



MILLWALL HOLDINGS PLC

Registered Number: 2355508

Report and Accounts
for the year ended
30 June 2018

Contents

	<i>Page</i>
Directors and Advisers	3
Strategic Report	4-8
Directors' Report	9-10
Independent Auditor's Report	11-12
Consolidated Primary Financial Statements	13-16
Notes to the Consolidated Financial Statements	17-33
Company Financial Statements	34-35
Notes to the Company Financial Statements	36-41
Notice of Annual General Meeting	42-44
Notice of General Meeting	45

Directors and Advisers

DIRECTORS

John G Berylson (Non-Executive Chairman)
James T Berylson (Non-Executive)
Peter Garston (Non-Executive)
Constantine Gontikas (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
5 Chancery Lane
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

Strategic Report

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

The season under review, 2017/18, saw the Club complete its first season after gaining promotion back to the Sky Bet Championship ("the Championship"), the second tier of English football. After spending 3 games in a play-off position, the Club finished the season in 8th place with 72 points (2016/17: 6th with 73 points in League One).

During the early part of the 2017/18 season, the Club found it difficult to convert excellent performances into points, but results began to improve so that at the halfway stage it was placed in 17th position. The Club then benefited from a run of 17 league games without defeat, which took it into the play-off places before 2 losses moved the Club to its final position, the highest it has achieved for 16 years.

There was little success in the cup competitions this season. The Club was eliminated from the EFL Carabao Cup in Round 3 by Reading and from the FA Cup in Round 4 by Rochdale.

The squad was kept at a low number of players once again and the total number of players utilised was also lower than the previous season, at 29 players (2016/17: 33). However, the average home league attendances rose substantially during the season under review reflecting both the promotion factor and the success of the team in later games. In the first part of the season average gates were 12,789 and for the latter part were 14,140, giving an average for the season of 13,376 (2016/17: 9,475 in Division One), an increase of 41%.

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 38 current contracted players, some 15 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.

The Club continues to receive recognition for its achievements in off the field activities. Following having been voted the EFL Family Club of the Year last season, the Club has now received another prestigious award. The Club is delighted to have been awarded the EFL Code of Practice in recognition of its continued success in providing an environment that is inclusive for all employees and supporters alike. The EFL's Code of Practice represents a nationwide commitment by football clubs to improve equality and inclusion across all areas of the game.

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.

Whilst returning to the Championship has brought higher levels of income, these have been matched by increased operating costs resulting in a further small reduction in the level of losses incurred, with the loss from operations amounting to £4.3m (2017 £4.8m). In addition to increased match attendances there has been substantial increase in TV income and other central allocations from the EFL. However, these have been offset by additional player and salary costs which reflect the impact of operating in a higher division. The Club did not benefit this year from the profits made from transfer fees earned on player registrations being sold giving rise to a year on year reduction of income from that source of £0.5m.

Revenue for the year at £15.6m (2017: £10.0m) is an increase of 55.9%. Whilst there was an improvement in match day income of 9.6% (2017: 19.0%), the bulk of the increase in revenue came from a substantial increase in TV and Central League Awards which were up by over £4.8m (2017: up by £0.8m).

Inevitably, playing in the Championship leads to higher basic pay under players' contracts not only for new signings, but as existing players renew contract terms. The Company has continued to invest in the recruitment of a wider range of administrative positions to meet the demands of running a modern football club including financial reporting, media and human resources. This has led to an increase in overall salary costs to £13.4m (2017: £9.4m). The ratio of total staff costs to revenue now stands at 86% (2017: 90%).

Other expenses (excluding depreciation and amortisation) showed a very small increase to £5.5m (2017: £5.4m). The amortisation charge for the transfer fees paid for player contracts acquired was higher by £0.35m.

The results for the year were £152k adversely impacted by an addition to the Football League's multi-employer defined benefit pension scheme deficit.

Finance costs for the year were £0.8m (2017: £1.0m). During the year, 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 the interest free period on their loan notes of £10.5m (2017: £20.5m) would be further extended from 30 June 2018 to 30 June 2019 (when interest will begin to accrue again unless CHV agrees otherwise). Loan repayments have also been extended by one year to 1 July 2020. Accordingly, the finance cost recognised in the current year represents the unwinding to the fair value discounts applied to these loan notes (the effective rate of interest rate over the remaining term of the facility).

The directors do not recommend payment of a dividend.

Strategic Report

Prospects

Football

The current season sees the Club celebrate 25 years since moving to the current Den stadium which will be marked by a number of fan related activities.

One of the principal strategic objectives for the Club as set out in this report last year has been successfully achieved; to compete well at the higher level of football. Being in a play-off place towards the end of the season, and an 8th place finish, exceeded expectations for the season. The second objective from last year remains; to take steps to enable the Club to become an established Championship side. The quality and wealth of many of the clubs now playing in the Championship continues to rise, with an increasing number of clubs still in receipt of parachute payments from the Premier League. The impact of this is to increase both the value of transfer fees and player salaries. Neil Harris, the manager, and Directors are constantly looking for opportunities to strengthen the squad by the recruitment of experienced young players within the Club's overall budget. However, already in the current year there are arrangements in place that are expected to result in a record transfer fee being received and new record transfer fees being paid for 2 incoming players. Further improvements to the squad will be made as necessary to enable the Club to meet its objectives. The manager considers that the Club has a squad of players who understand the Millwall philosophy of standards and performance.

The quality of the squad has been recognised by 6 players having been selected recently for international duty and 3 others having had 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 160 players signed from the ages of 9 to 23. There are 18 full time and 40 part time staff who are responsible for the development of the players which consists of coaching, medical, analysis, sport science, strength and conditioning, nutrition and life skills. The Academy training venue in Eltham has now been completed and has 4 grass pitches, 1 full size 3G pitch, 12 changing rooms and showers, 2 classrooms, an analysis suite, gymnasium, and medical room. Harry Donovan (Dagenham & Redbridge), Fred Onyedinma (Wycombe Wanderers), Sid Nelson (Swindon Town) and Ben Thompson (Portsmouth) have all gone out on loan to gain vital first team experience at Conference and Football League level. The Academy achieved Category 2 status again last season within the Elite Player Performance Plan process.

The Club is 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, so long as annual losses in excess of £5m are funded through equity. 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.

Revenue streams of the Group for the current year are expected to be similar to the previous year. These will, however, be dependent 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 and progress in cup competitions. Whilst the Club may benefit from net transfer fees received during this year, there will be increased amortisation of contract costs to counter this benefit. Season ticket membership numbers and related income showed increases of 17% and 4% respectively at the start of this year.

The team has not started the 2018/19 season with the form that it ended the previous season. It has gained 16 points in the first 15 games up to 31 October, placing the team in 18th position; in the 2017/18 season the team had gained 17 points after 15 games in 16th position. The Club was eliminated from the EFL Carabao Cup by Fulham in the 3rd round.

So far this season the average attendance for the first 8 home league games has been 14,058 (2017/18: 12,903), up by 9%.

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. The Club is continually reviewing its commercial advertising activities and is looking to modern technology to assist in driving the opportunities and revenues forward. The Club has invested in the introduction of LED Perimeter Advertising which is already producing a new profitable income stream.

The Den

Other incomes from the utilisation of the stadium on non-match days and retail, which together in 2017/18 showed increased revenue of over 30% last year, are expected to continue at a similar level this year.

Strategic Report

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 and players available for the activities undertaken by the MCT. The Club is rightly proud of its Community Trust and the incredible work it does, embedded within 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 delivers not just schools coaching and sports participation programmes but makes a significant contribution to community development, health improvement, education and employability, as well as managing facilities such as the Lions Centre and St Paul's Community Sports Ground 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 disabilities or mental health challenges. MCT helps local people to realise their potential, to be proud of their achievements and ultimately to build stronger and safer communities.

The Trust aims to create a sustainable year-round community sport offering for the residents of Southwark and Lewisham and its partners. Discussions are ongoing with like-minded organisations in developing additional local delivery hubs, enhancing the range of opportunities for all. This year over eight thousand residents have benefitted by using the services provided.

The Trust has a strategy of encouraging sports participation through positive partnerships. It is affiliated to The English Football League Trust and the Premier League. It has contracts with Housing Associations across the London Boroughs of Lewisham and Southwark, and delivers PL KICKS at a number of estate-based venues, supported by the Metropolitan Police and the Premier League Charitable Foundation. The Trust has a strong relationship with London Boroughs of Southwark and Lewisham.

A new Schools Coaching and Sports Participation Manager was appointed in April 2017. This has led to the establishment of additional 16+ football and education provision at local schools and colleges and a relaunch of PL Girls sessions across Lewisham and Southwark.

PL Primary Stars has become well recognised as a key intervention in schools and this year MCT has chosen to work in depth with a small number of schools to make maximum impact. The English Football League Trust has again extended its funding for MCT to deliver a multi-sports programme in a further 15 schools. In addition, MCT has developed a Service Level Agreement with Everyone Active to deliver football programmes in a number of Southwark leisure centres.

In the past year MCT has developed a number of acclaimed programmes for some of the more vulnerable people within our communities. Under the health improvement banner, MCT has developed a highly successful Walking Sports for Older People with dementia, Alzheimer's disease or other life-limiting conditions. MCT has expanded its Education and Employability offer, working with the Royal British Legion to support former service personnel into employment.

Further, Trust for London is supporting MCT to deliver a programme for some of the poorest paid young people in London that offers training, mentoring and support to develop skills to win better paid jobs.

MCT is delivering an Independent Living Programme for teenagers with disabilities and learning difficulties. This ground-breaking project is supported by City Bridge Trust and works with small cohorts of young people on the verge of school exclusion to help them ready themselves for adult life and also provides healthy activity sessions and mentoring.

Communication

The Club regards communication with all supporters, business partners and staff as being of central importance. The Fan on the Board role is there to provide a crucial link between the Board and supporters. Regular meetings and forums take place with all levels of the Club's supporters and partners.

Finance

The Company continues to be funded by its principal shareholder, Chestnut Hill Ventures LLC ("CHV") and by its directors. The existing facility of £20m (CHV Facility) provided by CHV remains in place and up to 29 December 2017 was fully drawn down. On that date CHV converted £10m of the amounts due under the CHV Facility into 2,000,000 B ordinary shares, leaving £10m outstanding under the CHV Facility as at the year end. 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 5,650,000 B ordinary shares were issued for cash raising £4.5m of funds for the Company and releasing £1.1m of debt brought forward from 2016/17.

The CHV Facility and the £525,000 2013 Unsecured Loan Notes (Loan Notes), held by directors and their associates, were repayable on 1 July 2019. 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 2018. By an agreement dated 16 May 2018, CHV extended the suspension of interest until 1 July 2019 (when interest will begin to accrue again unless CHV agrees otherwise). The other 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 other Loan Notes was also extended to 1 July 2020.

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 recognise the loan liability in the statement of financial position at £9.51m (2017: £18.52m), being the fair value of the amount drawn down under the loan facilities under the modified terms as at the modification date, adjusted for the unwinding of the fair value discount to 30 June 2018. The £0.51m (2017: £0.95m) gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to equity.

The directors are of the view that, together with the further arrangements referred to in note 1 to the financial statements, ongoing equity investment and extended loan facilities from CHV and the directors, provides the Company with sufficient access to working capital to fund the operations of the Company and the costs that may be incurred on the regeneration (below) over the next few years.

The balance sheet of the Company as at 30 June 2018 discloses that the Company has net liabilities of £0.98m (2017: £11.36m) 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.

Strategic Report

Regeneration

Over the past few years, we have reported on the disagreements between your Company and Lewisham Council over the plans for the development of the New Bermondsey site. Our stadium occupies part of that site, although the stadium itself has not been the subject of any development proposals. The Council decided to give exclusive rights for the New Bermondsey scheme to a local property company, Renewal Group. In 2013, the Council entered into a conditional land sale agreement which, if completed, would result in the freeholds of the land around the stadium, which is leased to Millwall Football Club and Millwall Community Trust, being sold to Renewal. The Company has consistently said that it wishes to develop that land and, if control of it is transferred to a developer, it would pose a direct threat to Millwall Football Club's ability to thrive in its current location.

Following the local elections in May 2018, a new Mayor and administration took charge of Lewisham Council. The Company has engaged directly with the new Mayor and some of his senior officers and has opened up a constructive dialogue about how the New Bermondsey site might be developed with the Company appropriately involved.

The Company has appointed new architects and a planning team which are currently finalising a revised scheme for the development of the land around the stadium. These plans are heavily influenced by new and updated Premier League requirements which were made clear to us by Premier League officials who visited our stadium in April 2018 when Millwall Football Club was occupying a play-off place in the Championship. A considerable amount of work is required to bring our stadium and its facilities into line with Premier League rules and, as an ambitious football club, it is our intention to start taking steps to bring us into line.

Our new plans will include expansion of the stadium itself, significantly increased media facilities, improved hospitality services, a new centre for the Millwall Community Trust on its existing site, protection of our youth academy's status, and a hotel and conference centre. Architects are developing proposals for creating an open plaza in front of the stadium which can become an attractive focal point for the local community. Ultimately, the Company's ambition is to have a stadium and facilities that are fit for Premier League football, new sources of ongoing non-football revenue that will help provide financial sustainability to the Company in the long term, and new facilities that will benefit our local community.

We will need all of the land that is leased to the Company and Millwall Community Trust to deliver our new plans and we are making that point very clear to Lewisham Council. We are encouraged by the Council's positive response and constructive acknowledgement of the driving forces behind the plans. Nevertheless, there remains a major point of concern for the Company in that the conditional land sale agreement between the Council and Renewal has not been terminated. The key condition in that agreement is that the freeholds will be sold once the current tenants have been removed. The board believe that this is the principal reason why Lewisham Council has sought to use compulsory purchase powers over the land adjoining our stadium on behalf of Renewal. As long as the conditional land sale agreement has not been terminated – and according to its terms either party has been entitled to terminate it since December 2017 – the threat of a compulsory purchase order (CPO) continues to hang over the Company. The CPO process which the Council initiated in 2016 was cancelled and no fresh CPO resolution has so far replaced it, although Renewal has called on the Council to revive it.

We are urging Lewisham Council to look approvingly at our new plans, to support the Company's ambitions to remain and thrive at its current location and to terminate the conditional land sale agreement. The Company will vigorously contest any future attempt to seize its land as it has done in the past.

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 achieve a positive cash flow 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 highly 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.

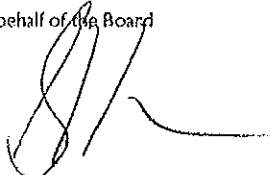
Going concern

The Board has considered the adoption of the going concern basis of preparation of the financial statements and 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 a £20m facility in place from CHV that was drawn to £10m as at the year end, which does not fall due for repayment until 01 July 2020. Your directors believe this, in conjunction with the ongoing support of the Group's principal shareholder, 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. 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:

5/11/18

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 2018.

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*)
Constantine Gontikas (*Non-Executive*)
Trevor Keyse (*Non-Executive*)
Demos Kouvaris (*Non-Executive*)
Richard S Press (*Non-Executive*)
Stephen Kavanagh (*Executive*)

In accordance with the Articles of Association, Mr Constantine Gontikas and Mr Richard S Press retire by rotation and, being eligible, each offers himself for re-election at the Annual General Meeting.

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 a contribution to a charity of £Nil (2017: £Nil). 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 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 trade creditors at 30 June 2018 totalling £nil (2017: £nil). The Group's trade creditors at 30 June 2018 represented 60 days purchase (2017: 62 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

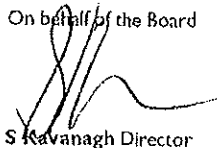
Other disclosures

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: 5/11/18

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 2018 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 2018 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 group and parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in 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 statement of directors' responsibilities 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

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.

Use of our report

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

BDO LLP

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

Date: 5-11-2018

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 2018

		Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
	Notes		
Revenue	1,2	15,575	9,988
Other income -- (loss) / profit on disposal of players' registrations		(10)	514
Staff costs	5	(13,396)	(9,373)
Amortisation of players' registrations	8	(585)	(238)
Depreciation of property, plant and equipment	9	(322)	(242)
Total depreciation and amortisation expense		(907)	(480)
Other expenses		(5,543)	(5,411)
Loss from operations	4	(4,281)	(4,762)
Finance expense	3	(760)	(1,049)
Loss before taxation		(5,041)	(5,811)
Tax expense	7	--	--
Loss after tax for the financial year and total comprehensive loss		(5,041)	(5,811)

* 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 2018

	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 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 (note 16)	--	--	--	--	--	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)
1 July 2017	13,905	2,333	15,152	21,325	21,474	(85,550)	(11,361)
B ordinary shares issued in year	--	--	--	5,650	--	--	5,650
Conversion of shareholder loans	--	--	8,000	2,000	(733)	--	9,267
Gain on shareholder loan modification (note 16)	--	--	--	--	--	505	505
Loss for the year	--	--	--	--	--	(5,041)	(5,041)
30 June 2018	13,905	2,333	23,152	28,975	20,741	(90,086)	(980)

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

Consolidated Statement of Financial Position

at 30 June 2018

Company number: 2355508

	Notes	30 June 2018 £000	30 June 2017 £000
Non-current assets			
Intangible assets	8	1,480	907
Property, plant and equipment	9	14,145	14,162
		<u>15,625</u>	<u>15,069</u>
Current assets			
Inventories	10	128	201
Trade and other receivables	11	1,250	1,282
Cash and cash equivalents		344	399
		<u>1,722</u>	<u>1,882</u>
Total assets		<u>17,347</u>	<u>16,951</u>
Non-current liabilities			
Trade and other payables	12	(849)	(678)
Financial liabilities	13	(9,732)	(18,744)
Deferred income	12	(2,254)	(2,478)
		<u>(12,835)</u>	<u>(21,900)</u>
Current liabilities			
Trade and other payables	12	(3,106)	(4,560)
Deferred income	12	(2,386)	(1,852)
		<u>(5,492)</u>	<u>(6,412)</u>
Total liabilities		<u>(18,327)</u>	<u>(28,312)</u>
Net liabilities		<u>(980)</u>	<u>(11,361)</u>
Equity			
Called up share capital	14, 19	45,213	37,563
Share premium	19	23,152	15,152
Capital reserve	19	20,741	21,474
Retained deficit	19	(90,086)	(85,550)
Total equity attributable to the shareholders of the parent (in deficit)		<u>(980)</u>	<u>(11,361)</u>

The accounts on pages 13 to 33 were approved by the Board of Directors and authorised for issue on 5th November 2018.


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 2018

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Cash flows from operating activities		
Loss before taxation	(5,041)	(5,811)
Depreciation on property, plant and equipment	322	242
Amortisation of intangible assets	585	238
Amortisation of grants	(162)	(82)
Amortisation of training ground creditor	(63)	(63)
Loss / (Profit) on disposal of players' registrations	10	(514)
Finance expense	760	1,049
Multi-employer benefit change	152	-
Cash flows from operating activities before changes in working capital	(3,437)	(4,941)
(Increase)/decrease in inventory	73	(14)
(Decrease)/increase in trade and other receivables	(166)	33
Increase in trade and other payables and deferred income	505	1,471
Net cash flow from operations	(3,025)	(3,451)
Investing activities		
Purchase of property, plant and equipment	(305)	(242)
Proceeds on disposal of players' registrations	198	217
Purchase of players' registrations	(1,373)	(286)
Net cash flow from investing activities	(1,480)	(311)
Financing activities		
Issue of B ordinary shares	4,450	3,150
Net drawdown under loan note and other facilities	-	750
Net cash flow from financing activities	4,450	3,900
Net movement in cash and cash equivalents	(55)	138
Cash and cash equivalents at start of year	399	261
Cash and cash equivalents at end of year	344	399

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

Notes to the Accounts

for the year ended 30 June 2018

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 2018, the Group had net liabilities of £0.98 million and net current liabilities of £3.8 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 2019, 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 £10 million loan facility was extended during the year to 1 July 2020. 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 2018. These are:

- IFRS 15 – Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018) sets out a comprehensive framework for determining whether, in what amount, and at which point in time revenue is recognised. It replaces the existing guidance on revenue recognition, including that contained in IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The Group is required to apply IFRS 15 from 1 July 2018. The Group has broadly assessed the implications of implementation of IFRS 15 and have not identified any material changes from previous practice under IAS 18.
- IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 1 January 2018) will eventually replace IAS 39 in its entirety. However, to date the Standard has focused only on the classification and measurement of financial instruments. Directors are yet to make a detailed review of the impact on implementation of this standard.
- IFRS 16 – 'Leases' is a replacement for IAS 17 "Leases" and will be effective for the year ending 30 June 2020 onwards. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for lease contracts.

The Group has broadly assessed the impact of IFRS 16 on its existing lease portfolio and it is expected to impact the majority of their operating lease commitments. This includes a significant impact on the balance sheet, as both assets and liabilities will increase, and it is also expected to have a significant impact on key components on the income statement, such as depreciation on the right-of-use asset and interest recognised on the lease liability. This will result in a change to the profile of the income statement over the life of the lease and will consequently impact profit before tax. There will be no impact on cashflows, although the presentation of the cash flow statement will change significantly.

Millwall Holdings PLC will apply the lease accounting in accordance with IFRS 16 from 1 July 2019. Management has broadly reviewed and quantified the expected impact using its current lease portfolio as at 30 June 2018. Based on this review, and with no allowance taken for new leases that may be taken in the intervening period, total assets and liabilities increase by approximately £3.5m.

However, it is not possible to provide an accurate assessment of the future effect of this standard until a detailed review has been completed in full on a lease by lease basis. The Group's current operating lease commitments as at 30 June 2018 under the current leasing standard are disclosed in Note 15.

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 2018 (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 2018 (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 participates in a defined benefit plan, which is a multi-employer plan that is accounted for as if the plan were a defined contribution plan, and the Group has entered into an agreement with the multi-employer plan that determines how the Group will fund a deficit, the Group recognises a liability for the contributions payable that arise from the agreement and a resulting expense in the statement of comprehensive income.

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 amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing 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.

Notes to the Accounts

for the year ended 30 June 2018 (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 and prize money earned from cup competitions. Awards are recognised over the financial period to which they relate.

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 income statement as the related expenditure is incurred.

Notes to the Accounts

for the year ended 30 June 2018 (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 2018 £000	Year ended 30 June 2017 £000
Match Day	5,653	5,160
Central League Awards	7,623	2,782
Commercial	2,299	2,046
	<u>15,575</u>	<u>9,988</u>

3 Finance expense

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Finance expense		
Interest on loan notes (see note 16)	<u>760</u>	<u>1,049</u>

4 Loss from operations

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

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Depreciation and amounts written off property, plant and equipment		
– owned	322	242
Amortisation of grant	(162)	(82)
Amortisation of player registrations	585	238
Operating lease rentals – Land & Buildings	533	237
Operating lease rentals – Other	100	-
Auditors' remuneration		
– Audit of company financial statements	9	6
– Audit of financial statements of subsidiaries	30	33
– Taxation services	11	8
– Other services	-	3
Directors' emoluments	275	211
Loss / (Profit) on sale of players' registrations	<u>10</u>	<u>(514)</u>

Notes to the Accounts

for the year ended 30 June 2018 (continued)

5 Staff costs

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

	Year ended 30 June 2018 Number	Year ended 30 June 2017 Number
Football team management	31	16
Administrative and ground staff	46	73
Players (including Academy)	56	52
	<u>133</u>	<u>141</u>

In addition, the Group employs, on average, a further 112 (2017: 120) temporary staff on matchdays.

Aggregate remuneration comprised:

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Wages and salaries	11,665	8,477
Social security costs	1,494	840
Pension costs	237	56
	<u>13,396</u>	<u>9,373</u>

6 Directors' remuneration

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Directors' emoluments (including benefits in kind)	<u>275</u>	<u>211</u>
Pension costs	12	18
Compensation for loss of office	<u>-</u>	<u>30</u>
Total directors' remuneration	<u>287</u>	<u>259</u>

Payments to money purchase pension schemes were made in respect of one director (2017: two). The remuneration of the highest paid director was £287,000 including £12,000 of pension contributions.

Notes to the Accounts

for the year ended 30 June 2018 (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 2018 £000	Year ended 30 June 2017 £000
Loss on ordinary activities before tax	(5,041)	(5,811)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017: 19.75%)	(958)	(1,148)
Effects of:		
Expenses not deductible for tax purposes	231	328
Losses for which deferred tax assets are not recognised	727	820
Total tax charge for the year	—	—

Deferred tax

At 30 June 2018 the Group had estimated tax losses carried forward of £83.4m (2017: £79.6m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2019 financial year the Board has decided to not recognise any deferred tax asset as it is prudent to estimate that no losses will be utilised in that period. The amount of the unprovided deferred tax asset at a future UK tax rate of 17% (2017: 17%) is calculated at £14.2m (2017: £13.5m).

At 30 June 2018 the Group had £8.3m (2017: £8.2m) 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 £1.4m (2017: £1.4m).

At 30 June 2018 the Group had capital losses carried forward of £4.7m (2017: £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 (2017: £0.8m).

Notes to the Accounts

for the year ended 30 June 2018 (continued)

8 Intangible assets

	Players' registrations £000
<i>Cost</i>	
1 July 2016	1,535
Additions	923
Disposals	(815)
30 June 2017	1,643
Additions	1,168
Disposals	(159)
30 June 2018	2,652
<i>Amortisation</i>	
1 July 2016	1,313
Charge for the year	238
Disposals	(815)
30 June 2017	736
Charge for the year	585
Disposals	(149)
30 June 2018	1,172
<i>Net book value</i>	
30 June 2017	907
30 June 2018	1,480

Included in the net book value of players' registrations are 21 registrations at a net book value at 30 June 2018 of £1,480,000 (2017: £907,000). The remaining useful life of these registrations is up to 3 years.

Notes to the Accounts

for the year ended 30 June 2018 (continued)

9 Property, plant and equipment

	Long leasehold premises £000	Fixtures and fittings £000	Leasehold improvements £000	Motor vehicles £000	Total £000
<i>Cost</i>					
1 July 2016	17,629	4,263	112	42	22,046
Additions	–	76	166	–	242
30 June 2017	17,629	4,339	278	42	22,288
Additions	–	272	33	–	305
Disposals	–	(32)	–	–	(32)
30 June 2018	17,629	4,579	311	42	22,561
<i>Accumulated depreciation</i>					
1 July 2016	4,078	3,764	–	42	7,884
Charge for the year	176	66	–	–	242
30 June 2017	4,254	3,830	–	42	8,126
Charge for the year	176	117	29	–	322
Disposals	–	(32)	–	–	(32)
30 June 2018	4,430	3,915	29	42	8,416
<i>Net book value</i>					
30 June 2017	13,375	509	278	–	14,162
30 June 2018	13,199	664	282	–	14,145

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

10 Inventories

	30 June 2018 £000	30 June 2017 £000
Goods for resale	128	201

Goods for resale include an amount of £128,000 (2017: £66,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £778,000 (2017: £396,000).

11 Trade and other receivables

	30 June 2018 £000	30 June 2017 £000
<i>Current:</i>		
Trade receivables	402	321
Transfer fees receivable	99	297
Prepayments and accrued income	749	664
	1,250	1,282

Notes to the Accounts

for the year ended 30 June 2018 (continued)

11 Trade and other receivables (continued)

All amounts shown under trade receivables fall due for payment within one year.

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 2018 trade receivables of £172,000 (2017: £28,000) were past due against which a doubtful debtors provision of £63,000. The remaining balances relate to customers with no default history. The ageing analysis of these receivables is as follows:

	30 June 2018 £'000	30 June 2017 £'000
3 to 6 months	172	28
	<u>172</u>	<u>28</u>

12 Trade and other payables

	30 June 2018 £000	30 June 2017 £000
<i>Current:</i>		
Trade and other payables	1,384	1,790
Taxation and social security	619	443
Amount due to parent company	-	1,100
Accruals	1,103	1,227
	<u>3,106</u>	<u>4,560</u>
Deferred income	2,386	1,852
	<u>5,492</u>	<u>6,412</u>
<i>Non-current:</i>		
Trade and other payables	387	165
Accruals	462	513
	<u>849</u>	<u>678</u>
Deferred income	2,254	2,478
	<u>3,103</u>	<u>3,156</u>

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

Included within deferred income is:

- an amount of £2,242,000 (2017: £1,707,000) relating to amounts received in advance, in respect of season tickets, executive boxes, memberships, advertising and sponsorship relating to the following year.
- unamortised grants totalling £1,960,000 (2017: £2,122,000) received in respect of the long leasehold premises and other fixtures and fittings, of which £81,000 is current.
- unamortised proceeds of £437,500 (2017: £500,000) from the sale of the Training Ground in excess of market value, of which £62,500 is current, 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 2018 (continued)

13 Financial liabilities

	30 June 2018 £000	30 June 2017 £000
<i>Non-current:</i>		
Non-convertible loan notes	9,506	18,518
Interest accrued on loan notes	226	226
	<u>9,732</u>	<u>18,744</u>

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

The loan notes have a nominal value of £10,525,000 but, following a substantial modification to their terms in May 2018, were re-recognised at their fair value of £9,443,000. This discount to nominal value will be charged to profit and loss as a finance cost over the facility term. £63,000 of such discount has unwound since the May 2018 modification.

£10,000,000 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 2018 loan note liabilities were due as follows:

	30 June 2018 £000	30 June 2017 £000
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	9,732	18,744
	<u>9,732</u>	<u>18,744</u>

On 24 May 2017 the repayment date for all loan note facilities was extended to 1 July 2019. On 16 May 2018 the repayment date for all loan notes was further extended to 1 July 2020.

Notes to the Accounts

for the year ended 30 June 2018 (continued)

14 Share capital

	30 June 2018 Number	30 June 2017 Number
Allotted, called up and fully paid		
Ordinary shares of £10 each	1,390,523	1,390,523
B ordinary shares of £1 each	28,975,000	21,325,000
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	<u>2,622,452,690</u>	<u>2,614,802,690</u>
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £10 each	13,905	13,905
B ordinary shares of £1 each	28,975	21,325
Deferred shares of 0.09p each	2,333	2,333
	<u>45,213</u>	<u>37,563</u>

B ordinary shares

During the year the Company issued 5,650,000 new B ordinary shares of £1 each, at par, for cash, or settlement of short term payables. 2,000,000 shares were issued on conversion of £10,000,000 of loan notes at an aggregate premium of £8,000,000 (£4 per share).

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.

Notes to the Accounts

for the year ended 30 June 2018 (continued)

15 Financial commitments and contingent assets/liabilities

a) Non-cancellable operating leases

The total value of minimum lease payments are due as follows:-

Commitments under non-cancellable operating leases are as follows:

	Land and Buildings 2018 £000	Other leases 2018 £000	Total 2018 £000	Land and Buildings 2017 £000
Minimum lease payments due:				
Within one year	556	38	594	533
In two to five years	2,265	50	2,315	2,119
After five years	8,261	-	8,261	8,877
	11,082	88	11,170	11,529

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

Discount Rate	3.5% p.a. until 2021, 2.5% p.a. for the following 10 years and 1.5% p.a. thereafter.
RPI inflation:	3.4% p.a.
Pension Increases:	3.7% p.a.
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS S2PMA / S2PFA CMI_2016 1.5%

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 2018 when the Club's notional share of the deficit, calculated using the actuarial valuation assumptions, was £327,000 (2017: £209,000). This resulted in a charge of £186,000 (2017: £18,000) being made to profit and loss in the current year.

The Club currently has 1 employee who is a member of the scheme (2017: 1) and pays total contributions of £47,592 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 May 2025.

Under the terms and conditions of the multi-employer plan the entity cannot be liable to the plan for other entities' obligations.

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 (2017: £Nil). The maximum that could be payable is £797,500 (2017: £280,000). These amounts have not been provided for in the financial statements. These amounts do not include various payments or receipts that are determinable only on circumstances which are distant or outside the direct control of the parties to the contract and the player in question.

Notes to the Accounts

for the year ended 30 June 2018 (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 2018 £000	30 June 2017 £000
<i>Classification of financial assets:</i>		
Trade receivables	402	321
Transfer fees receivable	99	297
Cash and cash equivalents	344	399
Total financial assets classified as loans and receivables at amortised cost	845	1,017
<i>Classification of financial liabilities:</i>		
Trade and other payables	1,771	1,955
Amount due to parent company	-	1,100
Accruals	1,565	1,740
Amounts relating to non-convertible loan notes (including accrued interest on loan notes)	9,732	18,744
Total financial liabilities measured at amortised cost	13,068	23,539

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 2018 (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 2018 the Group had no amounts (2017: £Nil) on deposit.

Non-convertible loan notes

Non-convertible loan notes at 30 June 2018 and 30 June 2017 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2019 to 30 June 2020 (2017: 1 July 2018 to 30 June 2019). This facility was fully drawn down at 30 June 2018 and 2017. It is available to the Company until 1 July 2020 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 2019 to 30 June 2020 (2017: 1 July 2018 to 30 June 2019). £10,000,000 of previously drawn amounts were converted to equity in the year. £10,000,000 of this facility was drawn down at 30 June 2018 and £20,000,000 at 30 June 2017. It is available to the Company until 1 July 2020 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 the year, CHV agreed to suspend the payment of interest on the facility until 1 July 2019, with effect from 1 January 2015. Interest payable of £735,000 has been recognised in the current year to represent the effective interest accruing under the revised terms.

The £525,000 facility holders also agreed to suspend the payment of interest on the facility until 1 July 2019, with effect from 1 January 2015. Interest payable of £25,500 has been recognised in the current year to represent the effective interest accruing under the revised terms.

Fair values

The fair value of the financial assets and liabilities at 30 June 2018 and 30 June 2017 are not considered to be materially different from their book values, with the exception of the non-convertible loan notes which were deemed to have a fair value of £9,443,000 upon modification on 16 May 2018 (unwound to £9,506,000 at 30 June 2018) and £18,416,000 upon modification on 24 May 2017 (unwound to £18,518,000 at 30 June 2017). The £505,000 gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to the retained deficit reserve.

Capital disclosures

The Group's key management personnel define capital as the Group's cash holding of £344,000 (2017: £399,000); loan notes and accrued interest of £9,732,000 (2017: £18,744,000); the working capital amount owed to the parent company of £Nil (2017: £1,100,000) and equity share capital and premium of £68,365,000 (2017: £52,715,000).

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 2018 (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 2018 £10,000,000 (2017: £20,000,000) of this facility had drawn down following conversion of £10,000,000 to 2,000,000 B Ordinary Shares of £1 each during the year.
- An interest free working capital facility which is repayable on demand. At 30 June 2018 £Nil (2017: £1,100,000) had been drawn down against this facility.

During the year, no interest (2017: £Nil) was charged under facilities provided by CHV since, as described in note 16, the charging of interest has been suspended until 1 July 2019. However, an effective interest charge of £735,000 (2017: £1,022,000) 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 2018, the balance drawn under this facility was £300,000 (2017: £300,000). During the year, no interest (2017: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2019. Total accrued interest of £161,000 (2017: £161,000) remains unpaid at the balance sheet date. However, an effective interest charge of £14,571 has been recognised in profit and loss in the year in respect of this facility.

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 2018, the balance drawn under this facility was £200,000 (2017: £200,000). During the year no interest (2017: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2019. Total accrued interest of £65,000 (2017: £65,000) remains unpaid at the balance sheet date. However, an effective interest charge of £9,714 has been recognised in profit and loss in the year in respect of this facility.

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 2018 (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 the club has acquired the registrations of Jiří Skláá from Brighton & Hove Albion Football Club, Rob Harvey from Brighton & Hove Albion Football Club, Lazar Stojanovic from Woking Football Club and Jem Karacan on a free transfer.

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

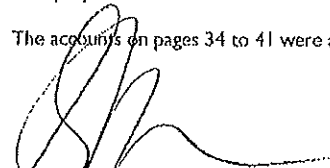
as at 30 June 2018

Company number: 2355508

	Notes	30 June 2018 £000	30 June 2017 £000
Fixed assets			
Investments	v	8,768	8,546
Current assets			
Debtors	vi	—	22
Cash at bank and in hand		—	—
Creditors: Amounts falling due within one year	vii	(16)	(185)
Net current liabilities		(16)	(163)
Total assets less current liabilities		8,752	7,383
Creditors: Amounts falling due after more than one year	viii	(9,732)	(18,744)
Net assets / (Net Liabilities)		(980)	(11,361)
Capital and reserves			
Called up share capital	ix	45,213	37,563
Share premium account		23,152	15,152
Capital reserve		20,683	21,416
Retained deficit		(90,028)	(85,492)
Shareholders' funds (in deficit)		(980)	(11,361)

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 £5,041,000 (2017: £5,811,000) 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 5th November 2018.


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 2018

	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 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 (note viii)	—	—	—	—	—	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)
1 July 2017	13,905	2,333	15,152	21,325	21,416	(85,492)	(11,361)
B ordinary shares issued in year	—	—	—	5,650	—	—	5,650
Conversion of shareholder loans	—	—	8,000	2,000	(733)	—	9,267
Gain on shareholder loan modification (note viii)	—	—	—	—	—	505	505
Loss for the year	—	—	—	—	—	(5,041)	(5,041)
30 June 2018	13,905	2,333	23,152	28,975	20,683	(90,028)	(980)

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

Notes to the Accounts

for the year ended 30 June 2018 (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 2018, the Company had net liabilities of £0.98 million and net current liabilities of £16,000.

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 2019 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 £10 million loan facility was extended to 1 July 2020. 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).

Notes to the Accounts

for the year ended 30 June 2018 (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 £4,060,000 which has been determined by reference to the underlying net asset value of each of the subsidiary undertakings.
- The determination of 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 8 (2017: 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 2018 £000	Year ended 30 June 2017 £000
Auditors' remuneration for the audit of Company financial statements	9	6
Directors' emoluments – paid by subsidiaries	275	211

Notes to the Accounts

for the year ended 30 June 2018 (continued)

v Investments

Cost	Shares in subsidiary undertakings £000	Loan to subsidiary undertakings £000	Total £000
1 July 2017	400	90,411	90,811
Additions	--	4,282	4,282
Write-offs	--	--	--
30 June 2018	400	94,693	95,093
Amounts provided for			
1 July 2017	--	82,265	82,265
Provided in year	--	4,060	4,060
Write-offs	--	--	--
30 June 2018	--	86,325	86,325
Net book value			
30 June 2018	400	8,368	8,768
30 June 2017	400	8,146	8,546

At 30 June 2018, 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 2018 £000	30 June 2017 £000
VAT recoverable	--	21
Prepayments and accrued income	--	1
	--	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 2018 £000	30 June 2017 £000
Other creditors	7	7
Amount due to parent company	--	1,100
Accruals and deferred income	9	78
	16	1,185

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 2018 (continued)

viii Creditors: Amounts falling due after more than one year

	30 June 2018 £000	30 June 2017 £000
Non-convertible loan notes	9,506	18,518
Interest accrued on loan notes	226	226
	<u>9,732</u>	<u>18,744</u>

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

The loan notes have a nominal value of £10,525,000 but, following a substantial modification to their terms in May 2018, were re-recognised at their fair value of £9,443,000. This discount to nominal value will be charged to profit and loss as a finance cost over the facility term. £63,000 of such discount has unwound since the May 2018 modification.

£10,000,000 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.

Non-convertible loan notes at 30 June 2018 and 30 June 2017 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2019 to 30 June 2020 (2017: 1 July 2018 to 30 June 2019). This facility was fully drawn down at 30 June 2018 and 2017. It is available to the Company until 1 July 2020 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 2019 to 30 June 2020 (2017: 1 July 2018 to 30 June 2019). £10,000,000 of previously drawn amounts were converted to equity in the year. £10,000,000 of this facility was drawn down at 30 June 2018 and £20,000,000 at 30 June 2017. It is available to the Company until 1 July 2020 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 the year, CHV agreed to suspend the payment of interest on the facility until 1 July 2019, with effect from 1 January 2015. Interest payable of £735,000 has been recognised in the current year to represent the effective interest accruing under the revised terms.

The £525,000 facility holders also agreed to suspend the payment of interest on the facility until 1 July 2019, with effect from 1 January 2015. Interest payable of £25,500 has been recognised in the current year to represent the effective interest accruing under the revised terms.

The non-convertible loan notes which are deemed to have a fair value of £9,443,000 upon modification on 16 May 2018 (unwound to £9,506,000 at 30 June 2018) and £18,416,000 upon modification on 24 May 2017 (unwound to £18,518,000 at 30 June 2017). The £505,000 (2017: £947,000) gain has been accounted for as a capital contribution from the Company's shareholders and credited directly to the retained deficit reserve.

At 30 June 2018 loan note liabilities were due as follows:

	30 June 2018 £000	30 June 2017 £000
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	9,732	18,744
	<u>9,732</u>	<u>18,744</u>

Notes to the Accounts

for the year ended 30 June 2018 (continued)

ix Share capital

	30 June 2018 Number	30 June 2017 Number
Allotted, called up and fully paid		
Ordinary shares of £10 each	1,390,523	1,390,523
B ordinary shares of £1 each	28,975,000	21,325,000
Deferred shares of 0.09p each	2,592,087,167	2,592,087,167
	<u>2,622,452,690</u>	<u>2,614,802,690</u>
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £10 each	13,905	13,905
B ordinary shares of £1 each	28,975	21,325
Deferred shares of 0.09p each	2,333	2,333
	<u>45,213</u>	<u>37,563</u>

B ordinary shares

During the year the Company issued 5,650,000 new B ordinary shares of £1 each, at par, for cash, or settlement of short term payables. 2,000,000 shares were issued on conversion of £10,000,000 of loan notes at an aggregate premium of £8,000,000 (£4 per share).

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.

Notes to the Accounts

for the year ended 30 June 2018 (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 2018 £10,000,000 (2017: £20,000,000) of this facility had drawn down following conversion of £10,000,000 to 2,000,000 B Ordinary Shares of £1 each during the year.
- An interest free working capital facility which is repayable on demand. At 30 June 2018 £Nil (2017: £1,100,000) had been drawn down against this facility.

During the year, no interest (2017: £Nil) was charged under facilities provided by CHV since, as described in note viii, the charging of interest has been suspended until 1 July 2019. However, an effective interest charge of £735,000 (2017: £1,022,000) 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 2018, the balance drawn under this facility was £300,000 (2017: £300,000). During the year, no interest (2017: £Nil) accrued under these facilities since, as described in note viii, the charging of interest has been suspended until 1 July 2019. Total accrued interest of £161,000 (2017: £161,000) remains unpaid at the balance sheet date. However, an effective interest charge of £14,571 has been recognised in profit and loss in the year in respect of this facility.

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 2018, the balance drawn under this facility was £200,000 (2017: £200,000). During the year no interest (2017: £Nil) accrued under these facilities since, as described in note viii, the charging of interest has been suspended until 1 July 2019. Total accrued interest of £65,000 (2017: £65,000) remains unpaid at the balance sheet date. However, an effective interest charge of £9,714 has been recognised in profit and loss in the year in respect of this facility.

xi Subsequent events

There were no material subsequent events that require disclosure in the financial statements.

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 Trustees 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 2018 annual general meeting of Millwall Holdings PLC (Company) will be held at The Den, Zampa Road, London, SE16 3LN at 11 a.m. on 7 December 2018 to consider, and if thought fit pass, the resolutions below. Resolutions 1,2,3 and 4 will be proposed as ordinary resolutions.

1. To receive the audited accounts of the Company for the year ended 30 June 2018 and the reports of the directors and auditors thereon.
2. To re-elect Constantine Gontikas who retires by rotation, as a director.
3. To re-elect Richard S Press who retires by rotation, as a director.
4. 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.

By Order of the Board
T. Simmons
Secretary

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

Date:

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 Pavillons, 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 or B ordinary 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 2018.

Resolutions 2 and 3 – Re-election of Constantine Gonticas and Richard S Press as directors

Under the Company's Articles of Association, Constantine Gonticas and Richard S Press retire by rotation, and being eligible offer themselves for re-election.

Resolution 4 - 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.

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 7 December 2018 at the close of the annual general meeting of the Company (which is to commence at 11 a.m. on 7 December 2018), 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:

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 and B ordinary 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.

