



# MILLWALL HOLDINGS PLC

Registered Number: 2355508

Report and Accounts  
for the year ended  
30 June 2019

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# Directors and Advisers

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## DIRECTORS

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

## SECRETARY

**Thomas Bernard Simmons**

## REGISTERED OFFICE

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

## INDEPENDENT AUDITORS

**BDO LLP**  
55 Baker Street  
London W1U 7EU

## SOLICITORS

**Lewis Silkin LLP**  
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

## 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 (together the Group)

## Business review

During the season under review, 2018/19, the second season after gaining promotion back to the Sky Bet Championship ("the Championship"), the second tier of English football, the Club did not enjoy the same level of success as the previous season. The final points tally earned was 44 leaving the Club in 21st position. (2017/18: 72 points in 8th position).

However, there was an improved performance in the FA Cup this season with the Club reaching Round 6, the Quarter Finals. The Club benefited from two home ties against opposition from the Premier League, beating Everton 3-2 before losing on penalties to Brighton and Hove Albion. The Club was eliminated from the EFL Carabao Cup in Round 3 by Fulham.

The number of senior players in the squad remains at a low number compared to other clubs in the Championship. The total number of players utilised was similar to the previous season, at 29 players (2017/18: 29). Despite a lower league position throughout most the season, the average home league attendances were marginally higher than the previous year at 13,635 (2017/18: 13,376). The two home FA Cup games against Premier League opposition averaged attendances of 16,746, near sell outs.

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. During the season 2 Academy players made their debut for the senior team and 4 others appeared on the substitutes bench. 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.

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.

Your directors are delighted to report that the Company achieved the best result for many years, incurring a loss on operations of only £0.1m compared to a loss of £4.3m in 2017/8. Apart from the increase in Revenue (see below) there are three principal factors which have contributed to this net improvement of £4.2m. First, there was a further increase in the level of TV and other central allocations up by £2.4m, partly reflecting televised cup games. Second, the Club achieved a record level of fees earned on the transfer and loan of player registrations which provided a profit of £6.9m, reduced by a higher charge for amortisation of players' registrations which were up by £0.7m. Third, these benefits were partly offset by the increased cost of £3.5m for recruiting and maintaining a Championship squad as well as retaining a team of football management staff of the appropriate quality.

Revenue for the year at £18.37m (2018: £15.6m) is an increase of 17.9% (2018: 55.9% following promotion). Match day income was static (2018: up 9.6%). The bulk of the increase in revenue came, as noted earlier, from a substantial increase in TV and Central League Awards which were up by over £2.4m (2018: up £4.8m following promotion). There was also an increase in sponsorship and advertising giving commercial income an uplift of £0.4m (2018: up £0.3m). The major part of this increase is attributable the introduction of LED advertising boards around the pitch which enabled the Club to generate additional income from the televised cup matches

The further increase in wages reflects the continued policy of the Club to recruit players of Championship calibre. As recruitment took place or contracts of existing players were renewed, the Club needed to offer competitive terms. Further strengthening of the player management team took place during the year. The result of these steps is an increase in overall salary costs to £16.9m (2018: £13.4m) giving a ratio of total staff costs to revenue now standing at 92% (2018: 86%).

Other expenses (excluding depreciation and amortisation) showed have increased to £6.8m (2018: £5.5m). The largest part of this increase relates to the increased level of ground and event costs in line with increased activity and higher supervision policies.

Net finance costs for the year were £0.6m (2018: £0.8m). 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 (2018: £10.5m) would be further extended from 1 July 2019 to 30 June 2020 (when interest will begin to accrue again unless CHV agrees otherwise). Loan repayments have also been extended by one year to 1 July 2021. Accordingly, the finance cost recognised in the current year includes £0.5m of the unwinding of the fair value discounts applied to these loan notes (the effective rate of interest rate over the remaining term of the facility). The remaining interest charge represents the unwinding of discounts applied to player transaction payables.

The improved financial performance of the Group along with additional share capital issued in the year has enabled the Company to report that for the first time for many years it has group net assets rather than group net liabilities. At 30 June 2019 these stand at £1.7m (2018: net liabilities £1m)

The directors do not recommend payment of a dividend.

# Strategic Report

## Prospects

### *Football*

The principal objectives of the Company continue to be to consolidate the position of the Club as an established member of the Championship over the next few years and to build a squad and infrastructure to advance further in the longer term. The Club is committed to building and progressing year after year, both on and off the pitch. In light of the difficult second year back in the Championship last season, directors and team management agreed upon changes to the playing squad involving the departure of 10 players and the recruitment of 6 new players and 3 loan players. This represents the most significant financial investment in new players in the history of the Club.

On 3 October 2019 Neil Harris stepped down from his role as manager of the Club together with his assistant, David Livermore. Neil Harris took over as manager in 2015 and during his time in charge oversaw two trips to Wembley, one promotion and two runs to the FA Cup Quarter-Finals, and has also steadily re-established Millwall as a Championship club. His status as a Lions legend, both as its all-time leading goalscorer and now one of its most successful managers, is secure. The Club has completed a thorough recruitment process, carried out fully in accordance with EFL BAME regulations, and on 22 October appointed Gary Rowett, who has a successful record as a manager at Championship level, as the new manager of the Club. His previous management appointments at Championship clubs include Birmingham City, Derby County and Stoke City.

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, evidenced by the substantial fee received from Middlesbrough for a player in August 2018, and player salaries meaning that, despite the investment made by the Club, it continues not to match the level of salary costs of many clubs in the league. Directors are determined to approach cost levels on a sensible basis to comply with the Profitability & Sustainability Rules of the EFL.

The improvement in the squad is demonstrated by the number of players in the squad with international experience. There are now 9 current players who have represented their countries with 4 of them on duty in international games so far this season

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 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 training venue in Eltham has now become established as the home of the Academy with facilities complying with the high standard required by the FA. A record 8 Scholars gained professional contracts at the end of last season with George Alexander and Billy Mitchell making their debuts v Wigan Athletic in the last game of the season. 2 players, an U15 and an U16, have, reluctantly and only after the players refused new contracts, been transferred to Manchester City. Whilst these were for considerable transfer fees, it indicates a difficulty Championship clubs have in retaining some of the best young talent. 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 is 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. The directors are aware of ongoing issues in respect of Profit and Sustainability rules compliance by other clubs that have been in the press. Your directors are committed to the current rules and ensuring they are complied with fully and fairly by all Championship clubs to provide all clubs with a sustainable future.

Revenue streams of the Group for the current year, excluding any cup game income, are expected to show an increase on the previous year, reflecting anticipated slightly higher attendances, increased central distributions and commercial activities. Attendances will, however, be dependent upon the success of the team, as these and match day income are affected by the team's performance and the Club's position in the league and progress in cup competitions. The Club this year will not benefit from the level of net transfer fees received during last year and may not have such a financially rewarding cup run. Such factors, together with increases to salary costs and amortisation of contract costs, are likely to adversely affect the result for the current year.

The team has started the 2019/20 season with the form that it ended the previous season. It has gained 18 points in the first 15 games up to 2 November, placing the team in 17th position; in the 2018/19 season the team had gained 16 points after 15 games in 18th position. The Club was eliminated from the EFL Carabao Cup by Oxford United in the 2nd round.

So far this season the average attendance for the first 7 home league games has been 14,476 (2017/18: 14,058), up by 3%.

### *Other football related income*

The Commercial Department expects to generate a substantial increase in turnover as the groundwork undertaken over the past few years begins to generate results. The Club has entered into new long-term sponsorship agreements at record levels of income. The level of income from advertising and, in particular, use of the LED perimeter advertising facilities will depend upon the success of the team and the number of TV appearances during the season. The Club 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 Den*

Other incomes from the utilisation of the stadium on non-match days and retail 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 or Trust). The Club's commitment is reflected by two directors, Steve Kavanagh and Peter Garston, together with the Company's director of finance, Mark Fairbrother, acting as Trustees. The strength and depth of the relationship is also demonstrated both by financial support and by making Club facilities, assets and players available for the activities undertaken by 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.

The Trust aims to create a sustainable year-round community sport offering for the residents of Southwark and Lewisham. In 2018 -19 over eight thousand residents have been engaged and benefitted by using the services provided by MCT, with support from the Club.

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 Southwark and Lewisham, and delivers PL KICKS at a number of estate-based venues, supported by the Metropolitan Police and the Premier League Charitable Foundation. This year has seen the appointment of a Divert officer (independent of police adviser) funded by the home office, to work with young people that are in the risk of gang activities within the London Boroughs of Southwark and Lewisham.

With funding from the Premier League, MCT was able to deliver the PL Primary Stars programme in a number of local schools and the programme has become a key intervention within the school environment. MCT is currently delivering multi- sport provision in approx. 30 schools per week.

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

The education strand has seen the Trust working with young people that have been subject to exclusion from the education system. Work is undertaken supporting these young people, with qualifications, work placements and help into further education.

MCT runs a college POST 16 education and football programme out of the Lions Centre, with 60 students attending daily, combining education with football coaching. The students over the year will study for BTEC level 3 in sports coaching qualification and from this programme some of these students will gain employment with MCT.

With funding from the City Bridge Trust, MCT has delivered an Independent Living Programme for teenagers with disabilities and learning difficulties. This programme has been very successful with its impact and outcomes results, the project targets small cohorts of young people on the verge of school exclusion to help them ready themselves for adult life and provides a mentoring element to support this.

MCT is now registered with the Women's Football Association to operate Millwall Lionesses football team. This football team plays in the Eastern Region Women's League, playing at St Paul's Sport Ground and, together with a youth football team also operated by MCT, provides young women and girls in the area the opportunity to play competitive football.

## *Communication*

The Club regards communication with all supporters, business partners and staff as being of central importance. The Club is awaiting feedback from fans on how best to evolve the Fan on the Board role following Micky Simpson deciding to step down from this role. Your directors would like to thank Micky for his time and efforts whilst he acted as Fan on the Board

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 is £20m (CHV Facility) with £10m outstanding 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 2,850,000 B ordinary shares were issued for cash raising £2.8m of funds for the Company.

The CHV Facility and the £525,000 2013 Unsecured Loan Notes (Loan Notes), held by directors and their associates, were repayable on 1 July 2020. 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 2019. By an agreement dated 19 June 2019, CHV extended the suspension of interest until 1 July 2020 (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 the CHV Facility and other Loan Notes was also extended to 1 July 2021.

Under current 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 £9.68m (2018: £9.73m), 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 2019. The £0.55m (2018: £0.50m) 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 over the next few years.

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# Strategic Report

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## *Finance (continued)*

The balance sheet of the Company as at 30 June 2019 shows that the Company, for the first time for many years, has group net assets of £1.59m (2018: net liabilities £0.98m). However, because the net assets are less than 50% of the called-up share capital, the directors are convening a General Meeting, in accordance with Section 656 of the Companies Act 2006, to take place immediately following the forthcoming Annual General Meeting to consider what, if any, steps should be taken to deal with the situation.

## *Regeneration*

Last year's report on regeneration referred to the long and unhappy saga of the land around the stadium (the Den) and the disputes with Lewisham Council and Renewal, the developer of the adjacent site, but at the same time noted our constructive dialogue with the new mayor, Damien Egan, and his senior planning officers.

The architects appointed by the Company have come up with an excellent scheme to redevelop and regenerate the land around the Den which satisfied all the Club's aspirations, in particular to bring the stadium and its facilities capable of meeting premier league standards. The scheme provides for the expansion of the stadium itself, significantly increased media facilities, improved hospitality services, a new centre for Millwall Community Trust within the stadium, protection of our Youth Academy's status, and a hotel and conference centre. The architects are also developing proposals for creating an open plaza in front of the stadium which can become an attractive focal point for the local community together with a significant number of new homes, affordable housing and associated commercial opportunities.

The scheme found favour not only with Lewisham Council but also with Renewal and it has been agreed between all parties that the Council will now take responsibility for the master planning of the New Bermondsey development scheme and that the Company and Renewal will be allowed to develop their respective landholdings.

Furthermore, The Company has been told that the threat of having any part of the lands occupied by the Club or the community scheme being compulsorily acquired by the Council and handed to Renewal has been lifted; indeed, Renewal has confirmed that it no longer has any ambition to develop any part of that land.

At a meeting attended by the new mayor, his Head of Planning and your Chairman, it was agreed in principle that a new lease of all the land occupied by the Club and MCT would be granted with a term of not less than 250 years and containing provisions allowing the redevelopment to be carried out and then used for the purposes that it was intended.

And, finally and because of the progress that has been made, the conditional land sale agreement (which was referred to in the last report and which has been a substantial stumbling block to progress) is to be terminated.

This is all very good news for the Company, for the Club, for its supporters, for the Community Scheme and, above all, for the local community.

In order to deliver all this, directors have decided that the Company will need to partner with a development and construction company with the necessary experience, expertise and financial resources.

After an extensive selection process, just such a potential partner with an outstanding record of designing and delivering major regeneration and redevelopment schemes in and around London has been identified. The company is well-known to and thoroughly approved by the Council and, at the time of this report, your Company is in exclusive negotiations with the putative partner and well-advanced in agreeing a mutually satisfactory formal agreement. In the event of negotiations being concluded satisfactorily, the identity and credentials of the partner will be made public.

After several years of rather gloomy news on the regeneration front, it is nice to be able to report such progress with both Council and Renewal and it is to be hoped that the planning process proceeds smoothly, that the conditional land sale agreement is formally terminated in the very near future and that the negotiations for the promised new lease can commence soon.

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# Strategic Report

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## 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 directors monitor 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 2021. 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 continued hard work during the past year. 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: 8<sup>th</sup> November 2019



# 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 2019.

## 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 Gonticas (*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 Gonticas 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 (2018: £Nil). Refer to page 6 for community activities. 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 2019 totalling £nil (2018: £nil). The Group's trade creditors at 30 June 2019 represented 62 days purchase (2018: 60 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.

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# Directors' Report

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**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: 8<sup>th</sup> November 2019

# Independent Auditor's Report

To the members of Millwall Holdings PLC

## Opinion

We have audited the financial statements of Millwall Holdings PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 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 2019 and of the group's profit 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.

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# Independent Auditor's Report

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## 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](http://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.

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

Date: 13<sup>th</sup> November 2019

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 2019

	Notes	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
<b>Revenue</b>	1,2	<b>18,366</b>	15,575
Other operating revenue	4	1,522	-
Profit / (loss) on disposal of players' registrations		5,414	(10)
Staff costs	5	(16,914)	(13,396)
Amortisation of players' registrations	8	(1,277)	(585)
Depreciation of property, plant and equipment	9	(453)	(322)
Total depreciation and amortisation expense		(1,730)	(907)
Other expenses		(6,799)	(5,543)
<b>(Loss) from operations</b>	4	<b>(141)</b>	(4,281)
Finance income	3	118	-
Finance expense	3	(679)	(760)
<b>(Loss) before taxation</b>		<b>(702)</b>	(5,041)
Tax expense	7	-	-
<b>(Loss) after tax for the financial year and total comprehensive loss</b>		<b>(702)</b>	(5,041)

All amounts relate to continuing activities.

The accompanying notes on pages 17- 34 form an integral part of this Consolidated Statement of Comprehensive Income.

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	<i>Ordinary shares of £10 each £000</i>	<i>Deferred shares of 0.09p each £000</i>	<i>Share premium account £000</i>	<i>B ordinary shares of £1 each £000</i>	<i>Capital reserve £000</i>	<i>Retained deficit £000</i>	<i>Total equity £000</i>
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)
<b>30 June 2018</b>	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>28,975</b>	<b>20,741</b>	<b>(90,086)</b>	<b>(980)</b>
1 July 2018	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>28,975</b>	<b>20,741</b>	<b>(90,086)</b>	<b>(980)</b>
B ordinary shares issued in year	–	–	–	2,850	–	–	2,850
Conversion of shareholder loans	–	–	–	–	–	559	559
Gain on shareholder loan modification (note 16)	–	–	–	–	–	–	–
Loss for the year	–	–	–	–	–	(702)	(702)
<b>30 June 2019</b>	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>31,825</b>	<b>20,741</b>	<b>(90,229)</b>	<b>1,727</b>

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

# Consolidated Statement of Financial Position

at 30 June 2019

Company number: 2355508

	Notes	30 June 2019 £000	30 June 2018 £000
<b>Non-current assets</b>			
Intangible assets	8	2,576	1,480
Property, plant and equipment	9	14,462	14,145
Trade and other receivables: amounts falling due after one year	11	2,188	-
		<u>19,226</u>	<u>15,625</u>
<b>Current assets</b>			
Inventories	10	49	128
Trade and other receivables: amounts falling due within one year	11	2,781	1,250
Cash and cash equivalents		663	344
		<u>3,493</u>	<u>1,722</u>
<b>Total assets</b>		<u>22,719</u>	<u>17,347</u>
<b>Non-current liabilities</b>			
Trade and other payables	12	(1,749)	(849)
Financial liabilities	13	(9,683)	(9,732)
Deferred income	12	(2,111)	(2,254)
		<u>(13,543)</u>	<u>(12,835)</u>
<b>Current liabilities</b>			
Trade and other payables	12	(5,307)	(3,106)
Deferred income	12	(2,142)	(2,386)
		<u>(7,449)</u>	<u>(5,492)</u>
<b>Total liabilities</b>		<u>(20,992)</u>	<u>(18,327)</u>
<b>Net assets/(liabilities)</b>		<u>1,727</u>	<u>(980)</u>
<b>Equity</b>			
Called up share capital	14,19	48,063	45,213
Share premium	19	23,152	23,152
Capital reserve	19	20,741	20,741
Retained deficit	19	(90,229)	(90,086)
<b>Total equity attributable to the shareholders of the parent</b>		<u>1,727</u>	<u>(980)</u>

The accounts on pages 13 to 34 were approved by the Board of Directors and authorised for issue on 8<sup>th</sup> November 2019.

**S Kavanagh**

Director

The accompanying notes on pages 17 - 34 form an integral part of this Consolidated Statement of Financial Position.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	<i>Year ended</i> <b>30 June</b> <b>2019</b> <b>£000</b>	<i>Year ended</i> <b>30 June</b> <b>2018</b> <b>£000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(702)	(5,041)
Depreciation on property, plant and equipment	453	322
Amortisation of intangible assets	1,277	585
Amortisation of grants	(81)	(162)
Amortisation of training ground creditor	(63)	(63)
(Profit)/Loss on disposal of players' registrations	(5,414)	10
Finance income	(118)	-
Finance expense	679	760
Multi-employer benefit change	-	152
	(3,969)	(3,437)
<b>Cash flows from operating activities before changes in working capital</b>		
Decrease in inventory	79	73
(Increase) in trade and other receivables	(380)	(166)
Increase in trade and other payables and deferred income	403	505
	(3,867)	(3,025)
<b>Net cash flow from operations</b>		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(770)	(305)
Proceeds on disposal of players' registrations	3,050	198
Purchase of players' registrations	(944)	(1,373)
	1,336	(1,480)
<b>Net cash flow from investing activities</b>		
<b>Financing activities</b>		
Issue of B ordinary shares	2,850	4,450
	2,850	4,450
<b>Net cash flow from financing activities</b>		
<b>Net movement in cash and cash equivalents</b>	319	(55)
<b>Cash and cash equivalents at start of year</b>	344	399
<b>Cash and cash equivalents at end of year</b>	663	344

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



# Notes to the Accounts

for the year ended 30 June 2019

## 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 2019, the Group had net assets of £1.7 million and net current liabilities of £4 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 2020, 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 2021. 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.

### *Adoption of new and revised standards*

#### *New and amended IFRS Standards that are effective for the current year*

#### **Impact of initial application of IFRS 9 Financial Instruments**

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. IFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated Financial Statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

#### *(a) Classification and measurement of financial assets*

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Debt instruments that are measured subsequently at amortised cost are subject to impairment reviews. See (b) below. The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no significant impact on the Group's financial assets as regards their classification and measurement. Financial assets classified as held-to-maturity and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

#### *(b) Impairment of financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. By way of explanation, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

- (1) Debt investments measured subsequently at amortised cost;
- (2) Lease receivables; and
- (3) Trade receivables and contract assets.

for the year ended 30 June 2019 (continued)

## I Accounting policies (continued)

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also permits a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances which the Group has applied. The adoption of the ECL model, using the simplified model, has not had a material effect on the Group.

### (c) Classification and measurement of financial liabilities

The requirements for the classification and measurement of financial liabilities are largely unchanged from IAS 39. As such, the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

### Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position which the Group have taken advantage of. The Group's accounting policies for its revenue streams are disclosed below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Group. The Group's significant revenue streams can be classified as follows:

- Seasonal and match tickets revenues, including hospitality packages.
- Centrally distributed media rights revenues.
- Sponsorship and commercial partner revenues.
- Merchandising revenues, including other royalties.

### Match Day:

This revenue stream is recognised on a match-by-match basis with the performance obligation associated to the price of a ticket/package being satisfied by the right to attend the match. It has therefore been concluded that all such revenues will continue to be recognised as these games are played.

### Central league awards

Central League Awards 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. It has been concluded that this approach is considered appropriate under the principles of IFRS 15.

### Commercial revenue

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. It has been concluded that this approach is considered appropriate under the principles of IFRS 15.

Based on the above, on adoption of IFRS 15 there are no material changes from previous practice under IAS 18.

### Adoption of standards not yet effective

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 2019. These are:

- 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 2019. 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 2019 under the current leasing standard are disclosed in Note 15.

The IASB has also issued or made amendments to IFRS 9, IAS28, IFRS 3, IFRS 11, IAS 12, IAS23, IFRIC 23, IFRS17 but these changes are not relevant to the current operations of the Group.

# Notes to the Accounts

for the year ended 30 June 2019 (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 within the single football club 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 which is typically because either the player is out of favour with the team management or the player is permanently injured. 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. In a situation where a player is permanently injured, fair value is considered to be the expected insurance recovery amount. 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 become probable which is usually when they 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	– 10%-33% per annum
Pitch renovation	– over the next season
Motor vehicles	– 25% per annum
Leasehold Improvement	– over the life of the lease

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.

When a significant part of property, plant and equipment is required to be replaced at intervals, the group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

### **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 2019 (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 subsidiaries 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.

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# Notes to the Accounts

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for the year ended 30 June 2019 (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 2019 (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 2019 £000	Year ended 30 June 2018 £000
Match Day	5,648	5,653
Central League Awards	10,049	7,623
Commercial	2,669	2,299
	<u>18,366</u>	<u>15,575</u>

## 3 Finance interest & expense

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
<i>Finance interest</i>		
Interest receivable on unwinding of discount	118	-
<i>Finance expense</i>		
Interest expenses on unwinding of discount	<u>(679)</u>	<u>(760)</u>

## 4 Loss from operations

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

	Year ended 30 June 2019 £000	Year ended 30 June 2018 £000
Depreciation and amounts written off property, plant and equipment		
– owned	453	322
Amortisation of grant	(81)	(162)
Amortisation of proceeds on sale of training ground	(63)	(63)
Amortisation of player registrations	1,277	585
Operating lease rentals – Land & Buildings	587	533
Operating lease rentals - Other	103	100
Auditors' remuneration		
– Audit of company financial statements	9	9
– Audit of financial statements of subsidiaries	35	30
– Taxation services	11	11
– Other services	-	-
Directors' emoluments	300	275
(Profit)/Loss on sale of players' registrations	<u>(5,414)</u>	<u>10</u>

Other operating income comprises loan fee income and other income received by the club not considered to be revenue.

# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## 5 Staff costs

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

	<b>Year ended 30 June 2019 Number</b>	<b>Year ended 30 June 2018 Number</b>
Football team management	35	31
Administrative and ground staff	54	46
Players (including Academy)	57	56
	<b>146</b>	<b>133</b>

In addition, the Group employs, on average, a further 130 (2018: 112) temporary staff on matchdays.

Aggregate remuneration comprised:

	<b>Year ended 30 June 2019 £000</b>	<b>Year ended 30 June 2018 £000</b>
Wages and salaries	15,041	11,665
Social security costs	1,759	1,494
Pension costs	114	237
	<b>16,914</b>	<b>13,396</b>

## 6 Directors' remuneration

	<b>Year ended 30 June 2019 £000</b>	<b>Year ended 30 June 2018 £000</b>
Directors' emoluments (including benefits in kind)	300	275
Pension costs	12	12
Total directors' remuneration	<b>312</b>	<b>287</b>

Payments to money purchase pension schemes were made in respect of one director (2018: one). The remuneration of the highest paid director was £312,000 including £12,000 of pension contributions.

# Notes to the Accounts

for the year ended 30 June 2019 (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:

	<b>Year ended</b> <b>30 June</b> <b>2019</b> <b>£000</b>	<i>Year ended</i> <i>30 June</i> <i>2018</i> <i>£000</i>
Profit/(Loss) on ordinary activities before tax	<b>(702)</b>	(5,041)
Profit/(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>(133)</b>	(958)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>245</b>	231
Losses for which deferred tax assets are not recognised	<b>(112)</b>	727
Total tax charge for the year	<b>–</b>	–

### *Deferred tax*

At 30 June 2019 the Group had estimated tax losses carried forward of £86.5m (2018: £86.6m), subject to the agreement of HM Revenue and Customs. After assessing the prospects for the 2020 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% (2018: 17%) is calculated at £14.7m (2018: £14.7m).

At 30 June 2019 the Group had £8.0m (2018: £8.3m) 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 (2018: £1.4m).

At 30 June 2019 the Group had capital losses carried forward of £4.7m (2018: £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 (2018: £0.8m).



# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## 8 Intangible assets

	<i>Players' registrations £000</i>
<i>Cost</i>	
1 July 2017	1,643
Additions	1,168
Disposals	(159)
30 June 2018	2,652
Additions	2,572
Disposals	(460)
30 June 2019	<b>4,764</b>
<i>Amortisation</i>	
1 July 2017	736
Charge for the year	585
Disposals	(149)
30 June 2018	1,172
Charge for the year	1,277
Disposals	(261)
30 June 2019	<b>2,188</b>
<i>Net book value</i>	
30 June 2018	1,480
30 June 2019	<b>2,576</b>

Included in the net book value of players' registrations are 27 registrations at a net book value at 30 June 2019 of £2,576,000 (2018: £1,480,000). The remaining useful life of these registrations is up to 3 years.

# Notes to the Accounts

for the year ended 30 June 2019 (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 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
Additions	-	770	-	-	770
Disposals	-	-	-	-	-
30 June 2019	<b>17,629</b>	<b>5,349</b>	<b>311</b>	<b>42</b>	<b>23,331</b>
<i>Accumulated depreciation</i>					
1 July 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
Charge for the year	176	237	40	-	453
Disposals	-	-	-	-	-
30 June 2019	<b>4,606</b>	<b>4,152</b>	<b>69</b>	<b>42</b>	<b>8,869</b>
<i>Net book value</i>					
30 June 2018	13,199	664	282	-	14,145
30 June 2019	<b>13,023</b>	<b>1,197</b>	<b>242</b>	-	<b>14,462</b>

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

The net carrying value of assets held under finance leases is £299,000 (2018: Nil).

## 10 Inventories

	30 June 2019 £000	30 June 2018 £000
Goods for resale	49	128

Goods for resale include an amount of £49,000 (2018: £128,000) carried at fair value less costs to sell. The amount of inventories recognised as an expense during the year was £921,000 (2018: £778,000).

## 11 Trade and other receivables

	30 June 2019 £000	30 June 2018 £000
<i>Amounts falling due within one year:</i>		
Trade receivables	816	402
Transfer fees receivable	1,250	99
Prepayments and accrued income	715	749
	<b>2,781</b>	<b>1,250</b>

# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## 11 Trade and other receivables (continued)

	<b>30 June 2019 £000</b>	<b>30 June 2018 £000</b>
<i>Amounts falling due after one year:</i>		
Transfer fees receivable	<b>2,188</b>	-
	<b>2,188</b>	-

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 2019 trade receivables of £329,000 (2018: £172,000) were past due against which a doubtful debtor's provision of £139,000 has been recorded. The remaining balances relate to customers with no default history. The ageing analysis of these receivables is as follows:

	<b>30 June 2019 £'000</b>	<b>30 June 2018 £'000</b>
3 to 6 months	<b>329</b>	172
	<b>329</b>	172

## 12 Trade and other payables

	<b>30 June 2019 £000</b>	<b>30 June 2018 £000</b>
<i>Current:</i>		
Trade and other payables	<b>3,206</b>	1,384
Taxation and social security	<b>969</b>	619
Accruals	<b>1,132</b>	1,103
	<b>5,307</b>	3,106
Deferred income	<b>2,142</b>	2,386
	<b>7,449</b>	5,492
<i>Non-current:</i>		
Trade and other payables	<b>1,330</b>	387
Accruals	<b>419</b>	462
	<b>1,749</b>	849
Deferred income	<b>2,111</b>	2,254
	<b>3,860</b>	3,103

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

Included within deferred income is:

- an amount of £1,998,000 (2018: £2,242,000) 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 £1,879,000 (2018: £1,960,000) received in respect of the long leasehold premises and other fixtures and fittings, of which £81,000 is current.
- unamortised proceeds of £375,000 (2018: £437,500) 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 2019 (continued)

## 13 Financial liabilities

	<b>30 June 2019 £000</b>	<i>30 June 2018 £000</i>
<i>Non-current:</i>		
Non-convertible loan notes	<b>9,457</b>	9,506
Interest accrued on loan notes	<b>226</b>	226
	<b>9,683</b>	9,732

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 June 2019, were re-recognised at their fair value of £9,441,000. This discount to nominal value will be charged to profit and loss as a finance cost over the facility term. £16,000 of such discount has unwound since the June 2019 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 2019 loan note liabilities were due as follows:

	<b>30 June 2019 £000</b>	<i>30 June 2018 £000</i>
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	<b>9,683</b>	9,732
	<b>9,683</b>	9,732

In May 2018 the repayment date for all loan notes was further extended to 1 July 2020. On 19 June 2019 the repayment date for all loan notes was further extended to 1 July 2021.

# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## 14 Share capital

	<b>30 June 2019 Number</b>	<b>30 June 2018 Number</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £10 each	<b>1,390,523</b>	1,390,523
B ordinary shares of £1 each	<b>31,825,000</b>	28,975,000
Deferred shares of 0.09p each	<b>2,592,087,167</b>	2,592,087,167
	<b>2,625,302,690</b>	2,622,452,690
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £10 each	<b>13,905</b>	13,905
B ordinary shares of £1 each	<b>31,825</b>	28,975
Deferred shares of 0.09p each	<b>2,333</b>	2,333
	<b>48,063</b>	45,213

### *B ordinary shares*

During the year the Company issued 2,850,000 new B ordinary shares of £1 each, at par, for cash.

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

### *Deferred shares*

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

# Notes to the Accounts

for the year ended 30 June 2019 (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:

	<b>Land and Buildings 2019 £000</b>	<b>Other leases 2019 £000</b>	<b>Total 2019 £000</b>	<b>Land and Buildings 2018 £000</b>	<b>Other leases 2018 £000</b>	<b>Total 2018 £000</b>
<b>Minimum lease payments due:</b>						
<b>Within one year</b>	556	42	<b>598</b>	556	38	594
<b>In two to five years</b>	2,285	37	<b>2,322</b>	2,265	50	2,315
<b>After five years</b>	7,686	-	<b>7,686</b>	8,261	-	8,261
	<b>10,527</b>	<b>79</b>	<b>10,606</b>	<b>11,082</b>	<b>88</b>	<b>11,170</b>

### b) Finance lease

During the year, the Club has entered into agreements to lease a number of assets. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Club has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. Future lease payments are due as follows;

	<b>Minimum Lease Payments 2019 £'000</b>	<b>Interest 2019 £'000</b>	<b>Present Value 2019 £'000</b>
<i>Within one year</i>	<b>113</b>	<b>12</b>	<b>101</b>
<i>In two to five years</i>	<b>123</b>	<b>13</b>	<b>110</b>
	<b>236</b>	<b>25</b>	<b>211</b>

### c) 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 2018. The key assumptions used to calculate the deficit at the 31 August 2018 actuarial valuation are:

Discount Rate	3.6% p.a. until 2021, 2.5% p.a. for the following 10 years and 1.5% p.a. thereafter.
RPI inflation:	3.3% 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 £278,000 (2018: £327,000). This resulted in a charge of £Nil (2018: £186,000) being made to profit and loss in the current year.

The Club currently has 1 employee who is a member of the scheme (2018: 1) and pays total contributions of £49,575 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 2026.

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.

### d) 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 £250,000 (2018: £Nil). The maximum that could be payable is £950,000 (2018: £797,500). 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 2019 (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

	<b>30 June 2019 £000</b>	<i>30 June 2018 £000</i>
<i>Classification of financial assets:</i>		
Trade receivables	<b>816</b>	402
Transfer fees receivable	<b>3,438</b>	99
Cash and cash equivalents	<b>663</b>	344
Total financial assets classified as loans and receivables at amortised cost	<b>4,917</b>	845
<i>Classification of financial liabilities:</i>		
Trade and other payables	<b>4,536</b>	1,771
Amount due to parent company	-	-
Accruals	<b>1,551</b>	1,565
Amounts relating to non-convertible loan notes (including accrued interest on loan notes)	<b>9,683</b>	9,732
Total financial liabilities measured at amortised cost	<b>15,770</b>	13,068

### 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 2019 (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 2019 the Group had no amounts (2018: £Nil) on deposit.

### Non-convertible loan notes

Non-convertible loan notes at 30 June 2019 and 30 June 2018 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2020 to 30 June 2021 (2018: 1 July 2019 to 30 June 2020). This facility was fully drawn down at 30 June 2019 and 2018. It is available to the Company until 1 July 2021 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 2020 to 30 June 2021 (2018: 1 July 2019 to 30 June 2020). £10,000,000 of previously drawn amounts were converted to equity in the prior year. £10,000,000 of this facility was drawn down at 30 June 2019 and at 30 June 2018. It is available to the Company until 1 July 2021 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 2020, with effect from 1 January 2015. Interest payable of £484,560 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 2020, with effect from 1 January 2015. Interest payable of £24,400 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 2019 and 30 June 2018 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 £9,441,000 upon modification in June 2019 (unwound to £9,457,000 at 30 June 2019) and £9,443,000 upon modification on 16 May 2018 (unwound to £9,506,000 at 30 June 2018). The £559,000 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 £663,000 (2018: £344,000); loan notes and accrued interest of £9,683,000 (2018: £9,732,000); the working capital amount owed to the parent company of £Nil (2018: £Nil) and equity share capital and premium of £71,215,000 (2018: £68,365,000).

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 2019 (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 2019 £10,000,000 (2018: £10,000,000) of this facility had drawn down.
- An interest free working capital facility which is repayable on demand. At 30 June 2019 £Nil (2018: £Nil) had been drawn down against this facility.

During the year, no interest (2018: £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 £484,560 (2018: £735,500) 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 2019, the balance drawn under this facility was £300,000 (2018: £300,000). During the year, no interest (2018: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2020. Total accrued interest of £161,000 (2018: £161,000) remains unpaid at the balance sheet date. However, an effective interest charge of £14,664 (2018: £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 2019, the balance drawn under this facility was £200,000 (2018: £200,000). During the year no interest (2018: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2020. Total accrued interest of £65,000 (2018: £65,000) remains unpaid at the balance sheet date. However, an effective interest charge of £9,776 (2018: £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 2019 (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 Matt Smith from Queens Park Rangers Football Club, Jon Dadi Bodvarsson from Reading Football Club, Connor Mahoney from Bournemouth Football Club, Jason McCarthy from Wycombe Wanderers Football Club and Frank Fielding, and Alex Peace on free transfers.

## 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 2019

Company number: 2355508

	Notes	30 June 2019 £000	30 June 2018 £000
<b>Fixed assets</b>			
Investments	v	11,272	8,768
<b>Current assets</b>			
Debtors	vi	3	–
Cash at bank and in hand		–	–
		3	–
<b>Creditors: Amounts falling due within one year</b>	vii	–	(16)
<b>Net current liabilities</b>		3	(16)
<b>Total assets less current liabilities</b>		11,275	8,752
<b>Creditors: Amounts falling due after more than one year</b>	viii	(9,683)	(9,732)
<b>Net assets / (Net Liabilities)</b>		1,592	(980)
<b>Capital and reserves</b>			
Called up share capital	ix	48,063	45,213
Share premium account		23,152	23,152
Capital reserve		20,683	20,683
Retained deficit		(90,306)	(90,028)
<b>Shareholders' funds (in deficit)</b>		1,592	(980)

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 £837,000 (2018: £5,041,000) 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 35 to 42 were approved by the Board of Directors and authorised for issue on 8<sup>th</sup> November 2019.

**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 2019

	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 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)
<b>30 June 2018</b>	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>28,975</b>	<b>20,683</b>	<b>(90,028)</b>	<b>(980)</b>
<b>1 July 2018</b>	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>28,975</b>	<b>20,683</b>	<b>(90,028)</b>	<b>(980)</b>
B ordinary shares issued in year	-	-	-	2,850	-	-	2,850
Gain on shareholder loan modification (note viii)	-	-	-	-	-	559	559
Loss for the year	-	-	-	-	-	(837)	(837)
<b>30 June 2019</b>	<b>13,905</b>	<b>2,333</b>	<b>23,152</b>	<b>31,825</b>	<b>20,683</b>	<b>(90,306)</b>	<b>1,592</b>

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

# Notes to the Accounts

for the year ended 30 June 2019 (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 2019, the Company had net assets of £1.59 million and net current assets of £3,000.

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 2020 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 2021. 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 2019 (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 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.
- 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 Nil (2018: £4,060,000) which has been determined by reference to the underlying net asset value of each of the subsidiary undertaking

## iii Employees

The average number of employees of the Company during the year, including directors, was 8 (2018: 8). 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:

	<i>Year ended</i> <b>30 June</b> <b>2019</b> <b>£000</b>	<i>Year ended</i> <b>30 June</b> <b>2018</b> <b>£000</b>
Auditors' remuneration for the audit of Company financial statements	<b>9</b>	<b>9</b>
Directors' emoluments – paid by subsidiaries	<b>300</b>	<b>275</b>

# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## v Investments

	Shares in subsidiary undertakings £000	Loan to subsidiary undertakings £000	Total £000
<i>Cost</i>			
1 July 2018	400	94,693	95,093
Additions	-	2,504	2,504
Write-offs	-	-	-
30 June 2019	<b>400</b>	<b>97,197</b>	<b>97,597</b>
<i>Amounts provided for</i>			
1 July 2018	-	86,325	86,325
Provided in year	-	-	-
Write-offs	-	-	-
30 June 2019	-	<b>86,325</b>	<b>86,325</b>
<i>Net book value</i>			
30 June 2019	<b>400</b>	<b>10,872</b>	<b>11,272</b>
30 June 2018	400	8,368	8,768

At 30 June 2019, 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 2019 £000	30 June 2018 £000
VAT recoverable	-	-
Prepayments and accrued income	3	-
	<b>3</b>	<b>-</b>

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 2019 £000	30 June 2018 £000
Other creditors	-	7
Amount due to parent company	-	-
Accruals and deferred income	-	9
	<b>-</b>	<b>16</b>

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 2019 (continued)

## viii Creditors: Amounts falling due after more than one year

	<b>30 June 2019 £000</b>	<b>30 June 2018 £000</b>
Non-convertible loan notes	<b>9,457</b>	9,506
Interest accrued on loan notes	<b>226</b>	226
	<b>9,683</b>	9,732

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 June 2019, were re-recognised at their fair value of £9,441,000. This discount to nominal value will be charged to profit and loss as a finance cost over the facility term. £16,000 of such discount has unwound since the June 2019 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 2019 and 30 June 2018 comprised the following:

- A £525,000 facility carrying interest at 12% p.a. calculated daily and consolidated quarterly over the period 1 July 2020 to 30 June 2021 (2018: 1 July 2019 to 30 June 2020). This facility was fully drawn down at 30 June 2019 and 2018. It is available to the Company until 1 July 2021 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 2020 to 30 June 2021 (2018: 1 July 2019 to 30 June 2020). £10,000,000 of this facility was drawn down at 30 June 2019 and 30 June 2018. It is available to the Company until 1 July 2021 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 2020, with effect from 1 January 2015. Interest payable of £484,560 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 2020, with effect from 1 January 2015. Interest payable of £24,440 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 £9,441,000 upon modification on 19 June 2019 (unwound to £9,457,000 at 30 June 2019) and £9,443,000 upon modification on 16 May 2018 (unwound to £9,506,000 at 30 June 2018). The £559,000 (2018: £505,000) 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 2019 loan note liabilities were due as follows:

	<b>30 June 2019 £000</b>	<b>30 June 2018 £000</b>
Amount payable		
– after one year but within two years	–	–
– after two years but within five years	<b>9,683</b>	9,732
	<b>9,683</b>	9,732



# Notes to the Accounts

for the year ended 30 June 2019 (continued)

## ix Share capital

	<b>30 June 2019 Number</b>	<i>30 June 2018 Number</i>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £10 each	<b>1,390,523</b>	1,390,523
B ordinary shares of £1 each	<b>31,825,000</b>	28,975,000
Deferred shares of 0.09p each	<b>2,592,087,167</b>	2,592,087,167
	<b>2,625,302,690</b>	2,622,452,690
	<b>£000</b>	<i>£000</i>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £10 each	<b>13,905</b>	13,905
B ordinary shares of £1 each	<b>31,825</b>	28,975
Deferred shares of 0.09p each	<b>2,333</b>	2,333
	<b>48,063</b>	45,213

### *B ordinary shares*

During the year the Company issued 2,850,000 new B ordinary shares of £1 each, at par, for cash.

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

### *Deferred shares*

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

# Notes to the Accounts

for the year ended 30 June 2019 (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 2019 £10,000,000 (2018: £10,000,000) of this facility had drawn down.
- An interest free working capital facility which is repayable on demand. At 30 June 2019 £Nil (2018: £Nil) had been drawn down against this facility.

During the year, no interest (2018: £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 £484,560 (2018: £735,500) 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 2019, the balance drawn under this facility was £300,000 (2018: £300,000). During the year, no interest (2018: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2020. Total accrued interest of £161,000 (2018: £161,000) remains unpaid at the balance sheet date. However, an effective interest charge of £14,664 (2018: £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 2019, the balance drawn under this facility was £200,000 (2018: £200,000). During the year no interest (2018: £Nil) accrued under these facilities since, as described in note 16, the charging of interest has been suspended until 1 July 2020. Total accrued interest of £65,000 (2018: £65,000) remains unpaid at the balance sheet date. However, an effective interest charge of £9,776 (2018: £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 Trustee of the Phillip Smith dec'd Will Trust.

# Millwall Holdings PLC

(Registered no. 02355508)

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 annual general meeting of Millwall Holdings PLC (**Company**) will be held at The Den, Zampa Road, London, SE16 3LN at 11a.m. on 13 December 2019 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 2019 and the reports of the directors and auditors thereon.
2. To re-elect James Berylson who retires by rotation, as a director.
3. To re-elect Stephen Kavanagh 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: 8<sup>th</sup> November 2019

## Notes

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

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## **Resolutions Explanatory Notes**

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### **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 2019.

#### **Resolutions 2 and 3 – Re-election of James Berylson and Stephen Kavanagh as directors**

Under the Company's Articles of Association James Berylson and Stephen Kavanagh 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 13 December 2019 at the close of the annual general meeting of the Company (which is to commence at 11a.m. on 13 December 2019), 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: 8<sup>th</sup> November 2019

### 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.