HFC Holdings Limited

Financial statements for the year ended 31 July 2007
Registration number: SC132607

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Directors' Report

Financial Statements for the year ended 31 July 2007

The Directors present their report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 July 2007

Principal activity and business review

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 8 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

The profit and loss account for the year ended 31 July 2007 is set out on page 4 The Directors do not recommend the payment of a dividend (2006 £nil)

Directors and their interests

The Directors who served during the year were

R M Petrie
Sir Tom Farmer CBE KCSG

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to the shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office

By order of the board

R M Petrie
Company Secretary
Maidencraig House
Edinburgh, EH4 2BN

29 January 2008

Directors' Report

Financial Statements for the year ended 31 July 2007

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent Auditor's Report to the members of HFC Holdings Limited

For the year ended 31 July 2007

We have audited the financial statements of HFC Holdings Ltd for the year ended 31 July 2007 which comprise the primary statements such as the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

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

As described in the Statement of Directors' Responsibilities on page 2, the company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2007 and of its profit for the year then ended and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the financial statements

KPMG

KPMG LLP
Chartered Accountants
Registered Auditor

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

29 January 2008

Profit and Loss Account

For the year ended 31 July 2007

	Notes	2007	2006
		£	£
Turnover	2	24,000	24,000
Administrative expenses		(40,291)	(49,328)
Operating loss		(16,291)	(25,328)
Interest receivable	4	128,712	113,283
Profit on ordinary activities before taxation		112,421	87,955
Taxation	6	(36,193)	(29,608)
Profit for the financial year	13	76,228	58,347

The profit for the financial year has been derived from continuing activities

Balance Sheet

At 31 July 2007

	Notes	2007	2006
		£	£
Fixed assets			
Tangible assets	7	273,763	280,277
Investments	8	4,112,162	4,113,812
		4,385,925	4,394,089
Current assets			
Debtors	9	1,380,140	1,440,516
Cash at bank and in hand		1,721,615	479,746
		3,101,755	1,920,262
Creditors: Amounts falling due within one year	10	(1,142,209)	(45,108)
Net current assets		1,959,546	1,875,154
Total assets less current liabilities		6,345,471	6,269,243
Creditors Amounts falling due after more than one year	11	(5,000,000)	(5,000,000)
Net assets		1,345,471	1,269,243
Capital and reserves			
Called up share capital	12	3,350,000	3,350,000
Profit and loss account	13	(2,004,529)	(2,080,757)
Shareholders' funds		1,345,471	1,269,243

These financial statements were approved by the Board of Directors on 29 January 2008 and were signed on its behalf by

R M Petrie
Director

Notes to the Financial Statements

For the year ended 31 July 2007

1 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 to write off the cost, less estimated residual value of tangible fixed assets by equal instalments over their expected useful economic lives as follows

Buildings	*2% per annum*

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

d) Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

2 Turnover

	2007	2006
	£	£
Rental income	24,000	24,000

3 Employee information and Directors' emoluments

The company has no employees other than its Directors (2006 nil) The total emoluments paid to the Directors by the company during the year was £nil (2006 £nil)

4 Interest receivable and similar income

	2007	2006
	£	£
Interest receivable from subsidiary undertaking	100,996	94,448
Bank interest	27,672	18,835
Other	44	
	128,712	113,283

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2007	2006
	£	£
Auditors' remuneration audit of these financial statements	2,500	3,000
Depreciation and other amounts written off owned tangible fixed assets	6,514	6,514

6 Taxation

	2007	2006
	£	£
UK corporation tax at 30% (2006 – 30%)		
Current tax on income for the period	37,459	29,608
Adjustment in respect of prior periods	(1,266)	
	36,193	29,608

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the United Kingdom, 30% (2006 30%) The differences are explained below

	2007	2006
	£	£
Current Tax Reconciliation		
Profit on Ordinary Activities before Taxation	112,421	87,955
Current Tax at 30% (2006 30%)	33,726	26,387
Effects of		
Expenses not deductible for tax purposes	3,733	3,221
Adjustment in respect of prior periods	(1,266)	-
Total current tax charge (see above)	36,193	29,608

7 Tangible fixed assets

Land and buildings	£
Cost	
At beginning and end of year	325,691
Depreciation	
At beginning of year	45,414
Charge for the year	6,514
At end of year	51,928
Net Book Value	
At 31 July 2007	273,763
At 31 July 2006	280,277

8 Fixed asset investments

Investment in subsidiary undertakings

	2007	2006
	£	£
At beginning of year	4,113,812	4,115,210
Disposals	(1,650)	(1,398)
At end of year	4,112,162	4,113,812

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%

9 Debtors

Amounts falling due within one year	2007	2006
	£	£
Prepayments and accrued income	20,140	516
Amounts owed by subsidiary undertakings	80,000	80,000
	100,140	80,516
Amounts falling due after more than one year		
Amounts owed by subsidiary undertakings	1,280,000	1,360,000
	1,380,140	1,440,516

Within amounts owed by subsidiary undertakings falling due after more than one year are loans totalling £1,280,000 (2006 £1,360,000) to The Hibernian Football Club Limited, which bear interest at a rate of 2% over the Bank of Scotland Base Rate currently in force The loan is repayable in equally instalments over the next 17 years Repayments commenced in August 2006

10 Creditors: Amounts falling due within one year

	2007	2006
	£	£
Other taxes and social security	1,100,000	
Accruals and deferred income	4,750	15,500
Corporation tax creditor	37,459	29,608
	1,142,209	45,108

11 Creditors: Amounts falling due after more than one year

	2007	2006
	£	£
Shares classified as liabilities (note 12)	5,000,000	5,000,000

The Cumulative Preferred "A" Shares are classified as liabilities and were issued in 2006 at an aggregate premium of £4,500,000 in consideration for the company being released and discharged from its obligation and liability to the holders of an Unsecured Loan Stock of £5,000,000

12 Share capital

	2007	2006
Authorised	£	£
Ordinary Shares of £1 each	3,850,000	3,850,000
Cumulative Preferred "A" Shares of £1 each	500,000	500,000
	4,350,000	4,350,000

Allotted, called up and fully paid	£	£
Ordinary Shares of £1 each	3,350,000	3,350,000
Cumulative Preferred "A" Shares of £1 each	500,000	500,000
	3,850,000	3,850,000

Analysis of allotted, called up and fully paid share capital		
Shares classified as shareholder funds	3,350,000	3,350,000
Shares classified as liability	500,000	500,000
	3,850,000	3,850,000

The holders of Cumulative Preferred "A" Shares have no voting rights at a general meeting of shareholders and have restricted rights on a return of capital These shares are entitled to cumulative preferential dividend equivalent to a fixed percentage of profit in excess of certain thresholds

13 Profit and loss account

	2007	2006
	£	£
Beginning of year	(2,080,757)	(2,139,104)
Profit for the financial year	76,228	58,347
End of year	(2,004,529)	(2,080,757)

14 Reconciliation of movement of shareholders' funds

	2007	2006
	£	£
Opening shareholders' funds	1,269,243	1,210,896
Profit for the financial year	76,228	58,347
Closing shareholders' funds	1,345,471	1,269,243

15 Related party transactions

During the year rental income of £24,000 (2006 £24,000) and interest of £100,996 (2006 £94,448) was received from The Hibernian Football Club Limited The company incurred administration costs of £20,000 (2006 £20,000) from Maidencraig Investments Ltd, a company controlled by Sir Tom Farmer CBE KCSG

16 Ultimate parent company

The company is a subsidiary undertaking of Halecrown Investments Limited, a company registered in England. The accounts of this company are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ The sole beneficiary of the Halecrown Investments Limited shareholding in the company is Sir Tom Farmer CBE KCSG