Company Registration No. 6297789

INTER MK GROUP LIMITED

Report and Financial Statements

30 June 2012

(- 28/03/2013)

INTER MK GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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INTER MK GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Winkelman
B Winkelman
M Turner

SECRETARY

S O'Hara

REGISTERED OFFICE

Stadium MK
Stadium Way
Milton Keynes
MK1 1ST

BANKERS

Clydesdale Bank PLC
Milton Keynes

Santander UK Plc
Milton Keynes

SOLICITORS

EMW LLP
Milton Keynes

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes

DIRECTORS' REPORT

The dırectors present theır annual report and the audıted financıal statements for the year ended 30 June 2012

PRINCIPAL ACTIVITIES

The prıncıpal actıvıtıes of the Group are as follows

- the operatıon of a professıonal football club, wıth other entertaınment and related commercıal actıvıtıes,
- property development, and
- the operatıon of a hotel

The prıncıpal actıvıty of the company ıs that of a holdıng company

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

As shown ın the Group's profit and loss account on page 7, the Group's turnover ıncreased by £23,140,070 (209 0%), from £11,073,529 to £34,213,599, thıs was drıven prımarıly by development revenues assocıated wıth the Site A retaıl development

The Group has now completed the development of Sıte A and all unıts are fully occupıed wıth retaıl outlets

The Group's profit before tax ıncreased by £2,335,808, from a loss of £391,101 to a profit of £1,944,707

The dırectors do not antıcıpate that there wıll be any change to the Group's prıncıpal actıvıtıes ın the foreseeable future

GOING CONCERN

The dırectors have a reasonable expectatıon that the Group has adequate resources to contınue ın operatıonal exıstence for the foreseeable future

Accordıngly, they contınue to adopt the goıng concern basıs ın preparıng these consolıdated financıal statements However, they draw your attentıon to the materıal uncertaınty whıch underpıns thıs assessment, further detaıls of whıch are provıded ın Note 1 to the financıal statements

DIVIDENDS

The dırectors do not recommend the payment of a dıvıdend (2011 - £nıl)

MARKET VALUE OF LAND

In the opınıon of the dırectors, the market value of land ıs sıgnıficantly ın excess of the book value

INTER MK GROUP LIMITED

DIRECTORS' REPORT

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

DIRECTORS

The directors in office throughout the year and to the date of approval of this report are listed below

P J Winkelman
B Winkelman
M Turner

INTER MK GROUP LIMITED

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES 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) 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 the group 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 applicable accounting standards have been followed, 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

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 he ought to have taken as a director to make 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
and signed on behalf of the Board

P J Winkelman
Director

28 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTER MK GROUP LIMITED

We have audited the financial statements of Inter MK Group Limited for the year ended 30 June 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 25. 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)

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 group's and the parent 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 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 group's and the parent company's affairs as at 30 June 2012 and of the group's profit 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

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's ability to continue as a going concern

The Group has £4m due for repayment in June 2013 which requires re-financing As described in note 1, the Group is in discussions with a number of parties, including its current loan provider, regarding future financing options Based on these discussions, the directors are confident on reaching agreement on a sustainable new financing package

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTER MK GROUP LIMITED (continued)

Emphasis of matter – Going concern (continued)

The absence of an agreement at the date of this audit opinion however does represent a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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 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

Robert Knight FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes, United Kingdom

28 March 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2012

	Note	2012 Operations (excluding player amortisation and trading) £	2012 Player amortisation and trading £	2012 Total £	2011 Operations (excluding player amortisation and trading) £	2011 Player amortisation and trading £	2011 Total £
TURNOVER	2	34,201,959	11,640	34,213,599	11,028,342	45,187	11,073,529
Operating expenses		(35,461,497)	(63,675)	(35,525,172)	(10,971,093)	(82,532)	(11,053,625)
OPERATING (LOSS) PROFIT		(1,259,538)	(52,035)	(1,311,573)	57,249	(37,345)	19,904
Profit on disposal of player registrations		-	3,800,000	3,800,000	-	347,500	347,500
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	(1,259,538)	3,747,965	2,488,427	57,249	310,155	367,404
Interest payable and similar charges	5			(645,590)			(758,505)
Interest receivable and similar income	6			101,870			-
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				1,944,707			(391,101)
Tax on profit/(loss) on ordinary activities	7			(133,510)			-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	17			1,811,197			(391,101)

All activities derive from continuing operations

There were no recognised gains or losses other than the profit for the year and the loss for the preceding year Accordingly, no statement of total recognised gains and profits is given

INTER MK GROUP LIMITED

CONSOLIDATED BALANCE SHEET
30 June 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	28,360	40,035
Tangible assets	9	1,987,429	2,410,350
		2,015,789	2,450,385
CURRENT ASSETS			
Stocks	11	5,466,087	13,888,631
Debtors			
amounts falling due within one year	12	5,520,976	1,716,576
amounts falling due after more than one year	12	32,000	32,000
Cash at bank and in hand			
unrestricted cash	21	295,545	43,105
restricted cash	21	12,959,729	-
		24,274,337	15,680,312
CREDITORS: amounts falling due within one year	13	(24,047,397)	(12,717,418)
NET CURRENT ASSETS		226,940	2,962,894
TOTAL ASSETS LESS CURRENT LIABILITIES		2,242,729	5,413,279
CREDITORS: amounts falling due after more than one year	14	(7,516,988)	(12,599,624)
PROVISIONS FOR LIABILITIES	15	(349,777)	(248,888)
NET LIABILITIES		(5,624,036)	(7,435,233)
CAPITAL AND RESERVES			
Called up share capital	16	1,000	1,000
Merger reserve	17	(999)	(999)
Profit and loss account	17	(5,624,037)	(7,435,234)
SHAREHOLDERS' DEFICIT	18	(5,624,036)	(7,435,233)

The financial statements of Inter MK Group Limited, registerred number 6297789, were approved by the Board of Directors and authorised for issue on 28 March 2013

Signed on behalf of the Board of Directors

P Winkelman

Chairman

INTER MK GROUP LIMITED

COMPANY BALANCE SHEET
30 June 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Investments	10	2,001,003	2,001,003
CREDITORS: amounts falling due within one year	13	(2,000,003)	(2,000,003)
NET CURRENT LIABILITIES		(2,000,003)	(2,000,003)
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		1,000	1,000
CAPITAL AND RESERVES			
Called up share capital	16	1,000	1,000
Profit and loss account		-	-
SHAREHOLDERS' FUNDS		1,000	1,000

The financial statements of Inter MK Group Limited, registered number 6297789, were approved by the Board of Directors and authorised for issue on 28 March 2013

Signed on behalf of the Board of Directors

P J Winkelman

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	19	21,101,059	(1,019,814)
Returns on investments and servicing of finance	20	(543,720)	(670,934)
Taxation		-	-
Capital expenditure and financial investment	20	1,210,074	70,044
Cash inflow / (outflow) before financing		21,767,413	(1,620,704)
Financing	20	(8,396,408)	1,268,065
Increase / (decrease) in cash in the year	21	13,371,005	(352,639)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

1. ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June each year The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

During the preceding year the group carried out a corporate restructuring which included the introduction of a new holding company, Inter MK Group Limited The accounts have been prepared using merger accounting and are presented on a pro forma basis, as if the new holding company had existed throughout the preceding year

Going concern

The Group has £4m due for repayment in June 2013 which requires refinancing The Group is in discussions with a number of parties, including its current loan provider, regarding future financing options

Based on these discussions and indicative offers received, the directors are confident on reaching agreement on a sustainable new financing package Taking account of all of the above, the directors have prepared financial projections for the Group through to 30 June 2014 ("the Forecast") with the Group continuing as a going concern having successfully renegotiated its financing facilities Accordingly, the directors continue to adopt the going concern basis of preparation

The absence of an agreement at the date of approving the report and financial statements however does represent a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business

Player registrations (within intangible fixed assets)

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 23)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

1. ACCOUNTING POLICIES (continued)

Turnover

Turnover is stated net of VAT and trade discounts

Milton Keynes Dons Limited

Turnover represents income from commercial activities excluding income from disposal of player registrations and value added tax Revenue generated in advance, such as season tickets and commercial hospitality income, are deferred and released to the profit and loss account as the associated matches are played

Inter MK Limited

Turnover relates to the supply of procurement services relating to property development, together with charges receivable for the supply of services in relation to retail units Where a development contract is partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included within creditors Profits anticipated on long term contracts are recorded proportionally as contracts progress, once the overall profitability of the contracts can be assessed with reasonable certainty

Hotel MK Limited

Turnover from the sale of food and drink is recognised at the point of sale Turnover from the supply of services, which principally comprise accomodation charges and the provision of corporate event facilities, is recognised to the extent that there is a right to consideration and is recorded at the value of the consideration due, this is typically either the date of the event or the day of departure respectively Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Investments

Fixed asset investments are shown at cost less provision for impairment

Debt

Debt is initially stated at the amount of the net proceeds after deduction of the costs of obtaining the finance The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period The carrying value of long term debt is not discounted

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, once they are brought into use, by equal instalments over their estimated useful economic lives as follows

Land and buildings	5 years
Office equipment	3 years
Plant and machinery	5 years
Furniture and fittings	5 years
IT equipment	3 years
Vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks comprise development property for onward sale, retail stock, food and beverages and consumables and are stated at the lower of cost and net realisable value

Where properties which are intended to be sold have been acquired they have been included in stock as development properties Development property comprises freehold land inclusive of the direct cost of acquisition and other directly attributable property development costs including interest costs

Signing on fees

Signing on fees are recognised evenly over the period covered by the players' contracts

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Finance costs

Finance costs of debt, in the form of bank loans, (including the costs directly attributable to obtaining the loan finance) are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount

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

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 17 'Retirement 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 22)

Government grants

Government 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 Government income relating to the cost of the construction of the Stadium is credited to the profit and loss account when the cash is received

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

2. TURNOVER

Turnover, all of which originates in the UK, comprises the following

	2012 £	2011 £
Footballing, entertainment and related activities	5,784,161	5,678,102
Hotel	5,193,079	4,703,479
Property development	23,236,359	691,948
	34,213,599	11,073,529

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

Profit (loss) on ordinary activities before interest and taxation is after charging (crediting):	2012 £	2011 £
Depreciation		
Owned assets	638,857	634,298
Assets held under finance leases	21,990	21,990
Amortisation of players' registrations	63,675	82,532
Profit on disposal of players' registrations	(3,800,000)	(347,500)
Auditor's remuneration	35,800	34,000
Other operating income		
Grant income	(20,004)	(20,004)

The analysis of auditor's remuneration is as follows:	2012 £	2011 £
Fees payable to the company's auditor for the audit of the group's annual accounts	7,200	5,000
Fees payable to the company's auditor and their associates for other services to the group		
The audit of the company's subsidiaries, pursuant to legislation	28,600	29,000
	35,800	34,000

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012	2011
	£	£
Directors' remuneration		
Emoluments	232,500	180,000

During the current year the highest paid director was paid £112,500 (2011 - £60,000) No directors (2011 - none) were members of pension schemes in the current year

	No	No
The average number of employees of the group during the year were:		
Directors	3	3
Full-time playing, training and management	46	46
Administration and commercial	207	198
	256	247

In addition to the above, the group employs an average of 180 (2011 - 180) temporary staff on match days

Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	5,808,158	6,066,417
Social security costs	606,041	603,279
Other pension costs	35,232	-
	6,449,431	6,669,696

The other pension costs above relates to payments made in relation to the service of past employees (see note 22) and excludes the utilisation of provisions made in this respect (see note 15)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank loans and overdrafts	645,590	758,505

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012	2011
	£	£
Bank interest	101,870	-

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at blended standard UK rate of 25 5% (2011 - 27 5%) based on the results for the year	-	-
Total current tax charge	-	-
Deferred tax		
Current year	127,094	-
Effect of rate change	6,372	-
Adjustment in respect of prior year	43	-
Tax on loss on ordinary activities	133,509	-

The tax assessed for the year differs to the amount resulting from applying the blended standard rate of corporation tax in the UK of 25 5% (2011 – 27 5%) The differences are explained below

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	1,944,707	(391,101)
Tax on loss on ordinary activities at blended standard rate of 25 5% (2011 - 27 5%)	495,900	(107,525)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	94,019	101,996
Depreciation in excess (deficit) of capital allowances	131,024	10,349
Other short term timing differences	(3,217)	(2,663)
Trading losses not utilised in the current year	101,534	-
Utilisation of brought forward tax losses	(819,260)	(2,157)
Total actual amount of current tax	-	-

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

7. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The elements of deferred tax, not recognised are as follows

	2012 £	2011 £
Pension timing difference	229,439	49,112
Accelerated capital allowances	42,306	(97,343)
Tax losses	796,550	1,668,423
Deferred tax asset (not recognised)	1,068,295	1,620,192

The deferred tax asset has not been recognised on the basis that, in the directors' opinion, there is not sufficient certainty that taxable profits will be available in the foreseeable future against which to utilise these tax losses

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013 These rate reductions became substantively enacted in March 2012 and July 2012 respectively

In December 2012, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014, but this change has not been substantively enacted

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted

8. INTANGIBLE FIXED ASSETS

GROUP	Player registrations £
Cost	
At 1 July 2011	144,700
Disposals in the year	52,000
At 30 June 2012	196,700
Amortisation	
At 1 July 2011	104,665
Charge for the year	63,675
Eliminated on disposals	-
At 30 June 2012	168,340
Net book value	
At 30 June 2012	28,360
At 30 June 2011	40,035

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

9. TANGIBLE FIXED ASSETS

GROUP	Land and buildings	Office equipment	Plant and machinery	Furniture and fittings	IT equipment	Vehicles	Total
	£	£	£	£	£	£	£
Cost							
At 1 July 2011	275,151	148,365	2,326,240	921,388	190,874	54,756	3,916,774
Additions	-	22,269	135,311	60,069	2,322	17,955	237,926
At 30 June 2012	275,151	170,634	2,461,551	981,457	193,196	72,711	4,154,700
Depreciation							
At 1 July 2011	226,381	70,601	858,531	252,227	77,566	21,118	1,506,424
Charge for the year	14,698	35,870	332,726	196,291	64,392	16,870	660,847
At 30 June 2012	241,079	106,471	1,191,257	448,518	141,958	37,988	2,167,271
Net book value							
At 30 June 2012	34,072	64,163	1,270,294	532,939	51,238	34,723	1,987,429
At 30 June 2011	48,770	77,764	1,467,709	669,161	113,308	33,638	2,410,350

In addition to the above assets, the group holds the freehold of Stadium MK The Stadium has been transferred to the Group with a number of restrictions on use The directors therefore consider that the Stadium has nil value Included within IT equipment are assets held under finance leases, with a net book value of £32,978 (2011 - £54,963) Depreciation charged on these assets in the year amounted to £21,985 (2011 - £21,990)

10. INVESTMENTS

COMPANY	Subsidiary undertakings
	£
Cost and net book value	
At 1 July 2011 and 30 June 2012	2,001,003

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

10. INVESTMENTS (continued)

The following are the subsidiary undertakings of the company

Subsidiary undertaking	Country of incorporation	Description of shares held	Business activity	Proportion of nominal value of shares held by the company
Stadium MK Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%
Hotel MK Limited	United Kingdom	Ordinary £1 shares	Hotel operator	100%
Milton Keynes Dons Limited	United Kingdom	Ordinary £1 shares	Professional football	100%
Milton Keynes City Football Club Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%
Milton Keynes Football Club Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%
Arena MK Limited	United Kingdom	Ordinary £1 shares	Non-trading	100%

11. STOCKS

GROUP	2012 £	2011 £
Development properties	5,215,158	13,633,536
Retail stock	100,073	155,310
Food and beverages	150,856	99,785
	5,466,087	13,888,631

Development properties represent the development of commercial property There is no material difference between the balance sheet value of stocks and their replacement cost

12. DEBTORS

GROUP	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	3,690,686	1,399,282
Other debtors	1,534,745	53,821
Prepayments and accrued income	295,545	263,473
	5,520,976	1,716,576
Amounts falling due after more than one year		
Other debtors	32,000	32,000
Total debtors	5,552,976	1,748,576

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
GROUP		
Bank overdraft	36,468	195,304
Bank loans	5,417,555	8,713,125
Other loans	40,000	40,000
Trade creditors	4,594,184	1,367,874
Taxation and social security	440,123	628,197
Obligations under finance leases	-	18,202
Other creditors	107,624	204,689
Accruals and deferred income	13,411,443	1,550,027
	24,047,397	12,717,418
COMPANY		
Amounts owed to subsidiary undertakings	2,000,003	2,000,003

Accruals and deferred income shown above include an amount of £11,776,278 (2011- £nil) in respect of payments received from customers in advance of work performed in relation to Site A

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
GROUP		
Bank loans	7,446,988	12,529,624
Other loans	70,000	70,000
	7,516,988	12,599,624

Bank loans above are shown net of related issue costs of £105,908 (2011 - £388,808)

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Borrowings are repayable as follows

	2012	2011
	£	£
Bank loans		
On demand or due within one year	5,417,555	8,713,125
Between one and two years	467,805	5,473,223
Between two and five years	1,582,265	1,539,669
After five years	5,396,918	5,516,732
	12,864,543	21,242,749
Other loans		
Due within one year	40,000	40,000
Between one and two years	70,000	70,000
	110,000	110,000
Obligations under finance leases		
Due within one year	-	18,202

An amount of £3 0m, included within bank loans, is secured on the commercial property that was developed for DW Sports Fitness The loan is interest only for two years following conversion to a term loan in October 2009 Interest is payable on the term loan at 2 25% above 3 month LIBOR

An amount of £0 56m, included within bank loans, relates to the development of a McDonalds food outlet The loan is interest only for two years following conversion to a term loan in March 2010 Interest is payable on the term loan at 2 25% above 3 month LIBOR

An amount of £0 58m, included within bank loans relates to the development of a KFC food outlet The loan is interest only for two years following conversion to a term loan in March 2010 Interest is payable on the term loan at 2 25% above 3 month LIBOR

An amount of £5m represents the working capital facility, which bears interest at 3% increasing to 4 5% above LIBOR £1m of this balance was repaid in August 2012 with the remaining £4m of this balance is repayable in June 2013

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

15. PROVISIONS FOR LIABILITIES

GROUP	Deferred tax £	Pension scheme £	Deferred grants £	Total £
Other provisions				
At 1 July 2011	-	188,892	59,996	248,888
Charged (credited) to profit and loss account	133,509	(35,232)	-	98,277
Interest charged in the year	-	22,616	-	22,616
Amounts utilised in year	-	-	(20,004)	(20,004)
At 30 June 2012	133,509	176,276	39,992	349,777

The amount provided under pension schemes relates to a share of a Football League pension scheme deficit attributable to the company - see note 22 The actuarial deficit is now being settled through monthly contributions up to 2016

Deferred tax comprises

	2012 £	2011 £
Current year	127,094	-
Effect of rate change	6,373	-
Adjustment in respect of prior year	42	-
	133,509	-

16. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

17. RESERVES

GROUP	Merger reserve £	Profit and loss account £	Total £
At 1 July 2011	(999)	(7,435,234)	(7,436,233)
Profit for the financial year	-	1,811,197	1,811,197
At 30 June 2012	(999)	(5,624,037)	(5,625,036)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

18. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' DEFICIT

	2012 £	2011 £
Profit/(loss) for the financial year	1,811,197	(391,101)
Net decrease/(increase) in shareholders' deficit	1,811,197	(391,101)
Opening shareholders' deficit	(7,435,233)	(7,044,132)
Closing shareholders' deficit	(5,624,036)	(7,435,233)

19. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating (loss)/profit	(1,311,573)	19,904
Depreciation	660,847	656,288
Amortisation of intangible assets	63,675	82,532
Decrease in provisions	(32,620)	(29,686)
Decrease/(increase) in stocks	8,422,544	(1,805,194)
(Increase)/decrease in debtors	(1,504,400)	340,666
Increase (decrease) in creditors	14,802,586	(284,324)
Net cash inflow (outflow) from operating activities	21,101,059	(1,019,814)

20. ANALYSIS OF CASH FLOWS

	2012 £	2011 £
Returns on investment and servicing of finance		
Interest received	101,870	-
Interest paid	(645,590)	(670,394)
Net cash outflow	(543,720)	(670,394)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(237,926)	(298,956)
Purchase of intangible fixed assets	(52,000)	-
Disposal of intangible fixed assets	1,500,000	369,000
Net cash inflow	1,210,074	70,044
Financing		
Finance leases	(18,202)	(30,535)
Repayment of bank loans	(8,378,206)	-
New secured borrowings	-	1,298,600
Net cash (outflow) inflow	(8,396,408)	1,268,065

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2012

21. ANALYSIS AND RECONCILIATION OF NET FUNDS (DEBT)

	At 1 July 2011 £	Cash flow £	At 30 June 2012 £
Cash at bank and in hand	43,105	13,212,169	13,255,274
Bank overdrafts	(195,304)	158,836	(36,468)
	(152,199)	13,371,005	13,218,806
Debt due after 1 year	(12,599,624)	5,152,636	(7,446,988)
Debt due within 1 year	(8,753,125)	3,295,570	(5,417,555)
Finance leases	(18,202)	18,202	-
	(21,370,951)	8,466,408	(12,904,543)
Net debt	(21,523,150)	21,837,413	314,263

	2012 £	2011 £
Change in net debt resulting from cash flows	21,837,413	(1,572,104)
Non-cash changes	-	(48,600)
Movement in net debt in the year	21,837,413	(1,620,704)
Net debt as at 1 July	(21,523,150)	(19,902,446)
Net funds (debt) as at 30 June	314,263	(21,523,150)

Of the £13,255,274 cash at bank and in hand at 30 June 2012, £12,959,729 is restricted cash which must be used to fulfil the legal and statutory obligations to complete the stadium and surrounding grounds

22. PENSION SCHEME

Certain former staff of the group are members of the Football League Limited Pension and Life Assurance Scheme ('FLLPLAS') comprising both defined benefit (suspended from 31 August 1999) and defined contribution sections The group makes no contributions to any scheme in respect of current employees

Following a review of the Minimum Funding Requirement ('MFR') of the FLLPLAS, accrual of benefits of the final salary section of the scheme was suspended as at 31 August 1999 In light of the exceptional circumstances affecting the scheme, the trustees of the scheme commissioned an independent actuary's report on the MFR position and a substantial deficit was identified Under the Pensions Act 1985, participating employers will be required to contribute to the deficiency The Club was advised that a basis of apportionment of the deficit had been approved by the trustees and their advisers, although in practice there are a number of important issues which remain that could impact on the final quantification of this liability The remaining amount payable on the allocation notified to the company on 3 April 2008, in respect of the actuarial deficit calculated as at 31 August 2008, is £227,934 The provision as at 30 June 2012 was £176,276 (2011 - £188,892)

23. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, additional transfer fees payable of £nil (2011 - £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

Similarly, additional fees of up to £nil (2011 - £nil) may become receivable where the above contingent events occur in respect of players already sold by the year end

24. COMMITMENTS

The company had no capital commitments at the balance sheet date (2011 - none)

25. ULTIMATE CONTROLLING PARTY

The controlling and ultimate controlling party is considered to be Mr P J Winkelman by virtue of his shareholding in Inter MK Group Limited