HFC Holdings Limited

Directors' report and financial statements

Registered number SC132607

31 July 2011

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Directors' report

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 2011.

Principal activity and business review

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

The profit and loss account for the year ended 31 July 2011 is set out on page 4. The directors do not recommend the payment of a dividend *(2010: £nil)*.

Directors

The directors who served during the year were:

R M Petrie
Sir Tom Farmer CVO CBE KCSG DL

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 Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

R M Petrie
Director

Maidencraig House,
192 Queensferry Road,
Edinburgh, EH4 2BN

5 October 2011

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).

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 judgments and 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 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 LLP
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of HFC Holdings Limited

We have audited the financial statements of HFC Holdings Limited for the year ended 31 July 2011 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

5 October 2011

Profit and loss account

for the year ended 31 July 2011

	Notes	2011 £	2010 £
Turnover	2	**24,000**	24,000
Administrative expenses		**(112,822)**	(28,651)
Operating loss		**(88,822)**	(4,651)
Interest receivable	4	**14,874**	22,120
(Loss)/profit on ordinary activities before taxation	5	**(73,948)**	17,469
Taxation	6	**1,705**	(2,730)
(Loss)/profit for the financial year	13	**(72,243)**	14,739

The company has no recongised gains or losses other than the loss for the current year and the profit for the previous year.

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

Balance sheet

at 31 July 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	**684,584**	691,098
Investments	8	**4,106,992**	4,106,992
		4,791,576	4,798,090
Current assets			
Debtors	9	**1,500,000**	251,857
Cash at bank and in hand		**141,395**	1,407,929
		1,641,395	1,659,786
Creditors: Amounts falling due within one year	10	**(53,250)**	(5,912)
Net current assets		**1,588,145**	1,653,874
Total assets less current liabilities		**6,379,721**	6,451,964
Creditors: Amounts falling due after more than one year	11	**(5,000,000)**	(5,000,000)
Net assets		**1,379,721**	1,451,964
Capital and reserves			
Called up share capital	12	**3,350,000**	3,350,000
Profit and loss account	13	**(1,970,279)**	(1,898,036)
Shareholders' funds	14	**1,379,721**	1,451,964

These financial statements were approved by the Board of Directors on 5 October 2011 and were signed on its behalf by:

R M Petrie
Director

Notes

(forming part of the financial statements)

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 400 of the Companies Act 2006. 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 dfferences 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.

e) Investments

Investments are stated at cost, less provision for impairment.

2 Turnover

	2011 £	2010 £
Rental income	**24,000**	24,000

3 Employee information and Directors' emoluments

The company has no employees other than its Directors (*2010: nil*). The total emoluments paid to the Directors by the company during the year was £nil (*2010: £nil*).

Notes *(continued)*

4 Interest receivable and similar income

	2011 £	2010 £
Interest receivable from subsidiary undertaking	5,020	5,008
Bank interest	9,854	17,112
	14,874	22,120

5 (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging:

	2011 £	2010 £
Auditors' remuneration for the audit of these financial statements	3,250	2,000
Depreciation and other amounts written off owned tangible fixed assets	6,514	6,514

6 Taxation

	2011 £	2010 £
UK corporation tax at 27.33% *(2010: 28%)*		
Current tax on income for the period	-	5,591
Adjustment in respect of prior periods	(1,705)	(2,861)
	(1,705)	2,730

Factors affecting the tax (credit)/charge for the current period

The current tax (credit)/charge for the period is lower (*2010: lower*) than the standard rate of corporation tax in the United Kingdom, 27.33%, (*2010: 28%*). The differences are explained below:

	2011 £	2010 £
Current Tax Reconciliation		
(Loss)/profit on Ordinary Activities before Taxation	(73,948)	17,469
Current Tax at 27.33% (*2010: 28%*)	(20,210)	4,891
Effects of:		
Expenses not deductible for tax purposes	1,780	1,824
Small companies relief	-	(1,124)
Losses carried forward	18,430	-
Adjustment in respect of prior periods	(1,705)	(2,861)
Total current tax (credit)/charge (see above)	(1,705)	2,730

Notes *(continued)*

6 Taxation *(continued)*

The company has a deferred tax asset in respect of losses carried forward of £18,430 *(2010: £nil)* which has not been recognised due to uncertainty over the availability of future suitable profits to utilise the asset.

7 Tangible fixed assets

	Land and buildings £
Cost	
At beginning and end of year	762,568
Depreciation	
At the beginning of year	71,470
Charge for the year	6,514
At end of year	77,984
Net Book Value	
At 31 July 2011	**684,584**
At 31 July 2010	691,098

8 Fixed asset investments

Investment in subsidiary undertakings:

	2011 £	2010 £
At beginning and end of year	**4,106,992**	4,106,992

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

	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%

Notes *(continued)*

9 Debtors

	2011 £	2010 £
Other debtors	-	595
Loan to subsidiary undertaking	250,000	251,262
Amount due from subsidiary undertaking	1,250,000	-
	1,500,000	251,857

The loan outstanding between the company and its subsidiary, The Hibernian Football Club Limited 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

	2011 £	2010 £
Accruals	53,250	1,300
Corporation tax	-	4,612
	53,250	5,912

11 Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Shares classified as liabilities (note 12)	5,000,000	5,000,000

Notes *(continued)*

12 Share capital

	2011	2010
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

	2011	2010
	£	£
Beginning of year	**(1,898,036)**	(1,912,775)
(Loss)/profit for the financial year	**(72,243)**	14,739
At end of year	**(1,970,279)**	(1,898,036)

14 Reconciliation of movement of shareholders' funds

	2011	2010
	£	£
Opening shareholders' funds	**1,451,964**	1,437,225
(Loss)/profit for the financial year	**(72,243)**	14,739
Closing shareholders' funds	**1,379,721**	1,451,964

Notes *(continued)*

15 Related party transactions

During the year rental income of £24,000 *(2010: £24,000)* and interest of £5,020 *(2010: £5,008)* was receivable from The Hibernian Football Club Limited, the company's subsidiary undertaking. At the year end an intercompany balance of £1,250,000 *(2010: £nil)* and a loan of £250,000 *(2010: loan of £250,000 and interest of £1,262)* were due from the The Hibernian Football Club Limited. The company incurred an administration charge of £20,000 *(2010: £20,000)* and consultancy costs of £50,000 *(2010: £nil)* from Maidencraig Investments Limited, a company controlled by Sir Tom Farmer CVO CBE KCSG DL.

16 Ultimate holding company

The largest group in which the results of the company are consolidated is that headed by Maidencraig Investments (No.1) Limited which is incorporated in Scotland. The consolidated financial statements of that company are available to the public from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. No other group financial statements include the results of the company.

The company's immediate parent company is Infocus Investments Limited and its ultimate controlling party is Sir Tom Farmer CVO CBE KCSG DL.