise of judgement in applying the Company's accounting policies (see note ii).

In preparing the separate 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;
- 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; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Company as their remuneration is included in the totals for the Group as a whole.

The principal accounting policies are summarised below.

Going concern

At 30 June 2017, the Company had net liabilities of £11.4 million and net current liabilities of £1.2 million.

The directors continually monitor the financial position of the group headed by the Company and have prepared the financial statements on a going concern basis, having had regard to:

- cash flow projections prepared to 30 June 2018 and expected cash flow forecasts for the year thereafter, including the effect of player trading; and
- the continuing provision of facilities to the Company from Chestnut Hill Ventures LLC ("CHV"), a company controlled by the Chairman, John G Berylson. The repayment date on the existing £20 million loan facility was extended during the year to 1 July 2019. Since the year end CHV has subscribed for a further 2.7 million B ordinary shares of £1 each, which cleared down the £1.1 million year end working capital facility and raised a further £1.6 million to improve cash resources. CHV has also undertaken to provide the Company with further support, if necessary, for at least the next 12 months.

While there will always remain 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, with the continued support of CHV, consider 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.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Corporation tax payable is provided on taxable profits at the rates that are enacted or substantively enacted at the balance sheet date.

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.

Financial instruments

The Company has no financial instruments measured at fair value through profit and loss. All financial instruments are initially measured at transaction price and subsequently held at amortised cost (less any impairment, where relevant) using the effective interest method.

Loan note borrowings which are initially recognised at fair value being the net present value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premia payable on redemption, as well as any interest payable while the liability is outstanding. Where there is a substantial modification to the loan terms the existing financial liability is extinguished and a new financial liability is recognised at fair value.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

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

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

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

In preparing these financial statements, the key estimates relate to:

- The determination of the carrying value of the Company's investments in its subsidiary undertakings. The directors have recognised an impairment provision in the year amounting to £4,482,000 which has been determined by reference to the underlying net asset value of each of the subsidiary undertaking.
- The determination of the the fair value of loan note facilities on initial recognition. In assessing this fair value the directors have calculated the present value of the liability by discounting the total future cash flows using a market rate of interest.

iii Employees

The average number of employees of the Company during the year, including directors, was 7 (2016: 7). There were no employment costs borne by the Company in the current or prior year.

iv Loss for the year

The Company's loss for the year is stated after charging:

	Year ended 30 June 2017 £000	Year ended 30 June 2016 £000
Auditors' remuneration for the audit of Company financial statements	6	5
Directors' remuneration – paid by subsidiaries	259	134

Notes to the Accounts

for the year ended 30 June 2017 (continued)

v Investments

	Shares in subsidiary undertakings £000	Loan to subsidiary undertakings £000	Total £000
<i>Cost</i>			
1 July 2016	400	86,792	87,192
Additions	–	3,619	3,619
Write-offs	–	–	–
30 June 2017	400	90,411	90,811
<i>Amounts provided for</i>			
1 July 2016	–	77,783	77,783
Provided in year	–	4,482	4,482
Write-offs	–	–	–
30 June 2017	–	82,265	82,265
<i>Net book value</i>			
30 June 2017	400	8,146	8,546
30 June 2016	400	9,009	9,409

At 30 June 2017, the Company's subsidiaries, which are incorporated, registered and operate in England and Wales, were The Millwall Football and Athletic Company (1985) PLC, a football club, and Millwall Properties Limited, a property development company. The Company owns 100% of the issued share capital and the voting rights of each of these companies.

All investments are unlisted. In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet, taking into account underlying goodwill and the value of players' registrations.

vi Debtors

	30 June 2017 £000	30 June 2016 £000
VAT recoverable	21	21
Prepayments and accrued income	1	1
	22	22

All amounts shown under debtors in respect of the current year fall due for payment within one year.

vii Creditors: Amounts falling due within one year

	30 June 2017 £000	30 June 2016 £000
Other creditors	7	7
Amount due to parent company	1,100	350
Accruals and deferred income	78	79
	1,185	436

The amount due to the parent company was unsecured, interest free and repayable on demand.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

viii Creditors: Amounts falling due after more than one year

	30 June 2017 £000	30 June 2016 £000
Non-convertible loan notes	18,518	18,416
Interest accrued on loan notes	226	226
	18,744	18,642

The loan notes have a nominal value of £20,525,000 but, following a substantial modification to their terms in May 2017, were re-recognised at their fair value of £18,416,000. This discount to nominal value is being charged to profit and loss as a finance cost over the facility term.

£20,000,000 of the loan notes are secured by a fixed and floating charge over the current and future assets of the group headed by the Company. The remaining £525,000 of loan notes are unsecured.

Non-convertible loan notes at 30 June 2017 and 2016 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2018 to 30 June 2019. This facility was fully drawn down at 30 June 2017 and 2016. It is available to the Company until 1 July 2019 following a term extension in the year.
- A £20,000,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2018 to 30 June 2019. This facility was fully drawn down at 30 June 2017 and 2016. It is available to the Company until 1 July 2019 following a term extension in the year.

At the option of the Company the interest on all non-convertible loan notes may be settled by the issue of PIK notes which have the same terms as the loan notes to which they relate and carry the same interest terms.

The £20,000,000 facility is provided by CHV, the Company's immediate controlling party. During previous years, CHV agreed to suspend the payment of interest on the facility until 30 June 2017. The other loan note holders also agreed that no interest will accrue on their loan notes until the date on which the Company and CHV agree that interest will begin to accrue again on the CHV loan notes. On 24 May 2017, CHV extended the suspension of interest on its loan note facility to 30 June 2018 and the term of all loan notes was extended to 1 July 2019. These changes to the loan terms were deemed to constitute a substantial modification of the existing facilities. The consequence has been to extinguish the £19,363,000 carrying value of the loan liability at the date of the modification and recognise a new liability of £18,416,000, being the fair value of the loan notes under the modified terms at that date. The £947,000 gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to the retained deficit reserve.

Interest payable during the year of £1,049,000 comprises £947,000 of effective interest accruing on the loan prior to the modification and £102,000 of effective interest accruing after the modification.

At 30 June 2017 loan note liabilities were due as follows:

	30 June 2017 £000	30 June 2016 £000
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	18,518	18,416
	18,518	18,416

Notes to the Accounts

for the year ended 30 June 2017 (continued)

ix Share capital

	30 June 2017 Number	30 June 2016 Number
Allotted, called up and fully paid		
Ordinary shares of £10 each	1,390,523	1,390,523
B ordinary shares of £1 each	21,325,000	18,175,000
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	2,614,802,690	2,611,652,690
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £10 each	13,905	13,905
B ordinary shares of £1 each	21,325	18,175
Deferred shares of 0.09p each	2,333	2,333
	37,563	34,413

B ordinary shares

During the year the Company issued 3,150,000 new B ordinary shares of £1 each, at par, for cash.

The B ordinary shares are non-voting and carry no entitlement to receive any dividends, but rank above the ordinary and deferred shares on a return of assets on liquidation. They are also redeemable at the option of the Company.

Deferred shares

The rights attaching to the deferred shares render them effectively valueless. The deferred shares do not carry any voting rights or rights to payment of a dividend. On a winding up of the Company or on a return of capital the deferred shares entitle the shareholders only to the repayment of the amounts paid up on those shares after the repayment of the capital paid up on the ordinary shares and the payment of £100,000 on each ordinary share. The deferred shares are non redeemable.

Warrants

At 30 June 2016 there were 30,683 share warrants in issue which were exercisable, at any time prior to 30 March 2017, at a price of £40 each. As these warrants were not exercised by that date they have now expired.

Notes to the Accounts

for the year ended 30 June 2017 (continued)

x Related party transactions

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions with wholly owned group undertakings that are consolidated within the Company's consolidated financial statements.

John G Berylson (Non-Executive Chairman) and Demos Kouvaris (Non-Executive Director) are respectively Chairman, Chief Operating Officer and Chief Financial Officer of CHV, the Company's immediate controlling party. CHV has advanced the following lines of credit to the Company:

- A £20,000,000 non-convertible loan note facility carrying interest at 12% p.a. calculated daily and consolidated quarterly. At 30 June 2017 £20,000,000 (2016: £20,000,000) of this facility had been drawn down.
- An interest free working capital facility which is repayable on demand. At 30 June 2017 £1,100,000 (2016: £350,000) had been drawn down against this facility.

During the year, no interest (2016: £Nil) was charged under facilities provided by CHV since, as described in note viii, the charging of interest has been suspended until 30 June 2018. However, an effective interest charge of £1,022,000 (2016: £1,255,000) has been recognised in profit and loss in the year in respect of this facility.

During the year ended 30 June 2012, Messrs. C Gonticas (Non-Executive Director), T Keyse (Non-Executive Director) and J Press, spouse of R Press (Non-Executive Director), subscribed for £300,000 of non-convertible loan notes which carry interest at 12% p.a. At 30 June 2017, the balance drawn under this facility was £300,000 (2016: £300,000). During the year, no interest (2016: £Nil) accrued under these facilities since, as described in note viii, the charging of interest has been suspended until 30 June 2018, although an effective interest charge of £15,000 (2016: £Nil) has been recognised in profit and loss in respect of this facility. Total accrued interest of £161,000 (2016: £161,000) remains unpaid at the balance sheet date.

During the year ended 30 June 2013, Messrs. C Gonticas (Non-Executive Director), T Keyse (Non-Executive Director), and J Press, spouse of R Press (Non-Executive Director), subscribed for £200,000 of non-convertible loan notes which carry interest at 12% p.a. At 30 June 2017, the balance drawn under this facility was £200,000 (2016: £200,000). During the year no interest (2016: £Nil) accrued under these facilities since, as described in note viii, the charging of interest has been suspended until 30 June 2018, although an effective interest charge of £10,000 (2016: £Nil) has been recognised in profit and loss in respect of this facility. Total accrued interest of £65,000 (2016: £65,000) remains unpaid at the balance sheet date.

xi Subsequent events

Since the balance sheet date CHV has subscribed for a further 2.7 million new B ordinary shares of £1 each in the Company at par.

xii Ultimate controlling party

The Company 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 John G Berylson and Richard A Smith, as Trustee of the Phillip Smith dec'd Will Trust.

Millwall Holdings PLC

(Registered no. 02355508)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 annual general meeting of Millwall Holdings PLC (**Company**) will be held at The Den, Zampa Road, London, SE16 3LN at 11a.m. on 15 December 2017 to consider, and if thought fit pass, the resolutions below. Resolutions 1, 2, 3, 4, 5, 6 and 8 will be proposed as ordinary resolutions. Resolutions 7 and 9 will be proposed as special resolutions.

1. To receive the audited accounts of the Company for the year ended 30 June 2017 and the reports of the directors and auditors thereon.
2. To re-elect John G Berylson who retires by rotation, as a director.
3. To re-elect Demos Kouvaris who retires by rotation, as a director.
4. To re-elect Trevor Keyse who retires by rotation, as a director.
5. To re-elect as a director Peter Garston, who retires having been made a director since the last Annual General Meeting.
6. To re-appoint BDO LLP as auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the directors to fix their remuneration.
7. That the authorised share capital of the Company be and is hereby increased from £46,238,108.4503 to £66,238,108.4503, of which the maximum number of shares that can be issued as B ordinary shares of £1 each is 50,000,000.
8. That, in accordance with section 551 of the Companies Act 2006, the directors of the Company be generally and unconditionally authorised to allot B ordinary shares of £1 each ("B Shares") (or grant rights to subscribe for or to convert any security into B Shares) up to an aggregate nominal amount of £25,975,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 15 December 2022 save that the Company may, before such expiry, make an offer or agreement which would or might require B Shares to be allotted (or any such rights to be granted), and the directors of the Company may allot B Shares or grant any such rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006 which shall have full force and effect in addition to this authority.
9. That, subject to the passing of resolution 8, and in accordance with section 570 of the Companies Act 2006, the directors of the Company be given the general power to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred by that resolution 8, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall:
 - a. be limited to the allotment of equity securities up to an aggregate nominal amount of £25,975,000; and
 - b. expire on 15 December 2022 (unless renewed, varied or revoked by the Company prior to or on that date),save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By Order of the Board
T. Simmons
Secretary

Registered Office:
The Den,
Zampa Road,
London SE16 3LN

Date: 20 November 2017

Notes

- (1) A holder of ordinary shares entitled to attend, speak and vote at the meeting may appoint a proxy to exercise all or any of his rights to attend, speak and vote instead of him. A proxy can only be appointed using the procedures set out in these notes and the notes to the form of proxy. A proxy need not be a member of the Company but must attend at the meeting to represent the member appointing him.
- (2) A holder of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share.
- (3) A proxy form is enclosed. To be valid, the completed proxy form and the authority, if any, under which it is signed must be lodged with Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time fixed for the meeting. If you would prefer you may put your proxy form inside an envelope and write the Computershare address shown above onto the face of the envelope. Either method of returning your proxy form requires appropriate postage to be affixed.
- (4) Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- (5) Completion and return of the proxy form will not preclude members entitled to attend, speak and vote at the meeting (or at any adjournment of the meeting) from doing so in person if they so wish.
- (6) In the case of joint holders, the signature of any holder will be sufficient but the names of the joint holders should be stated. In the event of more than one joint holder voting in person or by proxy, the vote of the senior holder who enters a vote, by proxy or in person shall be accepted to the exclusion of the votes of the other joint holders, seniority being determined by the order in which their names stand in the register of members.
- (7) In the case of a corporation, the proxy must be under the common seal or signed on its behalf by a duly authorised officer of the corporation.
- (8) Each holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and, on a poll, one vote for each such ordinary share held.
- (9) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, holders of ordinary shares will be entitled to attend, speak and vote at the meeting only if they are entered in the register of members of the Company at close of business on the day which is two days before the day of the meeting or any adjournment thereof. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (10) Holders of deferred shares are not entitled to receive this Notice or to vote upon the resolutions proposed at the meeting.
- (11) Please note that communications regarding the matters set out in this Notice will not be accepted in electronic form.

The following explanatory notes should be read in conjunction with the Notice of annual general meeting

Resolutions Explanatory Notes

EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS SET OUT IN THE NOTICE

Resolution 1 - Report and Accounts

The directors will present their report and the audited accounts for the year ended 30 June 2017.

Resolutions 2, 3 and 4 – Re-election of John G Berylson, Demos Kouvaris and Trevor Keyse as directors

Under the Company's Articles of Association, John G Berylson, Demos Kouvaris and Trevor Keyse retire by rotation, and being eligible offer themselves for re-election.

Resolution 5 – Re-election of Peter Garston as a director

To re-elect as a director Peter Garston, who retires having been made a director since the last Annual General Meeting.

Resolution 6 - Appointment and remuneration of auditors

The Company is required to appoint auditors to hold office until the next meeting at which the accounts are laid before it. It is proposed to re-appoint BDO LLP and to authorise the directors to fix their remuneration.

Resolution 7 and 8 - Increase in Authorised Share Capital and authority to issue B ordinary shares

When the B ordinary shares were created at the 2013 annual general meeting of the Company held on 3 December 2013 it was intended that the issue of B ordinary shares would provide a means of, from time to time, raising cash by way of an issue of equity to ensure that the Company complied with the Financial Fair Play requirements of the English Football League, currently the Profitability & Sustainability Rules ("Rules"). If the Company does not comply with the Rules then the Company's subsidiary, The Millwall Football & Athletic Company (1985) plc, could be subject (amongst other things) to player registration restrictions. Since 2013, in accordance with the authorities approved by shareholders of the Company, the Company has issued B ordinary shares with an aggregate nominal value of £24,025,000. To ensure the Company has sufficient authority to issue equity so that it can continue to comply with the Rules, the directors propose (i) in Resolution 7 that the authorised share capital of the Company be increased by £20,000,000, giving a maximum number of B ordinary shares that may be issued of 50,000,000 and (ii) in Resolution 8 that the directors be authorised to issue a further 25,975,000 B ordinary shares, such authority to expire 5 years from the passing of Resolution 8.

Resolution 9 - Authority to issue shares

This resolution is to enable the directors to issue up to 25,975,000 B ordinary shares without first having to offer them to the holders of ordinary shares in accordance with the statutory pre-emption rights contained in the Companies Act 2006.

Millwall Holdings PLC

(Registered no. 02355508)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Millwall Holdings PLC will be held at The Den, Zampa Road, London, SE16 3LN on 15 December 2017 at the close of the annual general meeting of the Company (which is to commence at 11a.m. on 15 December 2017), for the purposes of considering, pursuant to section 656 of the Companies Act 2006, whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than 50% of its called up share capital.

By Order of the Board
T. Simmons
Secretary

Registered Office:

The Den
Zampa Road
London SE16 3LN

Date: 20 November 2017

Notes

- (1) A holder of ordinary shares entitled to attend, speak and vote at the meeting may appoint a proxy to exercise all or any of his rights to attend, speak and vote instead of him. A proxy need not be a member of the Company but must attend at the meeting to represent his appointor.
- (2) A holder of ordinary shares may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. More than one proxy may not be appointed to exercise rights attached to any one share.
- (3) A proxy form is enclosed. To be valid, the completed proxy form and the authority, if any, under which it is signed must be lodged with Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time fixed for the meeting. If you would prefer you may put your proxy form inside an envelope and write the Computershare address shown above onto the face of the envelope. Either method of returning your proxy form requires appropriate postage to be affixed.
- (4) Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.
- (5) Completion and return of the proxy form will not preclude members entitled to attend, speak and vote at the meeting (or at any adjournment of the meeting) from doing so in person if they so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- (6) Each holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and, on a poll, one vote for each such ordinary share held.
- (7) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, holders of ordinary shares will be entitled to attend, speak and vote at the meeting only if they are entered in the register of members of the Company 48 hours before the time appointed for the meeting or any adjournment thereof. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (8) Holders of deferred shares are not entitled to receive this Notice or to vote upon the resolutions proposed at the meeting.
- (9) Please note that communications regarding the matters set out in this Notice will not be accepted in electronic form.