

STADIUM MK GROUP LIMITED

Annual Report and Financial Statements

for the year ended 30 June 2022

Company Registration Number: 06297789



STADIUM MK GROUP LIMITED

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STADIUM MK GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Winkelman

B Winkelman

M Turner

COMPANY SECRETARY

R Gawley

REGISTERED OFFICE

Stadium MK

Stadium Way

Milton Keynes

MK1 1ST

BANKERS

Santander UK PLC

Milton Keynes

SOLICITORS

EMW LLP

Milton Keynes

AUDITOR

Deloitte LLP

Statutory Auditor

Cambridge

United Kingdom

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

The directors, in preparing this Strategic Report for Stadium MK Group Limited ("the Company"); and together with its subsidiaries ("the Group"), have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Group are as follows:

- the operation of both Stadium MK and Arena MK for sporting and other commercial events;
- the operation of a professional football club, with other entertainment and related commercial activities;
- the operation of a community interest not for profit radio station;
- property development; and
- the operation of a hotel.

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

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

The results for the year are set out on page 17.

Despite the results produced by the Group, the 2021/22 financial year continued to be challenging for the Group as the Covid-19 pandemic continued to impact the Group's ability to generate revenue, and we are yet to see a return to pre-pandemic levels of hotel occupancy or number of events being held. This clearly had a profound impact on revenue generated from a number of revenue streams, most notably matchday revenue, hotel room revenue as well as event related revenue.

The Group's turnover increased from £10.7m in the prior year to £25.5m in the current year, with the Group producing an ultimate profit after taxation of £4.8m (2021 - loss after taxation of £6.6m), driven primarily by the return of concerts to Stadium MK in May and June 2022, the sale of a piece of land, the transfer of a number of player registrations, together with tax rates remaining consistent meaning that no remeasurement of deferred tax balances was required as in the prior year which resulted in a significant tax charge.

Milton Keynes Dons Limited only	2022	2021
End of season league position in League One	3rd	13th
Staff costs (including loans) as percentage of turnover (excluding transfers)	70%	129%
Match day income as a percentage of turnover (excluding transfers)	44%	18%

Staff costs decreased during the financial year due to a decision taken by the club to invest in younger players, together with the unavoidable impact of Covid-19 resulting in a reduction in the number of non playing staff members during the earlier months of the financial year.

Match day revenue drastically increased year on year as well as forming a much larger part of total revenue compared to the previous year due to the return of fans for all games.

The Group views the following as its key performance indicators relating to hotel related activities:

Hotel MK Limited only	2022	2021
Trev PAR (total revenue per available room)	£94	£49
Occupancy rate	75%	55%

Given the continued recovery from the Covid-19, there was a significant increase in both the occupancy rate and the Trev PAR, with the Company continuing to outperform its peer group.

The Group continues to drive the commercial use of the stadium and arena and build upon the high reputation of operating a world class venue for music and other events.

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS (continued)

The Group views the following as its key performance indicators relating to event hosting related activities:

Stadium MK Limited only	2022	2021
Total numbers of Arena & Non-football stadium events	47	28
Gross profit margin	42.8%	36.4%

The current year saw an increase in the number of events held due to the reduction in ongoing impact of Covid-19. Gross profit margin increased due to the nature and number of events being held combined with the continued drive to minimise expenditure. The directors feel the margin achieved in the current year is in line with market and expectations.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of Stadium MK Group Limited and its subsidiaries ("the Group") expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Given the operational structure of the Group and the interdependencies present, these risks are assessed at a Group level.

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 daily compounded Sterling Overnight Index Average ("SONIA"). 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The 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.

Operational risk

Group management believe diversifying operations across different industries has helped mitigate a substantial amount of operational risk but individual company risks are monitored as per below:

Milton Keynes Dons Limited:

Income is affected by the performance and popularity of the first team and sources of revenue are derived from strong performances in the Football League. The company seeks to maintain playing success by continually investing in the development of its playing squad and it enters into employment contracts with each of its players with a view to securing their services for the term of contract. Given the status of the club going forward in League 1 and a highly competitive market, retention of personnel cannot be guaranteed. In addition, the activities of the company's main competitors can determine trends in the market rates for transfers and wages that the company may be required to

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

follow in order to maintain the strength of its first team squad.

The Club is regulated by the rules of the FA, EFL, UEFA and FIFA. Any change to these regulations in the future could have an impact on the company as the regulations cover areas such as the format of competitions, Salary Cost Management Protocol, eligibility of players and the operation of the transfer market. The company monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any changes.

Stadium MK Limited:

The company continues to monitor the risks surrounding the key stadium events held across the year. Loss of reputation is believed to be an important focus, alongside the wider market perception on the company's ability to hold large scale events. The company continues to work hard to secure exciting events for 2023 and beyond demonstrating our ability to perform in this market.

Hotel MK Limited:

The company operates at the upper end of a competitive hospitality market in the UK. Risks are possible from either new competitor openings, existing competitors investing in product refurbishments or changes in consumer demand. The company manages this risk by a programme of continuous refurbishment, advertising and marketing to manage consumer interest, and above all excellent customer service.

Inter M.K. Limited:

The risk of damage or destruction of land and property is mitigated by regular health and safety inspections, fire risk assessment and the maintenance of comprehensive insurance policies across all estates. The management of development works is handled in-house and a business continuity plan is in place to mitigate the effects of unexpected disruption to core operations.

Health and safety risk

A rigorous process of risk assessment is in place and reviewed on an annual basis. Health and safety considerations are an integral part of individual employees' annual review and appraisals to ensure the company and its stakeholders have safety at the heart of the Group's business.

People risk

The Group is reliant upon a level of stability amongst employed management and staff and strong relationships with joint venture partners. Management development and succession planning policies are reviewed regularly by the Nominations Committee, a Board subcommittee which has the responsibility to oversee this important process.

Inflation risk

The country is currently going through a period of significant economic inflation. The vast majority of goods and services have risen in price over the past 12 months and look to continue to increase in the near future. One of the more significant areas of price inflation is energy costs, where the government has had to formally intervene both for household and commercial energy deals. The Group agreed fixed contracts before this period of significant inflation started but those deals will soon be coming to an end and hence the Group will be exposed further. The Group factor in inflation into their forecasts, and wherever possible pass on these costs as long as it considered fair and not to the significant detriment to its customers.

Climate change risk

Management review the potential climate risks associated with UK and Global climate change. Due to the nature of the Group's trade and being a dual site business management do not believe there to be a significant risk to trade and performance. Management believe the largest risk to the Group would be a price rise of food and beverage as a result of increasing climate related duties.

Covid-19 risk

The Covid-19 crisis which commenced in the UK in March 2020 has now largely passed, with businesses and the wider country adapting the way in which they live and deliver goods/services. The main risk facing the Group as it, and the country, continues to recover from the impact of Covid-19 is the reduction of demand for its services and goods as well as restrictions on the number of individuals available for recruitment within the market. Both of these factors, may, in turn put additional strain on the cash requirements of the Group as a whole. The directors will continue to monitor and adapt as the situation becomes clearer, ensuring that the Group remain flexible enough to maximise revenue generating opportunities whilst continuing with cost reduction measures.

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The main risk facing the Group as it, and the country, recovers from the impact of Covid-19 is the reduction of demand for its services and goods as well as restrictions on the number of individuals available for recruitment within the market. Both of these factors, may, in turn put additional strain on the cash requirements of the Group as a whole. The directors will continue to monitor and adapt as the situation becomes clearer, ensuring that the Group remain flexible enough to maximise revenue generating opportunities whilst continuing with cost reduction measures.

SECTION 172(1) STATEMENT

Section 172(1) of the Companies Act 2006 requires each director of the Group to act in a way in which s/he considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard to a range of matters including:

- the likely consequences of any decision in the long terms;
- the interest of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the Group's members.

The above matters are taken into consideration when the Board approves any decision and are the foundations to both the short and long term strategic plans of the Group.

Long term consequences

While the operation of a professional football club remains the principal activity of the Group, and historically has been subsidised by the Group's other activities, the pandemic has evidenced that the Group is not solely reliant on any one source of revenue, and in fact has driven the Group's desire to make all elements of the Group individually sustainable.

The Group has recently undertaken a full review of its expenditure, and removed a significant amount of what it considered to be non-essential expenditure across all its business functions while being careful not to impact the core delivery of services. This continued in the current year, which has driven the significant increase in operating profit. This, together with an increased focus on driving new and more profitable revenue opportunities, should allow the Group to continue to be more streamline, more efficient and more profitable. This should, in turn, allow greater investment in both the facilities the Group operates as well as the playing squad, to help maximise customer and fan experience.

Interest of employees

As a people business, our staff's wellbeing has always been, and will always remain, one of the key priorities of the Group. We have a wide range of policies and programmes in place to enhance the wellbeing of our employees, we promote equality and diversity in all aspects of our business and we pay at least the National Living Wage hourly rate to all our employees.

Interest of other stakeholders

Fans and customers of the Group are of paramount importance to the Group, and the Board takes it responsibility to them very seriously. Regular meetings are held with the Supporters Association to discuss key issues affecting fans, whilst feedback is consistently requested from customers of both the Hotel and the Marshall Arena to inform our decision making process and focus our strategic goals.

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

SECTION 172(1) STATEMENT (continued)

Our commercial partners are integral to the Group and wherever possible multi-year contracts are agreed with key partners across a variety of industries. This allows an element of certainty within an ever changing industry to allow the Board to focus on other objectives.

We value all our suppliers and strive to work with those that share the same core values that we as a Group have. Wherever possible we ensure that we receive multiple quotations for contracts to ensure fairness across our suppliers.

Impact on the community and environment

Community and the environment is of great importance to the Group, and the Board recognises this through a variety of projects:

- the club's independent charitable body, Milton Keynes Dons Football Club Sports & Education Trust, works closely with the local community to help create opportunities that really change lives;
- the Group's community interest not for profit radio station has become increasingly important within the local community to provide important news and provide a welcome distraction from recent events;
- the Group continues to work closely with public health, local NHS bodies and the local council to provide the Group the best chance of securing major events, as well as providing assistance where possible; and
- the Group is in the middle of a full review of its energy usage in a bid to minimise the Group's carbon footprint. The Group has also made a commitment to minimise its use of paper.

High standards of business conduct

The Group holds itself to the highest possible standards as it recognises the role and responsibilities it has as a civic stakeholder within Milton Keynes. This includes its obligations to comply with all aspects of laws and regulations including company and tax laws.

The Group has appropriate policies in place to manage its obligations with regard to employment law and employee matters, environmental issues, anti-corruption/anti-bribery as well as social matters, and expects itself and all its employees to fully adhere to these policies to ensure the highest level of standards possible.

Act fairly between members

Whilst the Group has a sole shareholder, the Board meets regularly to ensure all decisions are taken with the purpose of promoting success of the Group, whilst considering the impact decisions may have on all stakeholders.

CARBON REPORTING

The Group's carbon footprint using an appropriate intensity metric and the total energy use of electricity, gas and transport fuel for the year ended 30 June 2022 is as follows:

	2022	2021
Energy consumption used to calculate emissions (KwH)	10,156,338	9,060,487
Emissions from combustion of gas (tCO2e)	546	500
Emissions from purchased electricity (tCO2e)	1,675	1,478
Total gross tCO2e based on above	2,221	1,978
Intensity rate (tCO2e/£m turnover)	87	185

All of the calculations above fall under Scope 1 emissions. The Directors are of the view that Scope 2 emissions are immaterial and on that basis have not been disclosed.

STADIUM MK GROUP LIMITED

STRATEGIC REPORT

CARBON REPORTING (continued)

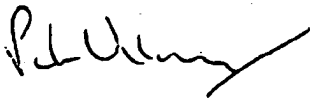
The Group is currently undertaking a full review to identify ways of minimising its energy consumption through operational and technological improvements, including:

- LED lighting upgrades;
- recycling of waste products generated by the Group wherever possible to increase waste diversion from landfill, and replacement with environmentally sustainable material where practical;
- continuous monitoring of energy usage across the various individuals areas of Stadium MK to help identify inefficiencies; and
- training of staff about energy efficiency and usage.

FUTURE DEVELOPMENTS

The directors do not anticipate that there will be any change to the Group's principal activities in the foreseeable future, but acknowledge the post balance sheet events as stated within Note 27 to the financial statements.

Approved by the Board of Directors on 29 March 2023 and signed on behalf of the Board by



P Winkelman
Director

STADIUM MK GROUP LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the audited financial statements, for the year ended 30 June 2022.

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, together with employee and stakeholder engagement and carbon reporting have all been included in the Strategic Report and form part of this report by cross-reference.

GOING CONCERN

Despite the Group having net current liabilities of £1.3m (2021 - £5.7m) which includes cash at bank of £3.5m (2021 - £0.3m) and deferred income of £4.2m (2021 - £4.8m) the directors have a reasonable expectation that both the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The directors of Stadium MK Group Limited, the ultimate parent company, have prepared financial projections for the Group, through to 30 June 2024 ("the Forecast"), which includes quarterly repayments against external borrowings and a prudent forecast of the ongoing business performance including a continued recovery following the Covid-19 outbreak. Sensitivities have been applied to key assumptions including but not limited to hotel occupancy, hosting of events and increase in interest rates. Headroom continues to exist in all scenarios and show the Group continuing as a going concern for at least 12 months from the date of this report, including the continued compliance with financial covenants set by the bank, and accordingly the directors continue to adopt the going concern basis of preparation for both the Company and Group financial statements.

FUTURE DEVELOPMENTS

Information on any future developments can be found in the Strategic Report on page 9 and form part of this report by cross-reference.

DIRECTORS

The directors who served throughout the year and to the date of this report, unless otherwise stated, are:

P Winkelman
B Winkelman
M Turner

DIVIDENDS

No dividend was paid or proposed during the year or after the year end (2021 - £nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and operates a practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employee representatives are consulted regularly on a wide range of matter affecting their current and future interests.

STADIUM MK GROUP LIMITED

DIRECTORS' REPORT

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. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel. 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.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDITOR

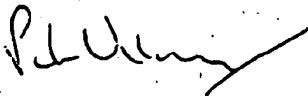
Each of the persons who is a director at the date of approval of this annual report confirms that:

- 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 in the absence of an Annual General Meeting.

Approved by the Board of Directors on 29 March 2023 and signed on behalf of the Board by



P Winkelman
Director

STADIUM MK GROUP LIMITED

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), 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 judgements 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.

STADIUM MK GROUP LIMITED

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Stadium MK Group Limited ('the parent company') and its subsidiaries ('the group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of total comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the

STADIUM MK GROUP LIMITED

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

annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK Tax legislation; and

STADIUM MK GROUP LIMITED

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

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included employment law, health and safety regulations, Salary Cost Management Protocols, Football League rules, Football Association legislation and GDPR.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it described below:

- We presume a risk of material misstatement due to fraud relating to the profit arising from the disposal of intangible assets. This has been pinpointed to completeness of the disposal recognised. In order to address the risk identified we have performed substantive testing over intangible sales recognised, testing disposals made during the period as well as additional streams of income due in respect of previous disposals clauses.
- We presume a risk of material misstatement due to fraud relating to revenue recognition. There are a number of revenue recognition risks within the Group relating to the key revenue streams, found in each of the Group's subsidiaries as follows:
 - Inter M.K. Limited - This has been pinpointed to occurrence of revenue. In order to address the risk identified we have performed substantive testing over sales recognised, confirming that revenue recognised is in line with contracts, invoices and amounts received into the bank in respect of the sale of a proportion of the stadium site.
 - Hotel MK Limited - This has been pinpointed to completeness of revenue. In order to address the risk identified we have performed substantive testing over sales recognised, using check in reports to ensure that all revenue recognised during this period was in line with delivery of goods and services within the Hotel and had been recognised in full.
 - Stadium MK Limited - This has been pinpointed to the completeness of revenue. In order to address the risk identified we have performed substantive testing over sales recognised by comparing events listing and external information to revenue recognised in the year, to ensure that the revenue recognised during this period was in line with delivery of goods, events and services within the Stadium.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

STADIUM MK GROUP LIMITED

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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

Matthew Hall

Matthew Hall FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date 29 March 2023

STADIUM MK GROUP LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Year ended 30 June 2022

	Note	2022 £	2021 £
TURNOVER	3	25,473,193	10,666,204
Operating expenses		(25,941,052)	(18,354,995)
Other operating income	4	246,099	4,189,956
OPERATING LOSS		<u>(221,760)</u>	<u>(3,498,835)</u>
Profit on disposal of player registrations	5	5,450,137	2,113,621
Profit on disposal of fixed assets			3,333
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION		<u>5,228,377</u>	<u>(1,381,881)</u>
Interest payable and similar charges	6	(237,258)	(203,171)
Interest receivable and similar income	7	789	3,249
PROFIT / (LOSS) BEFORE TAXATION	8	<u>4,991,908</u>	<u>(1,581,803)</u>
Tax on profit / (loss)	11	(224,600)	(5,020,767)
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u>4,767,308</u>	<u>(6,602,570)</u>
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME / (EXPENSE)		<u><u>4,767,308</u></u>	<u><u>(6,602,570)</u></u>

All activities derive from continuing operations.

STADIUM MK GROUP LIMITED

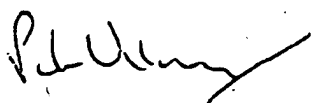
CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Goodwill	12	362,532	387,221
Intangible assets	13	506,656	396,598
Tangible assets	14	91,901,430	94,398,936
Debtors: Amounts falling due after more than one year	17	2,400,000	-
		<u>95,170,618</u>	<u>95,182,755</u>
CURRENT ASSETS			
Stocks	16	296,536	255,754
Debtors	17	6,402,025	2,820,992
Cash at bank and in hand		3,476,911	300,961
		<u>10,175,472</u>	<u>3,377,707</u>
CREDITORS: Amounts falling due within one year	18	(11,477,481)	(9,060,910)
NET CURRENT LIABILITIES		<u>(1,302,009)</u>	<u>(5,683,203)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>93,868,609</u>	<u>89,499,552</u>
CREDITORS: Amounts falling due after more than one year	19	(5,587,577)	(6,082,264)
PROVISIONS FOR LIABILITIES	20	(23,344,271)	(23,247,835)
NET ASSETS		<u>64,936,761</u>	<u>60,169,453</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Merger reserve	23	(999)	(999)
Revaluation reserve	23	67,732,166	74,543,600
Profit and loss account	23	(2,795,406)	(14,374,148)
SHAREHOLDERS' FUNDS		<u>64,936,761</u>	<u>60,169,453</u>

The financial statements of Stadium MK Group Limited, registered number 06297789, were approved by the Board of Directors and authorised for issue on 29 March 2023.

Signed on behalf of the Board of Directors



P Winkelman
Director

STADIUM MK GROUP LIMITED.**COMPANY BALANCE SHEET**

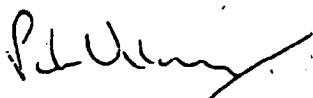
As at 30 June 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Investments	15	<u>2,001,003</u>	<u>2,001,003</u>
CREDITORS: Amounts falling due within one year	18	<u>(2,000,003)</u>	<u>(2,000,003)</u>
NET CURRENT LIABILITIES		<u>(2,000,003)</u>	<u>(2,000,003)</u>
NET ASSETS		<u><u>1,000</u></u>	<u><u>1,000</u></u>
CAPITAL AND RESERVES			
Called up share capital	23	<u>1,000</u>	<u>1,000</u>
SHAREHOLDERS' FUNDS		<u><u>1,000</u></u>	<u><u>1,000</u></u>

The profit for the financial year dealt with in the accounts of the parent company was £nil (2021 - £nil).

The financial statements of Stadium MK Group Limited, registered number 06297789, were approved by the Board of Directors and authorised for issue on 29 March 2023.

Signed on behalf of the Board of Directors



P Winkelmann
Director

STADIUM MK GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2022

	Called up share capital	Merger reserve	Revaluation reserve £	Profit and loss account £	Total £
At 1 July 2020	1,000	(999)	76,253,400	(9,481,378)	66,772,023
Loss for the financial year	-	-	-	(6,602,570)	(6,602,570)
Total comprehensive expense	-	-	-	(6,602,570)	(6,602,570)
Transfer between reserves (Note 23)	-	-	(1,709,800)	1,709,800	-
At 30 June 2021	1,000	(999)	74,543,600	(14,374,148)	60,169,453
Profit for the financial year	-	-	-	4,767,308	4,767,308
Total comprehensive income	-	-	-	4,767,308	4,767,308
Transfer between reserves (Note 23)	-	-	(6,811,434)	6,811,434	-
At 30 June 2022	1,000	(999)	67,732,166	(2,795,406)	64,936,761

STADIUM MK GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2022

	Called up share capital £
At 1 July 2020	1,000
Profit for the financial year	-
Total comprehensive income	-
At 30 June 2021	1,000
Profit for the financial year	-
Total comprehensive income	-
At 30 June 2022	1,000

STADIUM MK GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2022

	Note	2022 £	2021 £
Net cash flows from operating activities	21	3,921,863	(1,637,409)
Cash flows from investment activities			
Interest received	7	789	3,249
Purchase of tangible fixed assets	14	(22,633)	(55,689)
Purchase of intangible fixed assets	13	(236,693)	(374,445)
Disposal of tangible fixed assets	14	150,437	3,333
Disposal of intangible fixed assets	5	(137,670)	2,094,113
Net cash flows (used in) / from investing activities		(245,770)	1,670,561
Cash flows from financing activities			
Repayments of borrowings		(336,477)	(249,838)
New borrowings received		-	2,000,000
Repayment of obligations under finance lease		(163,666)	(154,076)
Net cash flows (used in) / from financing activities		(500,143)	1,596,086
Net increase in cash and cash equivalents		3,175,950	1,629,238
Cash and cash equivalents at beginning of year		300,961	(1,328,277)
Cash and cash equivalents at end of year		<u>3,476,911</u>	<u>300,961</u>
Reconciliation of cash and cash equivalents			
Cash		3,476,911	300,961
Total		<u>3,476,911</u>	<u>300,961</u>

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

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

Stadium MK Group Limited is a private company limited by shares incorporated in the United Kingdom and is registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 3. 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 December 2020 that enable the Group to reflect the effect of transitioning from LIBOR to SONIA, exposed via the loan it holds as per Note 19, without giving rise to accounting impacts that would not provide useful information to users of financial statements.

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 advantage of the disclosure exemptions in relation to its separate financial instruments which are presented alongside the consolidated financial statements. Exemptions that have been taken are in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions, remuneration of key management personnel and presentation of a company only profit and loss account.

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

Despite the Group having net current liabilities of £1.3m (2021 - £5.7m) which includes cash at bank of £3.5m (2021 - £0.3m) and deferred income of £4.2m (2021 - £4.8m) the directors have a reasonable expectation that both the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. The directors of Stadium MK Group Limited, the ultimate parent company, have prepared financial projections for the Group, through to 30 June 2024 ("the Forecast"), which includes quarterly repayments against external borrowings and a prudent forecast of the ongoing business performance including a continued recovery following the Covid-19 outbreak. Sensitivities have been applied to key assumptions including but not limited to hotel occupancy, hosting of events and increase in interest rates. Headroom continues to exist in all scenarios and show the Group continuing as a going concern for at least 12 months from the date of this report, including the continued compliance with financial covenants set by the bank, and accordingly the directors continue to adopt the going concern basis of preparation for both the Company and Group financial statements.

Turnover

All turnover in the current year and preceding year was derived in the United Kingdom.

Milton Keynes Dons Limited

Turnover represents income receivable, net of VAT, from football, entertainment and related commercial activities. 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.

Turnover is recognised in respect of barter transactions only where services are exchanged for dissimilar services and the transaction is deemed to have commercial substance. Such transactions are measured at the fair value of the services received, adjusted by any amount of cash and cash equivalents transferred.

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

1 ACCOUNTING POLICIES (continued)

Inter MK Limited

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been 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 as part of creditors due within one year.

Turnover is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a portion of the total contract value.

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.

Hotel MK Limited

Turnover from the supply of services, which principally comprise accommodation 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 point at which the service is provided. 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. Turnover from the sale of food and drink is recognised at the point of sale.

Investments

Investments are stated at cost less provision for impairment.

Goodwill

Goodwill is stated at cost net of amortisation and any provision for impairment. Goodwill is amortised over a period of 20 years which is considered to be the useful economic life.

Intangible assets - Player registrations

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

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

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Tangible fixed assets are capitalised when the cost of the item is at least £5,000 or when collectively a number of items have a cost of £5,000 and individually have a cost of more than £1,000 and are deemed to be functionally independent.

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:

Land	Not depreciated
Buildings	50 years
Plant and machinery	5 years
Office equipment	3 years
Furniture & fittings	5 years
IT equipment	5 years
Motor Vehicles	5 years

The recognition of profit or loss on sale of fixed assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

A high level consideration of the carrying value of assets is performed to identify if indicators of impairment exist. If indicators exist then a full impairment review is performed and an impairment charge applied if appropriate.

The revaluation reserve is a result of revaluation of the land and buildings on conversion to FRS 102. Depreciation in relation to buildings is charged directly to the revaluation reserve.

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.

Rentals under operating leases are charged on a straight-line basis over the lease term, even in the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised as other income on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

1 ACCOUNTING POLICIES (continued)

or smaller than the corresponding income or expense.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Stocks, which comprise consumables, are stated using the FIFO (first-in, first-out) method.

Provision is made for obsolete, slow-moving or defective items where appropriate.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Cash

Cash and cash equivalents comprise bank balances including cash pool assets, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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 20).

Insurance receipts

Monies due from the Group's business interruption insurance policy were recognised upon judgement by the Financial Conduct Authority.

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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. The directors are of the opinion that the key sources of estimation uncertainty are as follows:

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 2020), 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). The pension scheme deficit is recorded on the balance sheet at £0.5m (2021 - £0.7m) as per Note 20.

Key source of estimation uncertainty – Market value of land

The directors consider a key source of estimation uncertainty to relate to the carrying value of the Company's land carried at £4.9m (2021 - £5.1m). The primary source of evidence for land valuations should be recent, comparable market transactions conducted on an arm's-length basis. The valuation of the Company's land is inherently subjective. Assumptions are made with regards to sales value in an open market, external market conditions and potential future revenue streams or value in use. The directors believe the market value of land held in fixed assets to be in excess of the book value and therefore no impairment is required (Note 14).

Key source of estimation uncertainty – Carrying value of investments

The directors consider a key source of estimation uncertainty to relate to the carrying value of the Company's investments carried at £2m (2021 - £2m). In estimating the requirement for impairment of these investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations. Assumptions are made with regards to estimated future dividends receivable and the ongoing trade of the investment. During the year, the directors have impaired the value of the investment due to the carrying value being greater than the net assets of the business (See Note 15).

3 TURNOVER

	2022	2021
	£	£
Football, entertainment and related activities	6,465,341	3,857,602
Hotel operation	9,860,282	4,919,586
Arena and Stadium	4,930,959	1,407,993
Property development and rental	3,843,514	182,035
Radio station operation	373,097	298,988
	<u>25,473,193</u>	<u>10,666,204</u>

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

4 OTHER OPERATING INCOME

	2022	2021
	£	£
Grant income	120,165	1,689,956
Insurance receipts	125,934	2,500,000
	<u>246,099</u>	<u>4,189,956</u>

Grant income relates to the UK Government's Coronavirus job retention scheme.

5 PROFIT ON DISPOSAL OF PLAYER REGISTRATIONS

	2022	2021
	£	£
Consideration	5,828,956	2,355,113
Net book value of disposal	(378,819)	(241,492)
	<u>5,450,137</u>	<u>2,113,621</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank loans and overdrafts	218,798	163,489
Finance lease interest	13,766	23,983
Interest payable on pension deficit	4,694	3,957
Other interest payable and similar charges	-	11,742
	<u>237,258</u>	<u>203,171</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Bank accounts	3	2,204
Staff loans	786	1,045
	<u>789</u>	<u>3,249</u>

8 PROFIT / (LOSS) BEFORE TAXATION

	2022	2021
	£	£
Profit / (Loss) before taxation is stated after charging / (crediting)		
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,500	11,000
The audit of the Company's subsidiaries' annual accounts	100,000	64,000
Depreciation of tangible fixed assets - owned	2,226,027	2,398,087
Depreciation of tangible fixed assets - leased	143,676	151,496
Amortisation of player registrations	516,816	170,357
Amortisation of goodwill	24,689	24,689
Profit on disposal of player registrations	(5,450,137)	(2,113,621)
Profit on disposal of fixed assets	-	(3,333)
Impairment of assets	178,350	-
Operating lease rental charge	13,490	70,872
Inventories recognised as expenses during the year	<u>1,706,000</u>	<u>596,202</u>

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

9 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' remuneration	2022	2021
Emoluments	557,402	477,612
Company contributions to money purchase pension schemes	40,642	34,265
	<u>598,044</u>	<u>511,877</u>

During the current year the highest paid director was paid £124,200 (2021 - £105,192). The Group contributed £9,0562 (2021 - £7,102) to money purchase pension schemes in favour of this director.

The monthly average number of employees of the Group during the year were:	2022	2021
	No.	No.
Directors (of any Group company)	6	6
Full-time playing, training and management	66	69
Administration and commercial	411	400
	<u>483</u>	<u>475</u>

The Company does not have any employees.

Staff costs incurred during the year in respect of these employees were:	2022	2021
	£	£
Wages and salaries	9,720,108	8,383,092
Social security costs	830,377	809,351
Pension costs	374,073	314,940
Agency costs	586,140	38,615
	<u>11,510,698</u>	<u>9,545,998</u>

'Pension costs' include only those defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

10 OPERATING LEASE COMMITMENTS

The future minimum lease payment payable under non-cancellable operating leases are as follows:	2022	2021
	£	£
Within one year	-	5,396
Between one and five years	-	-
	<u>-</u>	<u>5,396</u>

The future minimum lease payment receivable under non-cancellable operating leases are as follows:	2022	2021
	£	£
Within one year	39,982	39,982
Between one and five years	169,029	164,868
More than five years	2,413,718	2,457,861
	<u>2,622,729</u>	<u>2,662,711</u>

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

11 TAX ON PROFIT / (LOSS)

	2022	2021
	£	£
Current tax		
United Kingdom corporation tax at standard rate of 19% (2021 - 19%) based on the profit / (loss) for the year	-	-
Total current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	224,255	(538,588)
Adjustment in respect of previous periods	345	6,921
Effect of tax rate change on opening balances	-	5,552,434
Total tax charge per profit and loss account	224,600	5,020,767

The charge for the year can be reconciled to the profit / (loss) per the profit and loss account as follows:

	2022	2021
	£	£
Profit / (Loss) before tax	4,991,908	(1,581,803)
Tax on profit / (loss) at standard rate of 19% (2021 - 19%)	948,463	(300,543)
Fixed asset differences	(18,915)	(10,148)
Expenses not deductible for tax purposes	25,940	23,246
Income not taxable for tax purposes	(444,600)	(5,533)
Other tax adjustments, reliefs and transfers	(28,583)	-
Capital gains	444,600	-
Transfer pricing adjustments	(390)	-
Adjustment in respect of previous periods	345	5,776
Remeasurement of deferred tax for changes in tax rates	292,585	5,110,274
Deferred tax not recognised	(994,845)	197,695
Total tax charge for the year	224,600	5,020,767
Elements of deferred tax:		
Fixed asset timing differences	22,376,736	22,768,954
Short term timing differences	(140,587)	(172,405)
Capital gains	585,000	-
	22,821,149	22,596,549

Finance Act 2021 which was substantively enacted on 24 May 2021 included provisions to increase the UK Corporation tax rate to 25% effective from 1 April 2023. In valuing the deferred tax balances at the year-end a combination of 19% and 25% have been used based on the expected periods of reversals. There are no expiry dates on elements of deferred tax that have been recognised. Deferred tax assets and liabilities are offset only where the Company has the legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

11 TAX ON PROFIT / (LOSS) (continued)

Deferred tax assets of £322,811 (2021 - £1,317,656) have not been recognised on the basis that they are not currently expected to materialise.

12 GOODWILL

GROUP	Goodwill £
Cost	
At 1 July 2021	493,772
Additions	
At 30 June 2022	<u>493,772</u>
Accumulated amortisation	
At 1 July 2021	106,551
Charge for the year	24,689
At 30 June 2022	<u>131,240</u>
Net book value	
At 30 June 2022	362,532
At 30 June 2021	<u>387,221</u>

13 INTANGIBLE FIXED ASSETS

GROUP	Player registrations £
Cost	
At 1 July 2021	829,150
Additions	1,005,693
Disposals	(1,008,840)
At 30 June 2022	<u>826,003</u>
Accumulated amortisation	
At 1 July 2021	432,552
Charge for the year	516,816
Disposals	(630,021)
At 30 June 2022	<u>319,347</u>
Net book value	
At 30 June 2022	506,656
At 30 June 2021	<u>396,598</u>

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

14 TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings	Plant & machinery	Motor vehicles	Furniture & fittings	IT equipment	Total
Cost	£	£	£	£	£	£
At 1 July 2021	108,424,953	2,664,131	270,395	5,080,138	1,134,595	117,574,212
Additions	-	18,000	-	4,633	-	22,633
Disposals	(150,437)	-	-	-	-	(150,437)
At 30 June 2022	<u>108,274,516</u>	<u>2,682,131</u>	<u>270,395</u>	<u>5,084,771</u>	<u>1,134,595</u>	<u>117,446,408</u>
Accumulated depreciation						
At 1 July 2021	14,764,085	2,432,825	214,720	4,707,597	1,056,049	23,175,276
Charge for the year	2,060,000	42,653	24,217	187,866	54,966	2,369,702
Disposals	-	-	-	-	-	-
At 30 June 2022	<u>16,824,085</u>	<u>2,475,478</u>	<u>238,937</u>	<u>4,895,463</u>	<u>1,111,015</u>	<u>25,544,978</u>
Net book value						
At 30 June 2022	<u>91,450,431</u>	<u>206,653</u>	<u>31,458</u>	<u>189,308</u>	<u>23,580</u>	<u>91,901,430</u>
At 30 June 2021	<u>93,660,868</u>	<u>231,306</u>	<u>55,675</u>	<u>372,541</u>	<u>78,546</u>	<u>94,398,936</u>

Included within land and buildings is £4.9m (2021 - £5.1m) which relates to land held at cost and therefore no depreciation is charged. The stadium asset is pledged as security for borrowings held in name of Hotel MK Limited.

15 INVESTMENTS

COMPANY

Cost and net book value

At 30 June 2021 and 30 June 2022

£

2,001,003

The Company has investments in the following subsidiary undertakings:

Subsidiary undertaking (*Not directly held subsidiary)	Principal activity	Description and proportion of nominal value of shares held
Milton Keynes Dons Limited	Professional football	100% of Ordinary £1 shares
Inter MK Limited	Property development	100% of Ordinary £1 shares
Stadium MK Limited	Event management	100% of Ordinary £1 shares
Hotel MK Limited	Hotel operator	100% of Ordinary £1 shares
Stadium MK Properties Limited	Non-trading	100% of Ordinary £1 shares
MKFM Limited*	Radio station operator	Limited by guarantee, no shares
MRT Development Consultants Limited*	Development consulting	100% of Ordinary £1 shares
Milton Keynes City Football Club Limited*	Non-trading	100% of Ordinary £1 shares
Milton Keynes Football Club Limited*	Non-trading	100% of Ordinary £1 shares

The exemption from audit available under section 479A of the Companies Act 2006 will be taken for MKFM Limited (07630027), and the exemption from preparing accounts available under section 394A of the Companies Act 2006 will be taken for MRT Development Consultants Limited (05452252), Milton Keynes City Football Club Limited (06236826) and Milton Keynes Football Club Limited (05437553).

All companies are registered at the same address as the Group as per page 3.

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

16 STOCKS

	2022	2021
GROUP	£	£
Consumables	296,536	211,724
Finished goods and goods for resale	-	44,030
	<u>296,536</u>	<u>255,754</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

17 DEBTORS

	2022	2021
GROUP	£	£
<i>Amounts falling due within one year:</i>		
Trade debtors	4,760,780	1,468,542
Other debtors	1,220,991	828,687
Prepayments	420,254	345,413
	<u>6,402,025</u>	<u>2,642,642</u>
<i>Amounts falling due after more one year:</i>		
Trade debtors	2,400,000	-
Other debtors	-	178,350
	<u>2,400,000</u>	<u>178,350</u>

Included within other debtors due within one year in the prior year are loans provided to employees of the Group, with all loans being made on an arm's length basis, attracting market rate interest, and are repayable on demand.

Trade debtors falling due after more than one year relate wholly to the disposal of players' registrations.

The balance within other debtors due after more than one year in the prior year relates entirely to a fee paid for the option to purchase a piece of land.

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
GROUP	£	£
Trade creditors	3,137,177	1,419,660
Accruals	1,757,919	1,383,598
Other creditors	179,823	199,787
Tax and social security	1,730,731	768,036
Deferred income	4,158,796	4,771,338
Bank loans	373,170	354,824
Finance leases	139,865	163,667
	<u>11,477,481</u>	<u>9,060,910</u>
COMPANY		
Amounts owed to group companies	<u>2,000,003</u>	<u>2,000,003</u>

The Group holds an overdraft facility of £1.5m with Santander as part of the government's Coronavirus Business Interruption Loan Scheme. This facility has attracted interest of 2.95% above base rate since May 2021, and terminates in May 2023. The facility is secured against the assets of the Group.

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Included in deferred income shown above is an amount of £1,997,186 (2021 - £3,447,781) relating to contractual obligations to be incurred on the completion of the Stadium.

The balance owed to group undertakings is repayable on demand but the directors have received written assurances from the Board of Directors of Stadium MK Group Limited that no group company will seek repayment unless the Company's cash flow permits this. No interest is charged on these amounts and there are no securities held by group companies in relation to these amounts.

Included in tax and social security in the prior year was £373,567 which was owed to HMRC under the VAT Deferral Scheme and was to be paid in 11 equal monthly instalments which commenced in March 2021.

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP	2022 £	2021 £
Bank loans	5,563,001	5,917,824
Finance leases	24,576	164,440
	<u>5,587,577</u>	<u>6,082,264</u>

Bank loans are repayable as follows:

Within one year	373,170	354,824
In the second to fifth years inclusive	5,563,001	5,632,110
More than five years	-	285,714
	<u>5,936,171</u>	<u>6,272,648</u>

In December 2020 the Group refinanced its existing borrowings (quarterly repayments due to expire in April 2022 attracting interest 2.6% above 3 month LIBOR), with quarterly repayments due from January 2021 and terminating in December 2025, and acquired a further £2m of finance under the government's Coronavirus Business Interruption Loan Scheme, repayable quarterly from September 2023 and terminating in December 2026.

The £3,936,171 (2021 - £4,272,648) loan drawn under the facility with Santander is secured by a corporate debenture on the assets of the group and attracts interest of 3.35% above SONIA, whilst the additional £2m loan taken out under the government's Coronavirus Business Interruption Loan Scheme attracts interest of 3.5% above base.

From 31 December 2021, LIBOR discontinued as a benchmark for loans due to regulatory changes and the Group has transitioned to SONIA, with the Group agreeing to transition its GBP LIBOR linked loans to compounding SONIA from 1 January 2022. No other terms were amended. The Group accounted for the change to SONIA using the practical expedient in FRS 102.11.20C, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

Finance lease are repayable as follows:

Within one year	139,865	163,667
In the second to fifth years inclusive	24,576	164,440
	<u>164,441</u>	<u>328,107</u>

Finance lease liabilities relate to the purchase of assets under hire purchase agreement with Santander and secured against the assets purchased. Assets held under finance lease are included in plant and machinery with a net book value of £99,064 (2021 - £113,741) and furniture & fittings with a net book value of £86,000 (2021 - £215,000).

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

20 PROVISIONS FOR LIABILITIES

GROUP	Deferred tax £	Pension scheme £	Total £
At 1 July 2021	22,596,549	651,286	23,247,835
Charged to profit and loss account	224,600	(128,164)	96,436
At 30 June 2022	<u>22,821,149</u>	<u>523,122</u>	<u>23,344,271</u>

Pension scheme

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 2020 where the total deficit on the on-going valuation basis was £27.6 million. The key assumptions used to calculate the deficit at the 31 August 2020 were:

Discount rate:	Gilt Yield Curve + 2.0% per annum
RPI inflation:	Bank of England Inflation Curve
Pension increases:	Fixed 3.0% per annum for benefits accrued prior to 6 April 1997, and modelled using the RPI inflation assumption with a cap of 5.0% per annum and a floor of 3.0% per annum for benefits accrued after 6 April 1997
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS (Series 3) with CMI_2019 projections, a long-term improvement rate of 1.5% p.a. and an initial additional parameter of 0.5% p.a.

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 2020 valuation were rolled forward to 30 June 2022 on the same assumptions as detailed above, and the Club's notional share of the deficit was £484,855 (£565,367 as at 30 June 2021).

As at 30 June 2022, the Club was paying total contributions of £8,241 per month (increasing by 5% p.a. since 1 September 2018) and based on the actuarial valuation assumptions detailed above will be sufficient to pay off the deficit by 30 June 2027.

As at 30 June 2022, based on an appropriate discount rate of 3.35% per annum (0.78% per annum as at 30 June 2021), the present value of the Club's outstanding contributions (i.e. their future liability) is £523,122 (£651,287 as at 30 June 2021). This amounts to £103,014 (2021 - £98,109) due within one year and £420,108 (2021 - £553,178) due after more than one year.

	2022 £	2021 £
Present value of defined benefit obligation	<u>523,122</u>	<u>651,287</u>
Defined benefit obligation at start of the year	651,287	612,199
Net interest charge (unwinding of discount)	4,694	3,957
Club contribution (deficit contribution)	(98,110)	(93,437)
Remeasurement (changes in assumptions)	(34,749)	(1,048)
Remeasurement (change to contribution schedule)	-	129,616
Defined benefit obligation at end of year	<u>523,122</u>	<u>651,287</u>
Discount rate (based on AA corporate bond yields of appropriate currency/duration)	3.35%	0.78%

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

20 PROVISIONS FOR LIABILITIES (continued)

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 (31 August 2020), 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).

21 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Operating loss	(221,760)	(3,498,835)
Adjustment for:		
Depreciation of tangible assets	2,369,703	2,549,583
Amortisation of intangible assets and goodwill	541,505	195,046
(Decrease) / Increase in provisions	(128,164)	39,088
Operating cash flow before movement in working capital	2,561,284	(715,118)
(Increase) / Decrease in stocks	(40,782)	15,181
Increase in trade and other debtors	(14,408)	(251,326)
Increase / (Decrease) in trade and other creditors	1,653,027	(482,975)
Cash generated by operations	4,159,121	(1,434,238)
Interest paid	(237,258)	(203,171)
Net cash flows from operating activities	3,921,863	(1,637,409)

22 ANALYSIS AND RECONCILIATION OF NET DEBT

	At 1 July 2021	Cash flow	At 30 June 2022
	£	£	£
Cash at bank and in hand	300,961	3,175,950	3,476,911
Bank loans due after 1 year	(5,917,824)	354,823	(5,563,001)
Bank loans due within 1 year	(354,824)	(18,346)	(373,170)
Finance leases due after 1 year	(164,440)	139,864	(24,576)
Finance leases due within 1 year	(163,667)	23,802	(139,865)
	(6,600,755)	500,143	(6,100,612)
Net debt	(6,299,794)	3,676,093	(2,623,701)

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

22 ANALYSIS AND RECONCILIATION OF NET DEBT (continued)

	2022	2021
	£	£
Change in net debt resulting from cash flows	3,676,093	33,152
Movement in net debt in the year	3,676,093	33,152
Net debt as at 1 July	(6,299,794)	(6,332,946)
Net debt as at 30 June	<u>(2,623,701)</u>	<u>(6,299,794)</u>

23 CALLED UP SHARE CAPITAL AND RESERVES

	2022	2021
	£	£
Called up, allotted, authorised and fully paid		
1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>

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

The Company's other reserves are as follows:

- the revaluation reserve represents the revaluation of fixed assets on transition to FRS 102, net of deferred tax and depreciation with a transfer between retained earnings and the revaluation reserve performed on an annual basis
- the profit and loss reserve represents the cumulative profits and losses
- In 2009 Stadium MK Group Limited acquired 100% of the share capital of Inter MK Limited. At a later stage, Stadium MK Group Limited acquired the shares of Milton Keynes Dons Limited, Hotel MK Limited and Stadium MK Limited for nominal amounts. Stadium MK Group Limited therefore recorded the shares issued and consequent investment at nominal value. The difference between the book value of consolidated assets and liabilities and the nominal value of the shares was recorded as a merger account in the consolidated financial statements

24 CONTINGENT LIABILITIES AND ASSETS

Player registration fees

At the year end, £805,000 of transfer fees payable (2021 - £615,000) 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.

25 RELATED PARTY TRANSACTIONS

During the year, loans amounting to £nil (2021 - £nil) were granted to directors and employees of the Group, interest is charged at market rate and the loans are repayable in full on demand. Repayments of £51,252 (2021 - £4,190) were made during the year with the total amount outstanding at the balance sheet date (including interest accrued) being £nil (2021 - £50,466).

There were no other transactions with related parties in the financial period to be noted.

26 ULTIMATE PARENT COMPANY

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

STADIUM MK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2022

27 POST BALANCE SHEET EVENTS

Since the balance sheet date, there has been both acquisitions and disposals of player registrations which the Company consider to be material both in nature and value. In addition, Liam Manning left his role as manager of the first team of Milton Keynes Dons and was replaced by Mark Jackson.