HFC Holdings Limited

Financial statements for the year ended 31 July 2008

Registration number: SC132607

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Directors' Report

Financial Statements for the year ended 31 July 2008

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 2008.

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 2008 is set out on page 4. The directors do not recommend the payment of a dividend (2007 £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

31 August 2008

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.

KPMG

Independent auditors' report to the members of HFC Holdings Limited

We have audited the financial statements of HFC Holdings Ltd for the year ended 31 July 2008 which comprise the primary statements such as the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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. In addition, we 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 2008 and of its profit for the year then ended and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
20 March 2009

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and loss account

For the year ended 31 July 2008

	Notes	2008	2007
		£	£
Turnover	2	24,000	24,000
Administrative expenses		(35,131)	(40,291)
Operating loss		(11,131)	(16,291)
Interest receivable	4	129,368	128,712
Profit on ordinary activities before taxation		118,237	112,421
Taxation	6	(37,551)	(36,193)
Profit for the financial year	13	80,686	76,228

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

Balance Sheet

At 31 July 2008

	Notes	2008	2007
		£	£
Fixed assets			
Tangible assets	7	267,249	273,763
Investments	8	4,108,862	4,112,162
		4,376,111	4,385,925
Current assets			
Debtors	9	250,000	1,380,140
Cash at bank and in hand		1,827,328	1,721,615
		2,077,328	3,101,755
Creditors: Amounts falling due within one year	10	(27,282)	(1,142,209)
Net current assets		2,050,046	1,959,546
Total assets less current liabilities		6,426,157	6,345,471
Creditors: Amounts falling due after more than one year	11	(5,000,000)	(5,000,000)
Net assets		1,426,157	1,345,471
Capital and reserves			
Called up share capital	12	3,350,000	3,350,000
Profit and loss account	13	(1,923,843)	(2,004,529)
Shareholders' funds		1,426,157	1,345,471

These financial statements were approved by the Board of Directors on 31st August 2008 and were signed on its behalf by:

R M Petrie
Director

Notes to the financial statements

For the year ended 31 July 2008

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. A deferred tax asset is only recognised to the extent that it is probable the company will have sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

	2008	2007
	£	£
Rental income	24,000	24,000

3 Employee information and Directors' emoluments

The company has no employees other than its Directors (2007 nil). The total emoluments paid to the Directors by the company during the year was £nil (2007 £nil).

4 Interest receivable and similar income

	2008	2007
	£	£
Interest receivable from subsidiary undertaking	32,369	100,996
Bank interest	96,985	27,672
Other	14	44
	129,368	128,712

5 Profit on ordinary activities before taxation

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

	2008	2007
	£	£
Auditors' remuneration for the audit of these financial statements	2,500	2,500
Depreciation and other amounts written off owned tangible fixed assets	6,514	6,514

6 Taxation

	2008	2007
	£	£
UK corporation tax at 28% *(2007 - 30%)*		
Current tax on income for the period	37,551	37,459
Adjustment in respect of prior periods	-	(1,266)
	37,551	36,193

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2007 - higher) than the standard rate of corporation tax in the United Kingdom, 28%, (2007 - 30%). The differences are explained below:

	2008	2007
	£	£
Current Tax Reconciliation		
Profit on Ordinary Activities before Taxation	118,237	112,421
Current Tax at 29.33% (2007- 30%)	34,683	33,726
Effects of:		
Expenses not deductible for tax purposes	2,868	3,733
Adjustments in respect of prior periods	-	(1,266)
Total current tax charge (see above)	37,551	36,193

7 Tangible fixed assets

Land and buildings

	£
Cost	
At beginning and end of year	325,691
Depreciation	
At the beginning of year	51,928
Charge for the year	6,514
At end of year	58,442
Net Book Value	
At 31 July 2008	267,249
At 31 July 2007	273,763

8 Fixed asset investments

Investment in subsidiary undertakings:

	2008 £	2007 £
At beginning of year	4,112,162	4,113,812
Disposals	(3,300)	(1,650)
At end of year	4,108,862	4,112,162

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:	2008	2007
	£	£
Prepayments	-	20,140
Amounts owed by subsidiary undertaking	250,000	80,000
	250,000	100,140
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertaking	-	1,280,000
	250,000	1,380,140

During the current year, the existing loan between the company and its subsidiary, The Hibernian Football Club Limited was repaid and a new loan amounting to £250,000 was advanced. The loan is repayable in full on demand and bears interest at a rate of 1.5% over the base lending rate of the Bank of Scotland.

10 Creditors: Amounts falling due within one year

	2008	2007
	£	£
Other taxes	-	1,100,000
Accruals	5,000	4,750
Corporation tax creditor	22,282	37,459
	27,282	1,142,209

11 Creditors: Amounts falling due after more than one year

	2008	2007
	£	£
Shares classified as liabilities (note 12)	5,000,000	5,000,000

12 Share capital

	2008	2007
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	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 liabilities	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. The Cumulative Preferred "A" Shares were issued at a premium of £4,500,000 and are classified as a liability (refer note 11).

13 Profit and loss account

	2008	2007
	£	£
Beginning of year	(2,004,529)	(2,080,757)
Profit for the financial year	80,686	76,228
End of year	(1,923,843)	(2,004,529)

14 Reconciliation of movement of shareholders' funds

	2008	2007
	£	£
Opening shareholders' funds	1,345,471	1,269,243
Profit for the financial year	80,686	76,228
Closing shareholders' funds	1,426,157	1,345,471

15 Related party transactions

During the year rental income of £24,000 (2007 - £24,000) and interest of £32,369 (2007 - £100,996) was received from The Hibernian Football Club Limited. The company incurred administration charges of £20,000 (2007 - £20,000) from Maidencraig Investments Ltd, a company controlled by Sir Tom Farmer CBE KCSG.

16 Ultimate holding 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.