Company Registration No. 6297789

INTER MK GROUP LIMITED

Annual Report and Financial Statements

30 June 2014

INTER MK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

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INTER MK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Winkelman
B Winkelman
M Turner

SECRETARY

D Lyko-Edwards

REGISTERED OFFICE

Stadium MK
Stadium Way
Milton Keynes
MK1 1ST

BANKERS

Santander UK PLC
Milton Keynes

SOLICITORS

EMW LLP
Milton Keynes

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2014.

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

GOING CONCERN

The directors have prepared detailed forecasts up to June 2016. Given the trading in the year to date, these forecasts, the long term nature of Inter MK Group Limited and its subsidiaries' ("the group") bank borrowings and the signifcant undrawn facilities in place, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend (2013 - £nil).

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 Inter MK Group Limited ("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.

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 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 on 27 March 2015
and signed on behalf of the Board

P J Winkelman
Director

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group are as follows:

- the operation of a professional football club, with other entertainment and related commercial activities;
- property development; and
- the operation of a hotel.

The principal activity of the company is that of a holding company.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

As shown in the Group's profit and loss account on page 7, the Group's turnover decreased by £10m (26%), from £38.4m to £28.4m, this was driven primarily by development revenues associated the commercial property devleopments of Inter MK Limited last year.

The Group's loss before tax decreased by £2.84m from recording a profit in the prior year of £1.18m to a loss in the current year of £1.66m largely due to the decline in revenue noted above, together with continued trading losses in Milton Keynes Dons Limited.

On 19 May 2014 Inter MK Ltd purcashed 100% shareholding of MRT Development Consultants Ltd for £580,000, a company wholly owned by director M Turner. This is further detailed in note 8

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

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.

INTER MK GROUP LIMITED

STRATEGIC REPORT

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.

MARKET VALUE OF LAND

In the opinion of the directors, the market value of land is significantly in excess of the book value.

Approved by the Board of Directors on 27 March 2015
and signed on behalf of the Board

P J Winkelman
Director

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 2014 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 28. 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 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 group's and the parent company's affairs as at 30 June 2014 and of the group's 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 Directors' Report and Strategic 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 INTER MK GROUP LIMITED (continued)

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;
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors report.

Nigel Mercer ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Milton Keynes, United Kingdom

27 March 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2014

	Note	2014 Total £	2013 Total £
TURNOVER	2	28,457,220	38,409,151
Operating expenses		(30,278,422)	(36,690,460)
OPERATING (LOSS)/PROFIT		(1,821,202)	1,718,691
Profit on disposal of player registrations		552,684	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION	3	(1,268,518)	1,718,691
Interest payable and similar charges	5	(395,174)	(667,140)
Interest receivable and similar income	6	1,027	125,979
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,662,665)	1,177,530
Tax on (loss)/profit on ordinary activities	7	697,930	(63,939)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	19	(964,735)	1,113,591

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 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Goodwill	8	245,259	-
Intangible assets	9	-	-
Tangible assets	10	2,156,965	1,586,223
		2,402,224	1,586,223
CURRENT ASSETS			
Stocks	12	1,354,226	1,339,230
Debtors:	13	3,920,759	3,512,807
Cash at bank and in hand			
unrestricted cash	22	979,910	837,954
restricted cash	22	10,347	893,772
		6,264,242	6,583,763
CREDITORS: amounts falling due within one year	14	(9,297,182)	(7,757,234)
NET CURRENT (LIABILITIES)		(3,032,940)	(1,173,471)
TOTAL ASSETS LESS CURRENT LIABILITIES		(630,716)	412,752
CREDITORS: amounts falling due after more than one year	15	(4,359,834)	(4,594,026)
PROVISIONS FOR LIABILITIES	16	(485,626)	(329,167)
NET LIABILITIES		(5,475,176)	(4,510,441)
CAPITAL AND RESERVES			
Called up share capital	17	1,000	1,000
Merger reserve	18	(999)	(999)
Profit and loss account	19	(5,475,177)	(4,510,442)
SHAREHOLDERS' DEFICIT	19	(5,475,176)	(4,510,441)

The financial statements of Inter MK Group Limited, registered number 6297789, were approved by the Board of Directors and authorised for issue on 27 March 2015.

Signed on behalf of the Board of Directors

P Winkelman

Chairman

INTER MK GROUP LIMITED

COMPANY BALANCE SHEET
30 June 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investments	11	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	17	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 27 March 2015.

Signed on behalf of the Board of Directors

P J Winkelman

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2014

	Note	2014 £	2013 £
Net cash inflow / (outflow) from operating activities	20	(279,047)	(3,341,219)
Returns on investments and servicing of finance	21	(394,147)	(541,161)
Taxation		652,639	-
Capital expenditure and financial investment	21	(497,026)	392,489
Cash (outflow) before financing		(517,581)	(3,489,891)
Financing	21	(253,357)	(7,997,189)
Decrease in cash in the year	22	(770,936)	(11,487,080)

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.

Going concern

As at the 28 June 2013 the Group repaid £7m of Group borrowings and refinanced the balance of its debt with Santander PLC, such that the majoirty of the remaining £4.6m borrowings at 30 June 2014 are repayable after five years.

The directors have prepared detailed forecasts up to June 2016. Given the trading in the year to date, these forecasts, the long term nature of the group's bank borrowings and the signifcant undrawn facilities in place, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1. **ACCOUNTING POLICIES (continued)**

Stadium 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 of 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.

Goodwill

Goodwill is stated at cost net of amortisation and any provision for impairment. Goodwill is amortised over a period of 20 years.

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:

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

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 24).

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 initially capitalised as intangible assets and amortised evenly over the period covered by the players' contracts.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

1. ACCOUNTING POLICIES (continued)

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 23).

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 2014

2. TURNOVER

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

	2014 £	2013 £
Footballing, entertainment and related activities	4,376,384	5,304,557
Hotel	5,884,073	5,394,487
Arena and Stadium	948,909	-
Property development	17,247,854	27,710,107
	28,457,220	38,409,151

3. PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION

Profit on ordinary activities before interest and taxation is after charging (crediting):	2014 £	2013 £
Depreciation		
Owned assets	502,968	529,349
Assets held under finance leases	-	32,978
Amortisation of players' registrations	-	40,914
Profit on disposal of players' registrations	(552,684)	-
Auditor's remuneration	40,000	36,900
Other operating income:		
Grant income	(19,988)	(20,004)

The analysis of auditor's remuneration is as follows:	2014 £	2013 £
Fees payable to the company's auditor for the audit of the group's annual accounts	7,000	7,500
The audit of the company's subsidiaries, pursuant to legislation	33,000	29,400
	40,000	36,900

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	£	£
Directors' remuneration		
Emoluments	242,500	232,500

During the current year the highest paid director was paid £112,500 (2013 - £112,500). No directors (2013 - 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	49	46
Administration and commercial	184	167
	236	216

In addition to the above, the group employs an average of 180 (2013 - 180) temporary staff on match days.

Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	5,823,591	6,504,938
Social security costs	578,064	647,983
Other pension costs	-	89,373
	6,401,655	7,242,294

The other pension costs above relates to payments made in relation to the service of past employees (see note 23) and excludes the utilisation of provisions made in this respect (see note 16).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank loans and overdrafts	395,174	667,140

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest	1,027	125,979

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at blended standard UK rate of 22.50% (2013 - 23.75%) based on the results for the year	(39,779)	104,009
Adjustment in respect of previous periods	15,779	-
Total current tax charge	(24,000)	104,009
Deferred tax		
Origination and reversal of timing differences	(682,273)	(116,617)
Effect of rate change	2,256	37,047
Adjustment in respect of prior year	(17,913)	39,500
Tax on profit on ordinary activities	(697,930)	63,939

The tax assessed for the year differs to the amount resulting from applying the blended standard rate of corporation tax in the UK of 22.50% (2013 – 23.75%). The differences are explained below:

	2014 £	2013 £
(Loss)/Profit on ordinary activities before tax	(1,662,665)	1,177,530
Tax on profit on ordinary activities at blended standard rate of 22.50% (2013 - 23.75%)	(357,473)	279,671
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	61,363	49,957
Income not taxable for tax purposes	(67,194)	(11,382)
Depreciation in excess (deficit) of capital allowances	508	11,162
Other short term timing differences	318,884	(15,236)
Utilisation of brought forward tax losses	(19,912)	(210,163)
Total actual amount of current tax	(24,000)	104,009

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

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

	2014 £	2013 £
Accelerated capital allowances	19,075	186,319
Tax losses	216,142	709,041
STTDs - trading	40,200	25,789
Deferred tax asset (not recognised)	275,417	921,149

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.

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The main rate of Corporation Tax fell to 21% effective from 1 April 2014 and will further reduce to 20% on 1 April 2015. The rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

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. GOODWILL ON ACQUISITION

GROUP	£
Consideration paid	580,000
Net assets at date of acquisition 19 May 2014:	
Debtors	333,651
Cash	4,001
Creditors	(2,911)
Goodwill at 30 June 2014	245,259

On 19 May 2014 Inter MK Ltd purcashed 100% of the shareholding in MRT Development Consultants Ltd. All trading results and reserves relate to pre-acquisition.

No amortisation is charged in the year of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

9. INTANGIBLE FIXED ASSETS

GROUP	Player registrations £
Cost	
At 1 July 2013	142,600
Disposals in the year	(142,600)
At 30 June 2014	-
Amortisation	
At 1 July 2013	142,600
Eliminated on disposals	(142,600)
At 30 June 2014	-
Net book value	
At 30 June 2014	-
At 30 June 2013	-

10. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Office equipment £	Plant and machinery £	Furniture and fittings £	IT equipment £	Vehicles £	Total £
Cost							
At 1 July 2013	344,085	224,829	2,348,325	1,012,749	234,865	102,033	4,266,886
Additions	-	30,955	26,167	691,374	312,713	12,500	1,073,709
At 30 June 2014	344,085	255,784	2,374,492	1,704,123	547,578	114,533	5,340,595
Depreciation							
At 1 July 2013	266,012	206,848	1,290,507	650,914	207,125	59,257	2,680,663
Charge for the year	14,510	22,585	171,846	232,487	49,590	11,950	502,968
At 30 June 2014	280,522	229,433	1,462,353	883,401	256,715	71,207	3,183,631
Net book value							
At 30 June 2014	63,563	26,351	912,139	820,722	290,863	43,326	2,156,965
At 30 June 2013	78,073	17,981	1,057,818	361,835	27,740	42,776	1,586,223

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 £nil (2013 - £nil). Depreciation charged on these assets in the year amounted to £nil (2013 - £32,978).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

11. INVESTMENTS

COMPANY	Subsidiary undertakings £
Cost and net book value	
At 1 July 2013 and 30 June 2014	2,001,003

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	Event management	100%
Hotel MK Limited	United Kingdom	Ordinary £1 shares	Hotel operator	100%
Milton Keynes Dons Limited	United Kingdom	Ordinary £1 shares	Professional football	100%
Inter M.K. Limited	United Kingdom	Ordinary £1 shares	Property development	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%
MRT Development Consultants Limited	United Kingdom	Ordinary £1 shares	Development consulting	100%

12. STOCKS

GROUP	2014 £	2013 £
Development properties	1,103,042	1,103,042
Retail stock	83,659	83,296
Food and beverages	167,525	152,892
	1,354,226	1,339,230

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

13. DEBTORS

GROUP	2014 £	2013 £
Amounts falling due within one year:		
Trade debtors	1,722,398	2,296,259
Other debtors	1,247,836	1,074,482
Prepayments and accrued income	207,874	110,066
Deferred tax asset	710,651	-
	3,888,759	3,480,807
Amounts falling due after more than one year:		
Other debtors	32,000	32,000
Total debtors	3,920,759	3,512,807

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
GROUP		
Bank overdraft	29,467	-
Bank loans	333,328	333,328
Other loans	-	50,000
Finance Leases	30,835	-
Trade creditors	2,988,875	3,223,253
Taxation and social security	1,044,156	1,372,592
Other creditors	220,398	150,990
Accruals	426,529	160,014
Deferred income	4,223,594	2,467,057
	9,297,182	7,757,234
COMPANY		
Amounts owed to subsidiary undertakings	2,000,003	2,000,003

Deferred income shown above includes an amount of £2,836,455 (2013- £1,018,034) in respect of payments received from customers in advance of work performed in relation to development projects at the stadium site.

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

GROUP	2014 £	2013 £
Bank loans	4,260,692	4,594,026
Finance Leases	99,142	-
	4,359,834	4,594,026

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

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

Total borrowings are repayable as follows:

Bank loans		
Between one and two years	333,330	66,664
Between two and five years	999,984	199,992
After five years	2,927,378	666,680
	4,260,692	933,336
On demand or within one year	333,328	66,664
	4,594,020	1,000,000

An amount of £4.6m, included within bank loans, is secured by a fixed and floating charge on the assets of the Group. The loan is on a five year commitment with capital payment calculated over 15 years. Interest is payable on the term loan at 2.6% above 3 month LIBOR.

16. PROVISIONS FOR LIABILITIES

GROUP	Deferred tax £	Pension scheme £	Deferred grants £	Total £
Other provisions				
At 1 July 2013	110,893	198,286	19,988	329,167
Charged to profit and loss account	12,722	237,513	-	250,235
Payments in the year	-	(73,788)	-	(73,788)
Amounts utilised in year	-	-	(19,988)	56,062
At 30 June 2014	123,614	362,012	-	485,626

Provisions for deferred tax relate to permenant timing differences primarily from differences between capital allowances and accumulated depreciation.

The amount provided under pension schemes relates to a share of a Football League pension scheme deficit attributable to the company - see note 23. The actuarial deficit is now being settled through monthly contributions up to 2016.

Deferred grants relate to grant income received to purchase assets, the liability is ulitised in line with the lifetime of the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

17. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

18. RESERVES

GROUP	Merger reserve £	Profit and loss account £	Total £
At 1 July 2013	(999)	(4,510,442)	(4,511,441)
Loss for the financial year	-	(964,735)	(964,735)
At 30 June 2014	(999)	(5,475,177)	(5,476,176)

19. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' DEFICIT

	2014 £	2013 £
(Loss)/Profit for the financial year	(964,735)	1,113,591
Net (decrease)/increase in shareholders' deficit	(964,735)	1,113,591
Opening shareholders' deficit	(4,510,441)	(5,624,032)
Closing shareholders' deficit	(5,475,176)	(4,510,441)

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

	2014 £	2013 £
Operating (loss)/profit	(1,821,282)	1,718,691
Depreciation	502,968	562,326
Amortisation of intangible assets	-	40,914
Increase/(Decrease) in provisions	156,459	(20,610)
Loss on Fixed assets	-	24,415
(Increase)/Decrease in stocks	(14,996)	4,126,857
(Increase)/Decrease in debtors	(407,952)	1,394,427
Increase/(Decrease) in creditors	1,305,756	(11,188,239)
Net cash inflow/(outflow) from operating activities	(279,047)	(3,341,219)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

21. ANALYSIS OF CASH FLOWS

	2014 £	2013 £
Returns on investment and servicing of finance		
Interest received	1,027	125,979
Interest paid	(395,174)	(667,140)
Net cash outflow	(394,147)	(541,161)
Capital expenditure and financial investment		
Purchase of investments	(580,000)	-
Cash received on acquisition	4,001	-
Purchase of tangible fixed assets	(1,073,710)	(181,261)
Purchase of intangible fixed assets	-	(26,250)
Disposal of intangible fixed assets	1,152,684	600,000
Net cash (outflow)/inflow	(497,026)	392,489
Financing		
Finance leases	129,977	-
Repayment of bank loans	(333,334)	(12,864,543)
New secured borrowings	-	4,927,354
Other loans	(50,000)	(60,000)
Net cash (outflow)	(253,357)	(7,997,189)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

22. ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 July 2013 £	Cash flow £	At 30 June 2014 £
Cash at bank and in hand	1,731,726	(741,469)	990,257
Bank overdrafts	-	(29,467)	(29,467)
	1,731,726	(770,936)	960,790
Debt due after 1 year	(4,594,026)	333,334	(4,260,692)
Debt due within 1 year	(383,328)	50,000	(333,328)
Finance Leases	-	(129,977)	(129,977)
	(4,977,354)	253,357	(4,723,997)
Net debt	(3,245,628)	(517,579)	(3,763,207)

	2014 £	2013 £
Change in net debt resulting from cash flows	(517,579)	(3,489,891)
Movement in net debt in the year	(517,579)	(3,489,891)
Net (debt)/funds as at 1 July	(3,245,628)	244,263
Net debt as at 30 June	(3,763,207)	(3,245,628)

Of the £990,257 (2013: £1,731,726) cash at bank and in hand at 30 June 2014, £10,347 (2013: £893,772) is restricted cash which must be used to fulfil the legal and statutory obligations to complete the stadium and surrounding grounds.

23. PENSION SCHEME

Certain former staff of the company 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 company 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 2011, 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 amounts below therefore represent the directors' best estimate. The remaining amount payable on the allocation notified to the company on 8 May 2012, in respect of the actuarial deficit calculated as at 1 September 2011, is £504,037 and accordingly a provision for this amount was made in the financial statements (see note 12).

An amount of £237,513 (2013 - £89,373) was utilised against this provision in the year and the provided amount is now £362,012 (2013 - £198,287), including accrued interest charges.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2014

24. CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, no additional transfer fees (2013 - £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 £50k (2013 - £nil) may become receivable where the above contingent events occur in respect of players already sold by the year end.

25. COMMITMENTS

The company had no capital commitments at the balance sheet date (2013 - none).

26. RELATED PARTY TRANSACTIONS

On 19 May 2014 Inter MK Ltd purcashed 100% shareholding of MRT Development Consultants Ltd for £580,000, a company previously wholly owned by director M Turner. This is further detailed in note 8

27. SUBSEQUENT EVENTS

Subsequent to the year end a player registration was sold for an initial amount of £5m.

28. 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.