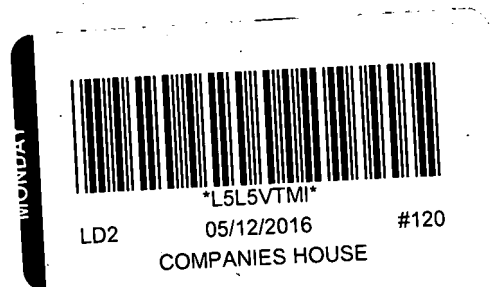


MILTON KEYNES DONS LIMITED

**Annual Report and Financial Statements
for the year ended 30 June 2016**



MILTON KEYNES DONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2016

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MILTON KEYNES DONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Winkelman
B Winkelman
M Turner
A Cullen
J Cove
S Dawson

SECRETARY

D Lyko-Edwards (resigned 2 November 2015)
A Richens (appointed 2 November 2015)

REGISTERED OFFICE

Stadium MK
Stadium Way
Milton Keynes
MK1 1ST

BANKERS

Santander PLC
Milton Keynes

SOLICITORS

EMW LLP
Milton Keynes

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes

MILTON KEYNES DONS LIMITED

STRATEGIC REPORT

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

PRINCIPAL ACTIVITY

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

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

The company generated turnover of £11.7m compared to £5.2m in 2015, this is due to increased funding from the Football League along with an increase in gate receipts associated with playing in a higher league compared to the previous year. As with all football clubs, the challenge is to control player wages while remaining competitive. The company is and will continue to be supported by Inter MK Group Limited which is diversifying and generating future income from a hotel and from commercial property development.

During the year the Company generated £0.8m (2015: £5.4m) profit from the disposal of players. Loss before tax for the year was £1.6m (2015: profit of £2.3m) as the group supported a large football wage budget to be as competitive in the Championship as possible.

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

The Company views the following as its key performance indicators:

	2016 £	2015 £
End of season league position (Championship / League 1)	23rd	2nd
Staff costs as percentage of turnover	67.1%	95.3%
Match day income as a percentage of turnover	42.7%	51.0%

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Credit risk

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

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

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

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

Cash flow risk

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

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance. Further details of the Group's current financing arrangements are given in note 1.

MILTON KEYNES DONS LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

FUTURE DEVELOPMENTS

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

Approved by the Board of Directors on 29 November 2016
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'P J Winkelman', followed by a long diagonal stroke.

P J Winkelman
Director

MILTON KEYNES DONS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2016.

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

GOING CONCERN

Despite the company showing net liabilities of £9.7m (2015 £9.7m), the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. To determine the going concern basis is appropriate the company has received a letter of support from its parent company confirming that it will provide the necessary support to enable the company to continue as a going concern for the foreseeable future and for at least 12 months from the date of this report.

The directors of Inter MK Group Limited, the ultimate parent company, have prepared financial projections for Inter MK Group Limited and its subsidiaries ("the Group"), through to 30 June 2018 ("the Forecast"), the earliest point of time at which no further drawdowns can be made against bank facilities. These show the Group continuing as a going concern. Accordingly, the directors of the Company, having received a letter of support from the Group, continue to adopt the going concern basis of preparation.

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

EVENTS AFTER THE BALANCE SHEET DATE

Due to relegation after the 2015/16 season and the poor start to the 2016/17 season (despite an increased player budget) the club decided to part company with the long serving first team manager.

There were no other significant events after the balance sheet date.

DIRECTORS

The directors who served throughout the year, and to the date of this report, except as listed below.

P J Winkelman

B Winkelman

M Turner

A Cullen (appointed 12 November 2015)

J Cove (appointed 12 November 2015)

S Dawson (appointed 12 November 2015)

DIVIDENDS

No dividend was paid or proposed during the year (2015 - £nil)

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

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

MILTON KEYNES DONS LIMITED

DIRECTORS' REPORT

AUDITOR

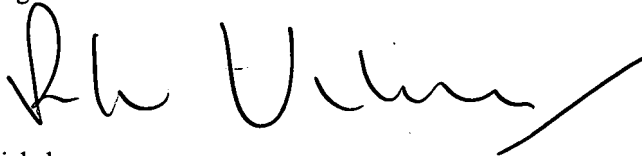
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that she/he ought to have taken as a director to make herself/himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 29 November 2016
and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'P Winkelman', followed by a long diagonal stroke.

P Winkelman

Chairman

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the financial statements of Milton Keynes Dons Limited for the year ended 30 June 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matthew Hall

Matthew Hall (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Milton Keynes, UK

29th November 2016

MILTON KEYNES DONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2016

	Note	2016 £	2015 £
TURNOVER	1 & 3	11,665,052	5,173,561
Operating expenses		(13,967,647)	(8,122,876)
OPERATING LOSS		(2,302,595)	(2,949,315)
Profit on disposal of player registrations	4	775,000	5,403,034
(LOSS) / PROFIT BEFORE INTEREST AND TAXATION	5	(1,527,595)	2,453,719
Finance costs (net)	7	(121,030)	(170,427)
(LOSS) / PROFIT BEFORE TAXATION		(1,648,625)	2,283,292
Tax on loss / (profit)	8	1,631,107	(686,651)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(17,518)	1,596,641

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

All activities derive from continuing operations.

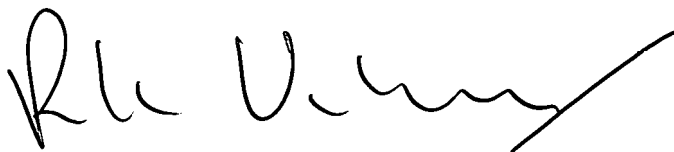
MILTON KEYNES DONS LIMITED

BALANCE SHEET 30 June 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	9	214,505	266,494
Tangible assets	10	143,809	111,438
Investments	11	-	-
		<u>358,314</u>	<u>377,932</u>
CURRENT ASSETS			
Stocks	12	125,171	154,854
Debtors	13	1,906,894	4,497,363
Cash at bank and in hand		366,076	60,651
		<u>2,398,141</u>	<u>4,712,868</u>
CREDITORS: amounts falling due within one year	14	<u>(11,953,099)</u>	<u>(14,328,832)</u>
NET CURRENT LIABILITIES		<u>(9,554,958)</u>	<u>(9,615,964)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,196,644)</u>	<u>(9,238,032)</u>
PROVISIONS FOR LIABILITIES	17	<u>(517,557)</u>	<u>(458,651)</u>
NET LIABILITIES		<u>(9,714,201)</u>	<u>(9,696,683)</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,000,000	2,000,000
Profit and loss account		<u>(11,714,201)</u>	<u>(11,696,683)</u>
SHAREHOLDERS' DEFICIT		<u>(9,714,201)</u>	<u>(9,696,683)</u>

The financial statements of Milton Keynes Dons Limited, registered number 4787003, were approved by the Board of Directors and authorised for issue on 29 November 2016.

Signed on behalf of the Board of Directors



P Winkelman
Director

MILTON KEYNES DONS LIMITED

STATEMENT OF CHANGES IN EQUITY 30 June 2016

	Share capital £	Profit and loss account £	Total £
At 30 June 2014	<u>2,000,000</u>	<u>(13,293,324)</u>	<u>(11,293,324)</u>
Profit for the financial year	-	1,596,641	1,596,641
At 30 June 2015	<u>2,000,000</u>	<u>(11,696,683)</u>	<u>(9,696,683)</u>
Loss for the financial year	-	(17,518)	(17,518)
Balance at 30 June 2016	<u><u>2,000,000</u></u>	<u><u>(11,714,201)</u></u>	<u><u>(9,714,201)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

1. ACCOUNTING POLICIES

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

General information and basis of accounting

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

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The prior year financial statements were not restated for material adjustments on adoption of FRS 102 in the current year, on the virtue that there were none.

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

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

The results of the Company are included in the consolidated accounts of its ultimate parent company, Inter M.K. Group Limited.

Going concern

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

The directors of the Group have prepared cashflow forecasts through 30 June 2018 and beyond, which include certain key assumptions around revenue, profitability and working capital management. The forecasts show that the Group has adequate resources to operate for the foreseeable future. Accordingly, the directors are satisfied on the ability of the Group to continue to meet its liabilities as and when they fall due for the foreseeable future, being a period of at least 12 months from the date of signing and approving this report. Accordingly, the directors of the Company, having received a letter of support from the Group, continue to adopt the going concern basis of preparation.

Turnover

Turnover represents income receivable, net of VAT, from football, entertainment and related commercial activities. All turnover in the current year and preceding year was derived in the United Kingdom.

Gate and other match/event day revenue is recognised over the period of the football season as games are played and events are staged. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards for the teams' end of season achievements are accounted for only when known at the end of the financial period.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This period is considered to be 20 years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

Player registrations (within intangible fixed assets)

When acquired the costs of obtaining players' registrations are capitalised and amortised evenly over the period of the associated player's contract. Provision is made where, in the opinion of the directors, an impairment of the carrying value of the players' registrations has occurred. Potential future registration fees, contingent on certain conditions agreed in the registration contracts with the selling company, are disclosed as contingent liabilities (see note 16).

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	5 years
Office equipment	3 years
Plant and machinery	5 years
Motor vehicles	5 years

Freehold land is not depreciated.

Investments

Investments are stated at cost less provision for impairment.

Stocks

Stocks, which comprise goods for resale, are stated on a first in, first out basis at the lower of cost and net realisable value.

Signing on fees

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

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

1. ACCOUNTING POLICIES (continued)

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Pensions

The company contributes to the Football League Limited Pension and Life Assurance Scheme for certain former employees, the assets of which are held separately from those of the company in independently administered funds. The company is not able to identify its share of the assets and liabilities of the scheme and therefore accounts for the scheme as a defined contribution scheme, in accordance with FRS 102 'employee benefits'. The pension cost charges represent contributions payable by the company during the year towards an actuarial deficit on the scheme, and a provision for the future settlement of the deficit in the Scheme, as advised by the Trustees (see note 17).

Grants

Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The directors are of the opinion that there are no accounting judgements that are not described in sufficient detail in note 1.

Key source of estimation uncertainty – present value of pension obligation

The funding objective of the Trustees of the Scheme is to have sufficient assets to meet the Technical Provisions of the Scheme. In order to remove the deficit revealed at the previous actuarial valuation (dated 31 August 2014), deficit contributions are payable by all participating clubs. Payments are made in accordance with a payment schedule. Determining the present value of the clubs share of the pension obligations requires significant assumptions determined by the schemes actuaries and therefore represents a key source of uncertainty.

3. TURNOVER

	2016 £	2015 £
Broadcasting	392,615	166,836
Match day receipts	5,104,350	2,711,642
Commercial (including league distributions)	5,788,321	2,005,239
Other (parking and stadium events)	379,766	239,844
	<u>11,665,052</u>	<u>5,173,561</u>

A number of changes have been made to the classification of revenue to more accurately reflect the true nature of the transactions, which has resulted in a restatement of prior year comparatives.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

4. PROFIT ON DISPOSAL OF PLAYER REGISTRATIONS

	2016 £	2015 £
Consideration	775,000	5,403,034
Net book value of disposal	-	-
	<u>775,000</u>	<u>5,403,034</u>

5. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

(Loss) / Profit on ordinary activities is stated after charging / (crediting):	2016 £	2015 £
Depreciation of tangible fixed assets	83,315	66,626
Amortisation of players' registrations	500,204	145,631
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>11,750</u>	<u>10,000</u>

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2016 £	2015 £
Directors' remuneration		
Emoluments	125,000	112,500

During the current year the highest paid director was paid £125,000 (2015 - £112,500). The company does not contribute to any pension arrangements in favour of the directors.

	2016 No	2015 No
The average number of employees of the company during the year were:		
Full-time playing, training and management	82	55
Administration and commercial	78	42
	<u>160</u>	<u>97</u>

In addition to the above, the company employs an average of approximately 150 (2015 - 150) temporary staff on match days.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Staff costs incurred during the year in respect of all employees were:	2016 £	2015 £
Wages and salaries	7,067,915	4,387,691
Social security costs	911,499	529,703
Other pension costs (see note 17)	73,793	73,788
	<u>8,053,207</u>	<u>4,991,182</u>

The other pension costs above relates to payments made in relation to the service of past employees (see note 17) of the football league pension scheme and excludes the interest charged in this respect.

7. FINANCE COSTS (NET)

	2016 £	2015 £
Interest payable on pension deficit	<u>121,030</u>	<u>170,427</u>

Due to the adoption of FRS 102 in the current year, there has been a change in accounting for defined benefit pension schemes. Under FRS 102 the present value of the pension obligation is included in provisions rather than the company's share of the pension deficit. The above interest cost therefore includes a charge relating to the change in accounting basis for the year ended 30 June 2015 which was deemed to be immaterial and therefore a prior year adjustment was not required.

8. TAX ON (LOSS) / PROFIT

	2016 £	2015 £
Current tax		
UK corporation tax on (loss) / profit for the period	(1,631,108)	-
Total current tax charge	<u>(1,631,108)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	(686,651)
Total tax per income statement	<u>(1,631,108)</u>	<u>(686,651)</u>

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

8. TAX ON (LOSS) / PROFIT (continued)

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

	2016 £	2015 £
(Loss) / Profit on ordinary activities before tax	(1,648,625)	2,283,292
Tax on (loss) / profit on ordinary activities at standard rate of 20.00% (2015 – 20.75%)	(329,725)	473,836
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	10,000	5
Effects of group relief / other reliefs	(1,304,886)	-
Depreciation in excess of capital allowances	-	(17,973)
Other short term timing differences	-	(15,405)
Deferred tax not recognised	(6,497)	-
Utilisation of tax losses	-	(440,463)
Total actual amount of current tax	(1,631,108)	-

The elements of deferred tax, not recognised are as follows:

	2016 £	2015 £
(Accelerated) / Decelerated capital allowances	(110,248)	(111,157)
Other short term timing differences	(93,160)	(57,645)
(Decrease) / Increase in tax losses	(295,111)	(475,727)
Deferred tax asset (not recognised)	498,519	644,529

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rate now standing at 20% with effect from 1 April 2015. Changes to the UK corporation tax rates were substantively enacted as part of Finance (No.2) Bill 2015 on 26 October 2015. These include reductions to the corporation tax main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred tax assets and liabilities at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Player registrations £	Total £
Cost			
At 1 July 2015	234,333	412,125	646,458
Additions	-	708,759	2,500
At 30 June 2016	234,333	770,884	648,958
Amortisation			
At 1 July 2015	234,333	145,631	379,964
Charge for the year	-	410,748	78,592
At 30 June 2016	234,333	556,379	458,556
Net book value			
At 30 June 2016	-	214,505	190,402
At 30 June 2015	-	266,494	266,494

Agent's fees in relation to player contract negotiations are capitalised and amortised over the life of the contract. Additions in year includes an immaterial amount of costs expensed in 2015 to which a prior year adjustment was not deemed necessary.

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Office equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 1 July 2015	344,085	233,285	726,498	114,531	1,418,399
Additions	-	71,832	26,462	17,392	115,686
At 30 June 2016	344,085	305,117	752,960	131,923	1,534,085
Depreciation					
At 1 July 2015	302,522	211,622	707,011	85,806	1,306,961
Charge for the year	22,032	32,820	12,295	16,168	83,315
At 30 June 2016	280,490	244,442	719,306	101,974	1,390,276
Net book value					
At 30 June 2016	19,531	60,675	33,654	29,949	143,809
At 30 June 2015	41,563	21,663	19,487	28,725	111,438

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

11. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 July 2015 and 30 June 2016	3,000
Provision for impairment	
At 1 July 2015 and 30 June 2016	3,000
Net book value	
At 30 June 2015 and 30 June 2016	-

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking	Registered office	Principal activity	Description of shares held	Proportion of nominal value of shares held by the company
Milton Keynes City Football Club Limited	Stadium MK, Stadium Way, Milton Keynes MK1 1ST	Non-trading	Ordinary £1 shares	100%
Milton Keynes Football Club Limited	Stadium MK, Stadium Way, Milton Keynes MK1 1ST	Non-trading	Ordinary £1 shares	100%

12. STOCKS

	2016 £	2015 £
Finished goods and goods for resale	125,171	154,854

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

13. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,524,840	4,296,946
Other debtors	151,222	34,034
Prepayments and accrued income	230,832	166,383
	<u>1,906,894</u>	<u>4,497,363</u>

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 June 2016

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	874,442	585,597
Taxation and social security	500,609	412,481
Other creditors	142,918	54,879
Accruals	146,476	399,828
Deferred income	2,044,016	1,886,808
Amounts owed to Group undertakings	8,244,637	10,989,239
	<u>11,953,099</u>	<u>14,328,832</u>

15. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, called-up and fully paid 2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

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

16. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, no additional transfer fees payable (2015 - £nil) will arise contingent upon certain contractual events occurring after the year end, such as players making specific numbers of appearances and gaining international honours.

Additional transfer fees may become receivable should certain contingent events occur in respect of players already sold by the year end. No amounts have been recognised in these financial statements in respect of these fees, as they are dependent on future events.

17. PROVISIONS FOR LIABILITIES

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

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

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

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

17. PROVISIONS FOR LIABILITIES (continued)

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

The results of the 2014 valuation were rolled forward to 30 June 2016 on the same assumptions as detailed above, and the Club's notional share of the deficit was £418,974 (£458,651 as at 30 June 2015).

The Club currently pays total contributions of £73,793 per annum which increases at 5.0% per annum (first increase due as at 1 September 2016) and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2022.

As at 30 June 2016, based on an appropriate discount rate of 1.29% per annum, the present value of the Club's outstanding contributions (i.e. their future liability) is £517,557. This amounts to £76,868 (2015: £73,793) due within one year and £440,689 (2015: £495,110) due after more than one year and is included within provisions.

Present value of defined benefit obligation

	2016 £	2015 £
Present value of defined benefit obligation	<u>517,557</u>	<u>568,903</u>

Reconciliation of defined benefit obligation

	2016 £
Defined benefit obligation at 1 July 2015	568,903
Net interest charge (note 7)	12,237
Club contribution (deficit contribution)	(73,793)
Changes in assumptions (note 7)	<u>10,209</u>
At 30 June 2016	<u>517,557</u>

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

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

18. GUARANTEES

As at the balance sheet date, there were cross guarantees in place between the company and the other entities that form part of the Group, as part of the group's financing arrangements. The financing is secured on substantially all of the assets of the Company and Group. As at 30 June 2016, the balance owing on this facility was £5,876,390.

MILTON KEYNES DONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2016

19. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of the Group headed by Inter MK Group Limited, the Company has taken advantage of the exemption granted by paragraph 33.1 of Financial Reporting Standard 102, not to disclose transactions with 10% owned group entities.

20. ULTIMATE PARENT COMPANY

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

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