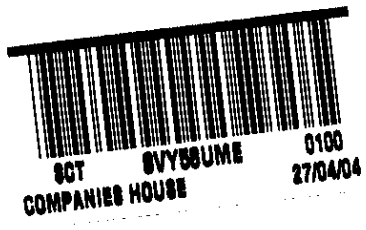
HFC Holdings Limited

Financial statements for the year ended 31 July 2003
together with Directors' and Auditors' Reports

Registration number: 132607



Directors' report

For the year ended 31 July 2003

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 2003.

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 248 of the Companies Act 1985.

Results

The profit and loss account for the year ended 31 July 2003 is set out on page 4. The directors do not recommend the payment of a dividend (2002 - nil).

Directors and their interests

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

	2003	2002
Sir Tom Farmer CBE KCSG	3,015,000	3,015,000
R M Petrie	335,000	335,000

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 2003

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the Board



R M Petrie
Company Secretary
12 Albion Place
Edinburgh
EH7 5QG

15 September 2003.

Independent Auditor's report

To the Shareholders of H.F.C. Holdings Limited:
We have audited the financial statements on pages 4 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 1985. 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Edinburgh
Chartered Accountants
Registered Auditor

15 September 2003

Profit and loss account

for the year ended 31 July 2003

	Notes	2003	2002
		£	£
Turnover	3	24,000	24,000
Operating expenses	4	(13,018)	(8,705)
Operating profit being profit before interest and taxation		10,982	15,295
Interest receivable	6	232,846	400,661
Interest payable and similar charges	7	(380,943)	(537,767)
Loss on ordinary activities before taxation	8	(137,115)	(121,811)
Taxation	9	-	-
Loss for the financial year	16	(137,115)	(121,811)

There are no recognised gains or losses other than the loss for the financial year.

The accompanying notes form an integral part of the financial statements.

Balance Sheet

as at 31 July 2003

	Notes	2003	2002
		£	£
Fixed assets			
Tangible assets	10	647,210	653,678
Investments	11	4,117,230	4,123,540
		4,764,440	4,777,218
Current assets			
Debtors - due within one year	12	18,089	492
Cash at bank and in hand		43,693	33,575
		61,782	34,067
Creditors: Amounts falling due within one year	13	(4,078,341)	(3,689,467)
Net current liabilities		(4,016,559)	(3,655,400)
Debtors - due after one year	12	5,416,697	4,079,875
Total assets less current liabilities		6,164,578	5,201,693
Creditors: Amounts falling due after more than one year	14	(8,696,000)	(7,596,000)
Net liabilities		(2,531,422)	(2,394,307)
Capital and reserves			
Called-up share capital	15	3,350,000	3,350,000
Profit and loss account	16	(5,881,422)	(5,744,307)
Deficit on shareholders' funds		(2,531,422)	(2,394,307)

These financial statements were approved by the Board of Directors on 15 September 2003, and were signed on its behalf by:

R M Petrie
Director

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

Cash Flow Statement

for the year ended 31 July 2003

	Notes	2003	2002
		£	£
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		10,982	15,295
Depreciation charges		6,468	6,468
Increase in debtors		(17,597)	(1,400,492)
Increase in creditors		7,931	1,392,811
Net cash inflow from operating activities		7,784	14,082
Cash Flow Statement			
Net cash inflow from operating activities		7,784	14,082
Returns on investment and servicing of finance	18	1,014	(5,639)
Capital expenditure and financial investment	18	1,320	(4,145)
Increase in cash		10,118	4,298
Reconciliation of net cash flow to movement in net debt			
Increase in cash		10,118	4,298
Loan received from principal shareholder		(1,100,000)	(500,000)
Bank loan received		-	(500,000)
Movement in net debt in the period		(1,089,882)	(995,702)
Net debt at the start of the period		(9,912,425)	(8,916,723)
Net debt at the end of the period		(11,002,307)	(9,912,425)

Notes to the financial statements

for the year ended 31 July 2003

1 Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis, which is dependent upon the continuing support of the principal shareholder, which has been confirmed.

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 248 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 year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Notes to the financial statements

for the year ended 31 July 2003

3 Turnover

Turnover comprises rental income.

4 Operating expenses

	2003	2002
	£	£
Other operating charges	13,018	8,705

5 Employee information and directors' emoluments

The company has no employees other than its directors (2002 - nil). The total emoluments paid to directors by the company during the year was £nil (2002 - nil).

6 Interest receivable

	2003	2002
	£	£
Interest receivable from subsidiary undertaking	231,832	400,661
Other interest	1,014	-
	232,846	400,661

7 Interest payable and similar charges

	2003	2002
	£	£
Bank loans and overdrafts	139,170	116,366
Other loans	241,773	421,401
	380,943	537,767

8 Loss on ordinary activities before taxation

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

	2003	2002
	£	£
Auditors - audit remuneration	1,700	1,700
- other services	1,300	-
Depreciation of owned tangible fixed assets	6,468	6,468

9 Taxation

There is no corporation tax payable on the loss for the year (2002 - nil).

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002 - lower) than the standard rate of corporation tax in the United Kingdom, 30%, (2002 - 30%). The differences are explained below:

	2003 £	2002 £
Current Tax Reconciliation		
Loss on Ordinary Activities before Taxation	(137,115)	(121,811)
Current Tax at 30% (2002- 30%)	(41,134)	(36,543)
Effects of:		
Expenses not deductable for tax purposes	1,940	1,940
Timing differences	(2,557)	(307)
Tax losses carried forward	41,751	34,910
Total current tax charge (see above)	-	-

Factors that may affect future tax charges

The company has tax losses of approximately £810,000 (2002 - £935,000) available to carry forward. The company has an unrecorded deferred tax asset at 31st July 2003 of approximately £620,000 (2002 - £579,000).

10 Tangible fixed assets

	Freehold Land & Buildings £
Cost	
At 1 August 2002 and 31 July 2003	673,082
Depreciation	
At 1 August 2002	19,404
Charge	6,468
At 31 July 2002	25,872
Net Book Value	
At 31 July 2003	647,210
At 1 August 2002	653,678

Included within land and buildings is land with a value of £347,391 (2002 - £347,391) which is not subject to depreciation.

11 Fixed asset investments

Investment in subsidiary undertakings:

	2003 £	2002 £
At 1 August 2002	4,123,540	4,119,395
Acquisitions	-	4,745
Disposals	(6,310)	(600)
At 31 July 2003	4,117,230	4,123,540

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:	2003 £	2002 £
Prepayments and accrued income	18,089	492
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings	5,416,697	4,079,875

Within amounts owed by subsidiary undertakings falling due after more than one year are loans totalling £4,100,000 (2002 - £3,000,000) to The *Hibernian* Football Club Limited, which bear interest at a rate of 2% 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

	2003 £	2002 £
Bank loan	2,350,000	2,350,000
Accruals and deferred income	1,728,341	1,339,467
	4,078,341	3,689,467

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

14 Creditors: Amounts falling due after more than one year

	2003 £	2002 £
Unsecured Loan Stock	5,000,000	5,000,000
Loan from Principal Shareholder	3,696,000	2,596,000
	8,696,000	7,596,000

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

	2003 £	2002 £
Ordinary Shares of £1 each		
Authorised:	3,850,000	3,850,000
Allotted, called-up and fully paid	3,350,000	3,350,000

Notes to the financial statements

for the year ended 31 July 2003

16 Profit and loss account

	2003 £	2002 £
Beginning of year	(5,744,307)	(5,622,496)
Loss for the financial year	(137,115)	(121,811)
End of year	(5,881,422)	(5,744,307)

17 Reconciliation of movement of shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	(2,394,307)	(2,272,496)
Loss for the financial year	(137,115)	(121,811)
Closing shareholders' funds	(2,531,422)	(2,394,307)

18 Analysis of cash flows

	2003 £	2002 £
Returns on investment and servicing of finance		
Interest received	1,014	661
Interest paid	-	(6,300)
	1,014	(5,639)
Capital expenditure and financial investment		
Payments to acquire intangibles	-	(4,745)
Receipts from sale of shares	1,320	600
	1,320	(4,145)
Financing		
Loan received from principal shareholder	1,100,000	500,000
Bank loan received	-	500,000
Loan to subsidiary undertaking	(1,100,000)	(1,000,000)
	-	-

19 Analysis of net debt

	At beginning of the year £	Cash Flow £	At the end of the year £
Cash at bank	33,575	10,118	43,693
Debt due within one year			
Bank loan	(2,350,000)	-	(2,350,000)
Debt due after one year			
Unsecured loan stock	(5,000,000)	-	(5,000,000)
Loan from principal shareholder	(2,596,000)	(1,100,000)	(3,696,000)
	(9,912,425)	(1,089,882)	(11,002,307)

20 Related party transactions

During the year an office was rented to The Hibernian Football Club Limited for £24,000 (2002 - £24,000) per annum.

Interest of £232,216 (2002-£430,957) was payable to the principal shareholder, Sir Tom Farmer CBE KCSG for the year. Interest payable at the year-end amounted to £1,245,722 (2002 - £1,013,506).

21 Ultimate holding company

The company is a subsidiary undertaking of Halecrown Investments Limited, a company registered in England. The sole beneficiary of the Halecrown Investments Limited shareholding in the company is Sir Tom Farmer CBE KCSG.