HFC Holdings Limited

Financial statements for the year ended 31 July 2000
together with Directors' and Auditors' Reports

Registration number: 132607





Directors' report
For the year ended 31 July 2000

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 July 2000.

Principal activity
The company's principal activity is to act as a holding company of a group of companies. The group's principal trading subsidiary is The *Hibernian* Football Club Limited.

The subsidiary undertakings held by the company are listed in note 11 to the accounts. Consolidated accounts have not been prepared as the company takes advantage of the exemption afforded by Section 228 of the Companies Act 1985.

Results
The profit and loss account for the year ended 31 July 2000 is set out on page 4. The directors do not recommend the payment of a dividend (1999 - nil).

Directors and their interests
The directors who served during the year, together with their interests in the ordinary shares of the company, were:

	2000	1999
Sir Tom Farmer CBE KCSG	3,015,000	3,015,000
R Huthersall	-	-
R M Petrie	335,000	335,000

R Huthersall resigned as a director on 31 July 2000.

Directors' responsibilities
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and its profit or loss for that year. In preparing those accounts, the directors are required to:

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

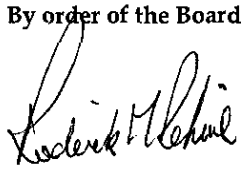
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report
For the year ended 31 July 2000

Auditors

During the year the Company appointed KPMG as auditors. The directors will place a resolution before the annual general meeting to re-appoint KPMG as auditors for the ensuing year.

By order of the Board



R M Petrie
Director
12 Albion Place
Edinburgh
EH7 5QG

5 March 2001

Auditors' report

To the Shareholders of H.F.C. Holdings Limited:
We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the directors' report and, as described on page 1 , the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Edinburgh
Chartered Accountants
Registered Auditors
5 March 2001

Profit and loss account

for the year ended 31 July 2000

	Notes	2000	1999
		£	£
Turnover	3	24,000	94,557
Operating expenses	4	807	(180,238)
Operating loss		24,807	(85,681)
Loss on disposal of fixed assets		-	(2,203,963)
Forgiveness of intercompany debt		-	(456,509)
Loss before interest and taxation		24,807	(2,746,153)
Investment income	6	2,158	1,418
Interest payable and similar charges	7	(160,805)	(338,654)
Loss on ordinary activities before taxation	8	(133,840)	(3,083,389)
Taxation	9	-	-
Loss for the financial year	16	(133,840)	(3,083,389)

The loss for the financial year equates to the historical cost loss for the financial year.

As permitted by Financial Reporting Standard 3 "Reporting Financial Performance" the company has not prepared a Statement of Total Recognised Gains and Losses as it has no recognised gains or losses other than the loss for the financial year.

The accompanying notes form an integral part of this profit and loss account.

Balance sheet

as at 31 July 2000

	Notes	2000	1999
		£	£
Fixed assets			
Tangible assets	*10*	*676,614*	*680,772*
Investments	11	4,119,839	4,119,839
		4,796,453	4,800,611
Current assets			
Debtors - due within one year	12	-	480,265
Cash at bank and in hand		43,456	13,596
Debtors - due after one year	12	2,725,994	150,000
		2,769,450	643,861
Creditors: Amounts falling due within one year	13	(2,570,008)	(2,410,737)
Net current assets / (liabilities)		199,442	(1,766,876)
Total assets less current liabilities		4,995,895	3,033,735
Creditors: Amounts falling due after more than one year	14	(7,096,000)	(5,000,000)
Net liabilities		(2,100,105)	(1,966,265)
Capital and reserves			
Called-up share capital	15	3,350,000	3,350,000
Profit and loss account	16	(5,450,105)	(5,316,265)
Deficit on shareholder' funds		(2,100,105)	(1,966,265)

Approved by the Board on 5 March 2001.



R M Petrie
Director

The accompanying notes form an integral part of this balance sheet.

Notes to the financial statements

for the year ended 31 July 2000

1 Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis.

2 Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and in the preceding year is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards. The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985. These financial statements present information about the company as an individual undertaking and not about its group.

b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, at the following rates per annum:

Buildings	2%

No depreciation is provided on freehold land.

c) Taxation

The charge for taxation is based on the result for the period as adjusted for the tax treatment of certain items. Provision is made in respect of all material tax timing differences to the extent that the directors believe it is probable that a liability or asset will crystallise.

d) Cash Flow

The company has not prepared a cash flow statement as permitted by Financial Reporting Standard 1.

3 Turnover

Turnover comprises rental income.

4 Operating expenses

	2000	1999
	£	£
Staff costs	-	31,250
Other operating charges – net of a write-back of provisions of £8,301	(807)	148,988
	(807)	180,238

5 Employee information and directors' emoluments

The company has no employees other than its directors (1999 - nil). The total emoluments paid to directors by the company during the year was £nil (1999 - £25,000 for salaries and £3,750 for pension contributions). There were no benefits in kind (1999 - £nil).

6 Investment income

	2000	1999
	£	£
Interest receivable and similar income	2,158	1,418

7 Interest payable and similar charges

	2000	1999
	£	£
Bank loans and overdrafts	85,369	248,380
Other loans	75,436	90,274
	160,805	338,654

8 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2000	1999
	£	£
Auditors' remuneration	1,700	4,950
Depreciation of owned tangible fixed assets	6,468	105,213

9 Taxation

There is no corporation tax payable on the loss for the year (1998 - nil). No provision for deferred taxation is required at 31 July 2000 (1999 - nil) and there is no unprovided deferred taxation.

10 Tangible fixed assets

	Freehold Land & Buildings £
Cost	
At 1 August 1999	680,772
Additions	2,310
At 31 July 2000	683,082
Depreciation	
At 1 August 1999	-
Charge	6,468
At 31 July 2000	6,468
Net Book Value	
At 31 July 2000	676,614
At 1 August 1999	680,772

Included within land and buildings is land to the value of £357,391 which is not subject to depreciation.

11 Fixed asset investments

Investment in subsidiary undertakings:

	2000 £
Cost at beginning of year and end of year.	4,119,839

The company holds more than 10% of the equity capital of the following companies:

	Country of incorporation and operation	Principal activity	Description and *proportion of* shares held by the company
The *Hibernian* Football Club Limited	Scotland	Professional football club	Ordinary shares 98%
Hibernian Hospitality Limited	Scotland	Dormant	Ordinary shares 100%
Hibernian Financial Limited	Scotland	Dormant	Ordinary shares 100%
HFC Properties Limited	Scotland	Dormant	Ordinary shares 100%

12 Debtors

Amounts falling due within one year:	2000 £	1999 £
Trade debtors	-	-
Amounts owed by subsidiary undertakings	-	480,265
	-	480,265
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	2,725,994	150,000

The amount owed by subsidiary undertakings falling due after more than one year represents loans to The *Hibernian* Football Club Limited which bear interest at a rate of 1% over the Bank of Scotland Base Rate currently in force. There are no set terms for repayment.

13 Creditors: Amounts falling due within one year

	2000 £	1999 £
Bank overdraft	1,850,000	1,850,000
Trade creditors	822	4,217
VAT	1,514	-
Accruals and deferred income	717,672	556,520
	2,570,008	2,410,737

The bank overdraft is secured by a bond and floating charge over the assets of the company.

14 Creditors: Amounts falling due after more than one year

	2000 £	1999 £
Unsecured Loan Stock	5,000,000	5,000,000
Loan from Principal Shareholder	2,096,000	-
	7,096,000	5,000,000

The Unsecured Loan Stock is interest free with no specific terms for repayment. The Loan from the principal shareholder has no specific terms for repayment and is secured by a standard security over the property of the company.

15 Equity share capital

	2000	1999
Ordinary Shares of £1 each	£	£
Authorised:	3,850,000	3,850,000
Allotted, called-up and fully paid	3,350,000	3,350,000

16 Profit and loss account

	2000 £
Beginning of year	(5,316,265)
Loss for the financial year	(133,840)
End of year	(5,450,105)

17 Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group companies.

18 Ultimate holding company

The largest group in which the accounts of the company are consolidated is headed by Halecrown Investments Limited, a company registered in England. The principal beneficiary of the Halecrown Investments Limited shareholding in the company is Sir Tom Farmer CBE KCSG.