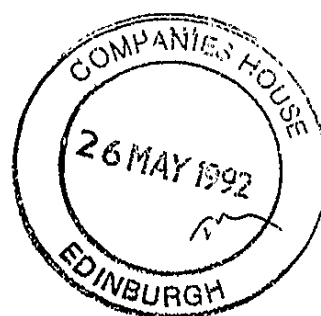


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# The Hibernian Football Club Limited



*Annual Report and  
Financial Statements  
for the year ended  
31 July 1991*

# The Hibernian Football Club Limited

<i>Directors</i>	<i>Executive</i>	Douglas Cromb ( <i>Chairman</i> )
		Kenny McLean
	<i>Non executive</i>	Robert Huthersall
		Allan Munro
		Tom O'Malley

*Secretary* Cecil Graham

*Manager* Alex Miller

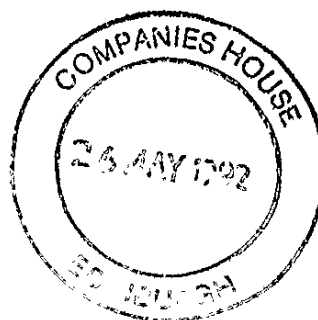
**Registered Office** Easter Road Stadium  
Edinburgh EH7 5QG  
Telephone: 031 661 2159  
Fax: 031 659 6488

*Registered Auditor*                      Coopers & Lybrand Deloitte  
Chartered Accountants  
Erskine House  
68-73 Queen Street  
Edinburgh EH2 4NH

*Solicitors* Orr MacQueen  
36 Heriot Row  
Edinburgh EH3 6ES

*Bankers* Bank of Scotland  
61 Leith Walk  
Edinburgh EH6 8LS

**Financial Advisers** Quayle Munro Limited  
42 Charlotte Square  
Edinburgh EH2 4HQ



Registered in Scotland 5323

## CHAIRMAN'S STATEMENT

I take immense pride as a lifelong Hibs supporter, in presenting my first Chairman's Statement of the Hibernian Football Club.

Everyone involved in Scottish Football is well aware of the problems which surrounded the Club over the last twelve months and I am sure it was a relief to all when on the 11th July last year, a consortium led by Tom Farmer CBE, was successful in acquiring the share capital of the Club from the receivers who had been appointed to manage the affairs of its former parent company, Forth Investments plc.

### Results

The financial statements under review reflect not only the team performance in the 1990/91 football season but also the directions given to the Club by the former parent company.

Guarantees given by the Club in respect of the bank borrowings of Forth Investments plc were called when it went into receivership. A payment of £2,193,220 under this guarantee is disclosed as an extraordinary item in the profit and loss account for the year.

Attendances were down which meant that turnover fell to £1,443,872 (1990 £1,649,185) resulting in a loss before transfer fees of £735,578 (1990 £385,365). The sale of Andy Goram, John Collins and Paul Kane, net of the amounts paid for Murdo McLeod gave rise to a net surplus of transfer fees of £713,000 (1990 £554,645). These transactions, together with the extraordinary item of £2,193,220 (1990 nil) resulted in a loss for the year of £2,215,798 (1990 profit of £169,280).

The Club's financial difficulties obviously affected the team's performance during the 1990/91 season. The change in ownership and refinancing of the Club has given a tremendous lift to the playing staff and everyone connected with the day to day running of the Club. All Hibernian supporters everywhere must therefore be highly delighted with the Club's impressive start to the current season and success in lifting the Skol Cup. These have strengthened the Club's finances and ensure a return to European football next season.

As part of the refinancing of the Club, Tom Farmer CBE and the Bank of Scotland provided long term finance by the issue of a 10 year loan stock which has no fixed rights to receive interest. The Club will benefit from these arrangements over the coming years and the directors are satisfied that the company has adequate facilities available to meet its requirements.

### Stadium

Following Lord Taylor's report on football stadia, amendments were made to the 'Green Guide' on stadia safety and design. The Club complied with all current legislation to obtain the safety certificate for the current season.

A review on the implications of the Taylor Report was carried out at Easter Road, this proved not to be financially viable, I am pleased to announce that we were able to accept an invitation from Straiton Limited to be able to play at a proposed new stadium at the Straiton junction on the Edinburgh By-pass, for which a planning application has recently been submitted.

## Outlook

Your new Board is working hard to generate funds through commercial activities in order to provide a solid footing for the Company, and an example of this is the recently launched lottery 'Hibs Hat Trick'. All monies generated from such commercial activities will go to the benefit of the team to build for the future.

Your Board has announced that supporter shareholders who invested in Edinburgh Hibernian plc (latterly Forth Investments plc) are to receive an equivalent shareholding in the club, up to a maximum of 5,000 shares. Documentation relating to this matter will be issued shortly.

Finally I would like to express my sincere thanks and gratitude to the management and staff at the Club, but especially to our supporters who have shown wonderful loyalty and have given the team tremendous support during one of the most difficult periods in the Club's history.

Douglas Cromb,  
Chairman.  
30 January 1992

# THE HIBERNIAN FOOTBALL CLUB LIMITED

## Report of the directors for the year ended 31 July 1991

The directors present their annual report and the audited financial statements for the year ended 31 July 1991.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a professional football club.

A review of the activities and operating results is set out in the Chairman's Statement.

### PROPOSED DIVIDEND

The profit and loss account for the year is set out on page 8. The directors do not recommend the payment of a dividend (1990: £ nil).

### FIXED ASSETS

The movements in fixed assets during the year is set out in note 10 to the financial statements.

### DIRECTORS

The directors who held office during the year were:-

<i>Executive</i>	D. Cromb (Chairman)	
	K. McLean	(Appointed 4th July 1991)
<i>Non executive</i>	R. Huthersall	(Appointed 16th July 1991)
	A. Munro	(Appointed 4th July 1991)
	T. O'Malley	(Appointed 16th July 1991)
<i>Executive</i>	J. Gray	(Resigned 16th July 1991)
	R. Sparkes	(Resigned 16th July 1991)
<i>Non executive</i>	C. McCole	(Resigned 2nd January 1991)
	J. James	(Resigned 4th July 1991)
	Mrs S. Rowland	(Resigned 4th July 1991)
	J. Mulvey	(Appointed 28th Sept. 1990)
		Resigned 4th July 1991)

### DIRECTORS' INTEREST IN SHARES IN THE COMPANY

None of the directors of the company had an interest in the shares of the company at 31 July 1991 or at 31 July 1990.

THE HIBERNIAN FOOTBALL CLUB LIMITED

Report of the directors  
for the year ended 31 July 1991 (continued)

EMPLOYEES

It is the company's policy to consult and discuss with employees any matters likely to affect their interests.

The company gives full and sympathetic considerations to the employment, training, career development and promotion of disabled persons including those becoming disabled after their employment has commenced.

AUDITORS

In terms of Section 386 of the Companies Act 1985, as amended, the company has elected to dispense with the obligation to appoint auditors annually.

By order of the Board



Cecil Graham  
Secretary  
Edinburgh  
30 January 1992

Report of the Auditor to the members of  
THE HIBERNIAN FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 8 to 18 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 July 1991 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand Deloitte*

Coopers & Lybrand Deloitte  
Chartered Accountants and Registered Auditor  
Edinburgh  
30 January 1992

THE HIBERNIAN FOOTBALL CLUB LIMITED

Profit and loss account  
for the year ended 31 July 1991

	Notes	1991 £	1990 £
Turnover	1g	1,443,872	1,649,185
Other operating expenses	2	(1,944,515)	(1,707,744)
Operating loss		(500,643)	(58,559)
Interest payable	3	(234,935)	(326,806)
Loss before transfer fees		(735,578)	(385,365)
Net transfer fees receivable	4	713,000	554,645
(Loss)/profit on ordinary activities before taxation	7	(22,578)	169,280
Taxation	8	-	-
(Loss)/profit on ordinary activities after taxation		(22,578)	169,280
Extraordinary item	9	(2,193,220)	-
(Loss)/profit for the year		(2,215,798) =====	169,280 =====
Statement of accumulated losses			
		1991 £	1990 £
Accumulated losses at 1 August 1990		(1,154,869)	(1,324,149)
(Loss)/profit for the year		(2,215,798)	169,280
Transfer from revaluation reserve	17	2,021,587	-
Accumulated losses at 31 July 1991		(1,349,080) =====	(1,154,869) =====

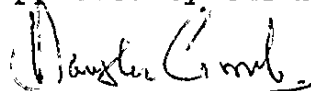
The notes on pages 11 to 18 form part of these financial statements  
Auditors' report page 7

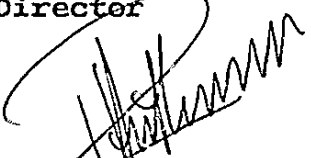


THE HIBERNIAN FOOTBALL CLUB LIMITED  
Balance sheet at 31 July 1991

	Notes	1991, £	1990 £
<b>Fixed assets</b>			
Tangible assets	10	39,395	3,200,910
<b>Current assets</b>			
Stocks	11	4,354	2,128
Debtors	12	144,701	1,375,488
Bank and Cash		464,241	894
		613,296	1,378,510
Creditors: Amounts falling due within one year	13	(1,005,443)	(3,183,472)
<b>Net current liabilities</b>		(392,147)	(1,804,962)
<b>Total assets less current liabilities</b>		(352,752)	1,395,948
		=====	=====
Creditors: Amounts falling due after more than one year	14	496,328	29,230
<b>Capital and reserves</b>			
Called-up share capital	16	500,000	500,000
Revaluation reserve	17	-	2,021,587
Profit and loss account		(1,349,080)	(1,154,869)
		(849,080)	1,366,718
		(352,752)	1,395,948
		=====	=====

Approved by the board on 30 January 1992

  
Douglas Cromb  
Director

  
Robert Huthersall  
Director

The notes on pages 11 to 18 form part of these financial statements  
Auditors' report page 7

THE HIBERNIAN FOOTBALL CLUB LIMITED

Statement of source and application of funds  
for the year ended 31 July 1991

	1991 £	1990 £
Source of funds		
(Loss)/profit on ordinary activities before taxation	(22,578)	169,280
Adjustments for items not involving the movement of funds:		
Loss on disposal of tangible fixed assets	4,546	6,971
Depreciation	43,632	69,025
Funds generated from operations	25,600	245,276
Funds from other sources		
Proceeds of disposal of tangible fixed assets	3,172,795	79,883
Improvement grants	18,931	-
Issues of Loan Stock	490,000	-
	3,681,726	79,883
Total sources of funds	3,707,326	325,159
Application of funds		
Purchase of tangible fixed assets	78,389	276,697
Bank guarantee	2,193,220	-
	2,271,609	276,697
Increase in working capital	1,435,717	48,462
Represented by:		
Increase in stocks	2,226	2,128
(Decrease)/Increase in debtors	(1,230,787)	704,061
(Increase)/Decrease in creditors, excluding bank overdraft	(285,378)	146,172
	(1,513,939)	852,361
Movement in liquid funds:		
Increase in bank and cash	463,347	192
Decrease in bank overdraft	2,486,309	(804,091)
	1,435,717	48,462

Auditors' report page 7

# THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

## 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### a) Basis of accounting

The financial statements are prepared on the historical cost basis, modified to include the revaluation of the company's land and buildings.

### b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost (or valuation in the case of property disposed of during the year) less accumulated depreciation.

Depreciation is calculated on a straight line basis at the following rates per annum:

Plant and equipment	10%
Motor vehicles	20%

### c) The Football Trust Grants

Grants received from The Football Trust are treated as deferred income and are amortised to the profit and loss account over the same period as the related stadium improvements. Grants are accounted for when received.

### d) Transfer fees

Transfer fees payable and receivable are included in the profit and loss account in the year in which the transfer contract is signed.

### e) Signing-on fees

Signing-on fees payable to players are charged to the profit and loss account over the period of the contract to which they relate.

### f) Operating leases

Operating lease rentals are charged to the profit and loss account.

# THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### g) Turnover

Turnover represents gate receipts and other related income from the operation of a professional football club.

### h) Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that is probable that a liability or asset will crystallise.

### i) Pensions

The company operates a defined contribution pension scheme for certain directors and staff. The charge for pension cost represents contributions payable by the company for the year.

## 2. OTHER OPERATING EXPENSES

	1991 £	1990 £
Staff costs (see note 5 & 6)	1,341,331	1,077,254
Administration expenses	603,184	630,490
	<hr/>	<hr/>
	1,944,515	1,707,744
	=====	=====

## 3. INTEREST PAYABLE

	1991 £	1990 £
Hire purchase interest	6,560	9,637
Bank overdraft	228,375	312,857
Other interest	-	4,312
	<hr/>	<hr/>
	234,935	326,806
	=====	=====

THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

4. NET TRANSFER FEES RECEIVABLE

	1991 £	1990 £
Transfer fees receivable	1,550,000	1,021,000
Transfer fees payable	(837,000)	(466,355)
	<u>713,000</u>	<u>554,645</u>
	=====	=====

5. DIRECTORS EMOLUMENTS

Emoluments of directors (including pension contributions):-

	1991 £	1990 £
As directors	89,417	88,675
	=====	=====

Directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contributions, are as follows:-

The Chairman	-	-
	=====	=====
The highest paid director	49,845	51,773
	=====	=====

Number of directors (excluding the above) whose emoluments were within the ranges:

£nil to £5,000	8	6
£25,001 to £30,000	-	1
£35,001 to £40,000	1	-

In addition provision has been made in these accounts for amounts payable to Messrs Gray (£58,000) and Sparkes (£60,000) on the termination of their service contracts.

# THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

## 6. EMPLOYEE INFORMATION

- a) The average number of persons employed by the company including executive directors during the year is analysed below:-

	1991 Number	1990 Number
Players	41	37
Administrative	15	17
	—	—
	56	54
	==	==
	£	£

- b) Staff costs for the above persons:  
Wages and salaries:

- players	808,666	710,904
- administrative	403,201	252,101
Social security costs	108,423	101,761
Pension costs	21,041	12,488
	—	—
	1,341,331	1,077,254
	=====	=====

## 7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	1991 £	1990 £
Auditors' remuneration	11,500	9,500
Depreciation	43,632	69,025
Operating lease rentals		
- plant and equipment	1,175	1,175
Interest on hire purchase contracts for vehicles	6,560	9,637
Loss on sale of fixed assets	4,546	6,971
	=====	=====

## 8. TAXATION

There is no corporation tax payable on the loss for the year. The company has losses estimated at £2.3 million available to carry forward and offset against future taxable trading profits.

# THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

	1991 £	1990 £
9. EXTRAORDINARY ITEM		
Payment under bank guarantee	2,193,220 =====	- =====

The payment relates to the release and discharge of the company in terms of a guarantee given in respect of the bank obligations of the company's former parent company (now in receivership) and the former fellow subsidiary companies. No taxation arises thereon.

## 10. TANGIBLE FIXED ASSETS

	Heritable land and buildings	Plant and equipment	Motor vehicles	Total
Cost or valuation				
At 1 August 1990	3,234,295	41,869	55,336	3,331,500
Additions	71,884	6,505	-	78,389
The Football Trust grants	(18,931)	-	-	(18,931)
Disposals	(3,287,248)	-	(35,341)	(3,322,589)
	-----	-----	-----	-----
At 31 July 1991	-	48,374	19,995	68,369
	-----	-----	-----	-----
Depreciation				
At 1 August 1990	97,700	20,126	12,764	130,590
Charge for the year	35,000	2,854	5,778	43,632
Disposals	(132,700)	-	(12,548)	(145,248)
	-----	-----	-----	-----
At 31 July 1991	-	22,980	5,994	28,974
	-----	-----	-----	-----
Net book amount				
At 31 July 1991	- =====	25,394 =====	14,001 =====	39,395 =====
Net book amount				
At 31 July 1990	3,136,595 =====	21,743 =====	42,572 =====	3,200,910 =====

The net book amount of tangible fixed assets includes an amount of £11,753 (1990 - £41,640) in respect of assets held under hire purchase contracts.

The company disposed of the heritable land and buildings, being the football stadium, at net book value being valuation net of grants received from The Football Trust in previous years. The Company now occupies the stadium on a 10 year lease under which it is responsible for all repairs and improvements.

# THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

## 11. STOCKS

	1991 £	1990 £
Goods for re-sale	4,354 =====	2,128 =====

## 12. DEBTORS

	1991 £	1990 £
Trade debtors	-	1,058,000
Amounts owed by holding company	-	89,702
Other debtors	8,194	60,473
Signing on fees prepaid	134,919	126,197
Prepayments and accrued income	1,588	41,116
	<hr/> 144,701 =====	<hr/> 1,375,488 =====

## 13. CREDITORS: amounts falling due within one year.

	1991 £	1990 £
Bank overdraft	-	2,486,309
Trade creditors	181,594	108,914
Other creditors	159,240	341,967
Taxation and social security	249,261	20,332
Accruals and deferred income	409,923	213,106
Hire purchase creditors	5,425	12,844
	<hr/> 1,005,443 =====	<hr/> 3,183,472 =====

## 14. CREDITORS: amounts falling due after more than one year.

	1991 £	1990 £
Hire purchase creditors	6,328	29,230
Repayable otherwise than by instalments in more than five years:		
Loan stock 2001	490,000	-
	<hr/> 496,328 =====	<hr/> 29,230 =====

The loan stock bears a variable rate of interest linked to net realisations on transfers (ranging from nil for net realisations up to £100,000 to 5% for net realisations in excess of £500,000) and is secured by a floating charge over all the assets of the company.



THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

15. DEFERRED TAXATION

There was no potential deferred taxation liability at 31 July 1991 (1990:Nil)

16. CALLED-UP SHARE CAPITAL

	1991 £	1990 £
Authorised, allotted, called-up and fully paid: 500,000 ordinary shares of £1 each	500,000 =====	500,000 =====

17. REVALUATION RESERVE

	1991 £	1990 £
At 1 August 1990	2,021,587	2,021,587
Transfer to profit and loss account on disposal of property	(2,021,587)	-
	<hr/>	<hr/>
At 31 July 1991	- =====	2,021,587 =====

18. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

a) Capital commitments

The company has the following expenditure commitments at 31 July 1991:-

	1991 £	1990 £
Expenditure contracted for	72,107 =====	110,000 =====

THE HIBERNIAN FOOTBALL CLUB LIMITED

Notes to the financial statements  
for the year ended 31 July 1991

18. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS (continued)

b) Lease commitments

The company has annual commitments in respect of operating leases which may be analysed as follows:

	<u>1991</u> £	<u>1990</u> £
Leases expiring between 2 and 5 years	1,175	1,175
Lease of Easter Road Stadium expiring after 5 years	75,000	-
	<hr/>	<hr/>
	76,175 =====	1,175 =====

Easter Road Stadium is retained on a full repairing and insuring lease from a property company connected with the principal shareholder in the holding company.

c) Contingent liabilities

Additional transfer fees of £65,000 are payable should certain players be selected at international level.

The Directors have been advised of a claim for £7,773 plus interest, by the Liquidator of Tensa Construction Limited. Any action will be defended and on the basis of present information and advice, the Directors consider that no provision is required.

19. HOLDING COMPANY

During the year the company was acquired by HFC Holdings Limited, a company registered in Scotland, which the directors regard as the ultimate holding company.

The parent company has undertaken to provide such financial support as may be necessary to enable the company to trade for the foreseeable future.