

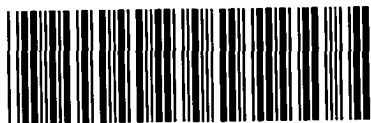
HFC Holdings Limited

Registered number SC132607

Directors' report and financial statements

31 July 2015

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditor's report to the members of HFC Holdings Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

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 2015.

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 which is a leading professional football club in Scotland.

During the year the Club undertook a share issue to its supporters which has diluted the company's interests in the Club from 98% at the start of the year to 82% at 31 July 2015.

The profit and loss account for the year ended 31 July 2015 is set out on page 4. The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors who served during the year were:

R M Petrie

Sir Tom Farmer CVO CBE KCSG DL

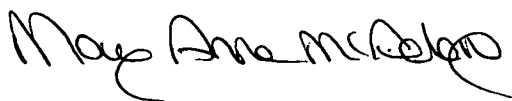
Disclosure of information to auditors

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the board



Mary Anne McAdam
Company Secretary

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

18 December 2015

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 2015 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 auditor

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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2015 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

10 February 2016

HFC Holdings Limited (registered number SC132607)

Directors' report and financial statements 31 July 2015

Profit and loss account
for the year ended 31 July 2015

	<i>Notes</i>	2015 £	2014 £
Turnover	2	24,000	24,000
Administrative expenses		(103,051)	(44,748)
Operating loss		(79,051)	(20,748)
Interest receivable	4	4,263	7,490
Loss on ordinary activities before taxation	5	(74,788)	(13,258)
Taxation	6	-	-
Loss for the financial year	14	(74,788)	(13,258)

Statement of total recognised gains and losses
for the year ended 31 July 2015

	2015 £	2014 £
Loss for the financial year	(74,788)	(13,258)
Total recognised losses relating to the financial year	(74,788)	(13,258)

Notes on pages 6 to 11 form part of these financial statements

Balance sheet
at 31 July 2015

	<i>Notes</i>	2015 £	2014 £
Fixed assets			
Tangible assets	7	477,449	664,991
Investments	8	8,606,992	4,106,992
		<hr/>	<hr/>
		9,084,441	4,771,983
Current assets			
Debtors: receivable within one year	9	683,145	3,065,549
Cash at bank and in hand		10,692	298,427
		<hr/>	<hr/>
		693,837	3,363,976
Debtors: receivable after more than one year	10	4,500,000	-
		<hr/>	<hr/>
		5,193,837	3,363,976
Creditors: Amounts falling due within one year	11	(8,319,502)	(2,102,395)
		<hr/>	<hr/>
Net current assets		(3,125,665)	1,261,581
		<hr/>	<hr/>
Total assets less current liabilities		5,958,776	6,033,564
Creditors: Amounts falling due after more than one year	12	(5,000,000)	(5,000,000)
		<hr/>	<hr/>
Net assets		958,776	1,033,564
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	3,350,000	3,350,000
Profit and loss account	14	(2,391,224)	(2,316,436)
		<hr/>	<hr/>
Shareholders' funds	15	958,776	1,033,564
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 18 December 2015 and were signed on its behalf by:



R M Petrie
Director

Notes on pages 6 to 11 form part of these financial statements

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 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.

e) Investments

Investments are stated at cost, less provision for impairment.

2 Turnover

	2015 £	2014 £
Rental income	24,000	24,000

3 Employee information and Directors' emoluments

The company has no employees. The Directors receive no remuneration from the company (2014: £nil).

Notes (*continued*)

4 Interest receivable and similar income

	2015 £	2014 £
Interest receivable from subsidiary undertaking	2,102	5,028
Bank interest	2,161	2,462
	<hr/>	<hr/>
	4,263	7,490
	<hr/>	<hr/>

5 Loss on ordinary activities before taxation

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

	2015 £	2014 £
Auditor's remuneration for the audit of these financial statements	4,100	3,250
Depreciation and other amounts written off owned tangible fixed assets	6,514	6,514
Loss on sale of fixed assets	9,951	-
	<hr/>	<hr/>

6 Taxation

	2015 £	2014 £
UK corporation tax at 20% (2014: 22.3%)		
Current tax on income for the period	-	-
Adjustment in respect of prior periods	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Factors affecting the tax (credit) for the current period

The current tax (credit) for the period is lower (2014: *lower*) than the standard rate of corporation tax in the United Kingdom, 20%, (2014: 22.3%). The differences are explained below:

	2015 £	2014 £
<i>Current Tax Reconciliation</i>		
Loss on Ordinary Activities before Taxation	(74,788)	(13,258)
	<hr/>	<hr/>
Current Tax at 20% (2014: 22.3%)	(14,958)	(2,957)
<i>Effects of:</i>		
Losses carried forward	14,958	2,957
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 July 2015 has been calculated based on these rates.

Notes *(continued)*

7 Tangible fixed assets

	Land and buildings £
Cost	
At beginning and end of year	762,515
Disposal	(181,028)
	<u>581,487</u>
Depreciation	
At the beginning of year	97,524
Charge for the year	6,514
	<u>104,038</u>
Net Book Value	
At 31 July 2015	<u>477,449</u>
At 31 July 2014	<u>664,991</u>

8 Fixed asset investments

Investment in subsidiary undertakings:	2015	2014
	£	£
At beginning and end of year	4,106,992	4,106,992
Shares acquired during year	4,500,000	-
	<u>8,606,992</u>	<u>4,106,992</u>
At end of year	<u>8,606,992</u>	<u>4,106,992</u>

The company holds more than 10% of the equity capital of the following 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 82%

Notes *(continued)*

9 Debtors: receivable within one year

	2015 £	2014 £
Mortgage due from subsidiary undertaking (note 10)	500,000	-
Amount due from related party	183,145	65,549
Loan due from subsidiary undertaking	-	250,000
Amount due from subsidiary undertaking	-	2,750,000
	<u>683,145</u>	<u>3,065,549</u>

10 Debtors: receivable after more than one year

	2015 £	2014 £
Mortgage due from subsidiary undertaking	4,500,000	-
	<u>4,500,000</u>	<u>-</u>

The Mortgage advanced to the company's subsidiary, The Hibernian Football Club Limited, during the year is secured, interest free and is repayable over ten years by instalments of £41,667 per month which commenced in August 2015 and end in July 2025.

11 Creditors: Amounts falling due within one year

	2015 £	2014 £
Accruals	2,443	2,395
Amount due to ultimate parent company	2,243,880	1,550,000
Amount due to related party	1,573,179	550,000
Amount due to ultimate controlling party	4,500,000	-
	<u>8,319,502</u>	<u>2,102,395</u>

12 Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Shares classified as liabilities (note 13)	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

HFC Holdings Limited (registered number SC132607)

Directors' report and financial statements 31 July 2015

Notes *(continued)***13 Share capital**

	2015 No.	2014 No.
<i>Authorised</i>		
Ordinary Shares of £1 each	3,850,000	3,850,000
Cumulative Preferred "A" Shares of £1 each	500,000	500,000
	<hr/>	<hr/>
	4,350,000	4,350,000
	<hr/>	<hr/>
<i>Allotted, called-up and fully paid</i>	No.	No.
Ordinary Shares of £1 each	3,350,000	3,350,000
Cumulative Preferred "A" Shares of £10 each	500,000	500,000
	<hr/>	<hr/>
	3,850,000	3,850,000
	<hr/>	<hr/>
<i>Analysis of allotted, called up and fully paid share capital</i>	£	£
Shares classified as shareholder funds	3,350,000	3,350,000
Shares classified as liabilities	5,000,000	5,000,000
	<hr/>	<hr/>
	8,350,000	8,350,000
	<hr/>	<hr/>

The Cumulative Preferred "A" Shares have no voting rights at any 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 any profit in excess of certain thresholds. The £500,000 Cumulative Preferred "A" Shares were issued at a premium of £4,500,000 and are classified as a liability of £5,000,000 (note 11).

14 Profit and loss account

	2015 £	2014 £
Beginning of year	(2,316,436)	(2,303,178)
Loss for the financial year	(74,788)	(13,258)
	<hr/>	<hr/>
At end of year	(2,391,224)	(2,316,436)
	<hr/>	<hr/>

15 Reconciliation of movement of shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	1,033,564	1,046,822
Loss for the financial year	(74,788)	(13,258)
	<hr/>	<hr/>
Closing shareholders' funds	958,776	1,033,564
	<hr/>	<hr/>

Notes *(continued)*

16 Related party transactions

During the year rental income of £24,000 (2014: £24,000) and interest of £2,102 (2014: £5,028) was receivable from The Hibernian Football Club Limited, the company's subsidiary undertaking. The company incurred an administration charge of £nil (2014: £20,000) from Maidenraig Investments Limited a company controlled by Sir Tom Farmer CVO CBE KCSG DL.

During the year the company advanced a ten year, interest free Mortgage of £5,000,000 to The Hibernian Football Club Limited. The balance of the Mortgage outstanding at 31 July 2015 was £5,000,000 of which £500,000 is receivable within one year. Also during the year, The Hibernian Football Club Limited repaid the intercompany balance of £1,750,000 and the loan of £250,000 which had been outstanding at 31 July 2014.

At 31 July 2015 an amount of £183,145 was due from AB Amenity Assets Limited, a company controlled by Sir Tom Farmer CVO CBE KCSG DL, in respect of surplus fixed assets sold during the year. The assets were sold based on an independent valuation which gave rise to a book loss of £9,951.

At 31 July 2015 a loan of £nil (2014: £65,549) was due to the company by Maidenraig Investments Limited, a company controlled by Sir Tom Farmer CVO CBE KCSG DL.

At 31 July 2015 a loan of £2,243,880 (2014: £1,550,000) was owed by the company to its parent company, Maidenraig Investments (No. 1) Limited.

Also at 31 July 2015 a loan of £1,573,180 (2014: £550,000) was owed by the company to Halecrest Investments (No. 2) limited, a company controlled by Sir Tom Farmer CVO CBE KCSG DL.

During the year a loan of £4,500,000 was received from Sir Tom Farmer CVO CBE KCSG DL, the full amount of which was outstanding at the year end.

17 Parent company, related group undertakings and ultimate controlling party

The largest group in which the results of the company are consolidated is that headed by Maidenraig 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 related group undertakings are the immediate and ultimate parent companies stated above and the subsidiary company stated in note 8.

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