

H.F.C.Holdings Limited

Registered number SC132607

Directors' report and financial statements
30 June 2018



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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 H.F.C.Holdings Limited	3
Profit and loss account	5
Balance sheet	6
Statement of Changes in Equity	7
Notes	8

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 30 June 2018.

Principal activities

The Company's principal activity is to act as a holding company. Its sole trading subsidiary is The Hibernian Football Club Limited ("the Club") which is a leading professional football club in Scotland.

At 30 June 2018 the Company's interests in the Club was 62.7%.

The profit and loss account for the year ended 30 June 2018 is set out on page 6. The directors do not recommend the payment of a dividend (2017: £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
Secretary
30 July 2018

Maidencraig House
192 Queensferry Road
Edinburgh, EH4 2BN

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 H.F.C.Holdings Limited

Opinion

We have audited the financial statements of H.F.C.Holdings Limited ("the Company") for the year ended 30 June 2018, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of H.F.C.Holdings Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:
www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

31 July 2018

Profit and loss account
for the year ended 30 June 2018

	<i>Notes</i>	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Turnover	<i>2</i>	24,000	24,000
Administrative expenses		(82,836)	(57,839)
Operating loss		(58,836)	(33,839)
Interest receivable	<i>4</i>	-	175
Loss before taxation	<i>5</i>	(58,836)	(33,664)
Taxation	<i>6</i>	-	-
Loss for the financial year/period		(58,836)	(33,664)

All of the activities of the Company are classed as continuing.

The Company has no other items of comprehensive income other than the results for the year as set out above.

Notes on pages 8 to 14 form part of these financial statements

Balance sheet
at 30 June 2018

	<i>Notes</i>	2018 £	2017 £
Fixed assets			
Tangible assets	7	457,907	464,421
Investments	8	8,606,992	8,606,992
		9,064,899	9,071,413
Current assets			
Debtors: receivable within one year	9	655,700	500,000
Cash at bank and in hand		11,022	98,599
		666,722	598,599
Debtors: receivable after more than one year	10	2,826,555	3,541,659
		3,493,277	4,140,258
Creditors: Amounts falling due within one year	11	(6,750,289)	(7,344,948)
Net current assets		(3,257,012)	(3,204,690)
Total assets less current liabilities		5,807,887	5,866,723
Creditors: Amounts falling due after more than one year	12	(5,000,000)	(5,000,000)
Net assets		807,887	866,723
Capital and reserves			
Called up share capital	13	3,350,000	3,350,000
Profit and loss account		(2,542,113)	(2,483,277)
Shareholders' funds		807,887	866,723

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board of Directors on 30 July 2018 and were signed on its behalf by:



R M Petrie
Director

Notes on pages 8 to 14 form part of these financial statements

Statement of Changes in Equity

	Called up Share Capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2016	3,350,000	(2,449,613)	900,387
Total comprehensive loss for the period			
Loss for the financial period	-	(33,664)	(33,664)
Total comprehensive income for the period	-	(33,664)	(33,664)
Balance at 30 June 2017	3,350,000	(2,483,277)	866,723
Balance at 1 July 2017	3,350,000	(2,483,277)	866,723
Total comprehensive income for the year			
Loss for the financial year	-	(58,836)	(58,836)
Total comprehensive income for the year	-	(58,836)	(58,836)
Balance at 30 June 2018	3,350,000	(2,542,113)	807,887

Notes on pages 8 to 14 form part of these financial statements

Notes *(forming part of the financial statements)*

1 Accounting policies

Company information

H.F.C.Holdings Limited (the "Company") is a private company limited by shares incorporated, registered and resident in Scotland in the UK. The registered office is Maidencraig House, 192 Queensferry Road, Edinburgh, EH4 2BN.

1.1 Accounting convention

The Company is exempt by virtue of s399 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with Section 1A Small Entities of Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102") as issued in August 2014 and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The financial statements are prepared in sterling.

The Company's ultimate parent undertaking, Maidencraig Investments (No.1) Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Maidencraig Investments (No.1) Limited, are prepared in accordance with FRS 102, are available to the public and may be obtained from Maidencraig House, 192 Queensferry Road, Edinburgh, EH4 2BN. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 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.

1.3 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes *(continued)***1 Accounting policies** *(continued)***1.3 Taxation** *(continued)*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.4 Basic financial instruments*Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

Investments are carried at cost less impairment.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

2 Turnover

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
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 (2017: £nil).

Notes *(continued)***4 Interest receivable and similar income**

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Bank interest	-	175

5 Loss before taxation

The loss before taxation is stated after charging:

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Auditor's remuneration for the audit of these financial statements	5,000	4,100
Depreciation and other amounts written off owned tangible fixed assets	6,514	6,514

6 Taxation

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Current tax on income for the period	-	-
Adjustment in respect of prior periods	-	-
Total tax	-	-

Reconciliation of effective tax rate

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Loss for the year	(58,836)	(33,664)
Tax expense	-	-
Loss excluding taxation	(58,836)	(33,664)
Tax using the UK corporation tax rate of 19.75% (2017: 19.75%)	(11,620)	(6,649)
<i>Effects of:</i>		
Current year losses for which no deferred tax asset was recognised	11,620	6,649
Total tax expense included in profit or loss	-	-

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 30 June 2017 has been calculated based on these rates.

H.F.C.Holdings Limited (registered number SC132607)

Directors' reports and financial statements 30 June 2018

Notes *(continued)***7 Tangible fixed assets**

	Land and buildings £
Cost	
At beginning and end of year	<u>581,487</u>
Depreciation	
At the beginning of year	117,066
Charge for the year	6,514
At end of year	<u>123,580</u>
Net Book Value	
At 30 June 2018	<u>457,907</u>
At 30 June 2017	<u>464,421</u>

8 Fixed asset investments

Investment in subsidiary undertakings:

	2018 £	2017 £
At beginning and end of year	<u>8,606,992</u>	<u>8,606,992</u>

The Company has the following investments in subsidiaries:

	Principal activity	Description and proportion of shares held by the company
The Hibernian Football Club Limited Easter Road Stadium 12 Albion Place Edinburgh EH7 5QG	Professional Football Club	Ordinary shares 62.7%

Notes *(continued)*

9 Debtors: receivable within one year

	2018 £	2017 £
Mortgage due from subsidiary undertaking (note 10)	655,100	500,000
Other Debtors	600	-
	<u>655,700</u>	<u>500,000</u>

10 Debtors: receivable after more than one year

	2018 £	2017 £
Mortgage due from subsidiary undertaking	2,826,555	3,541,659
	<u>2,826,555</u>	<u>3,541,659</u>

The Mortgage due by The Hibernian Football Club Limited is secured, interest free and is repayable by monthly instalments of £41,667 plus any accelerated annual payment which are triggered by the results of the subsidiary.

11 Creditors: Amounts falling due within one year

	2018 £	2017 £
Accruals	31,625	17,450
Amount due to ultimate parent company	2,218,664	2,218,664
Amount due to related party	-	608,834
Amount due to ultimate controlling party	4,500,000	4,500,000
	<u>6,750,289</u>	<u>7,344,948</u>

12 Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Shares classified as liabilities (note 13)	5,000,000	5,000,000
	<u>5,000,000</u>	<u>5,000,000</u>

Notes *(continued)*

13 Share capital

	2018	2017
	No.	No.
<i>Allotted, called-up and fully paid</i>		
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
<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
	8,350,000	8,350,000

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 12).

14 Related party transactions

During the year, rental income of £24,000 (2017: £24,000) was receivable from The Hibernian Football Club Limited, the Company's subsidiary undertaking.

The ten year, interest free Mortgage of £5,000,000 to The Hibernian Football Club Limited balance outstanding at 30 June 2018 was £3,481,655 (2017: £4,041,659). £560,000 was repaid in the year (2017: £500,000)

At 30 June 2018 a loan of £2,218,664 (2017: £2,218,664) was owed by the Company to its ultimate parent company, Maidenraig Investments (No. 1) Limited.

At 30 June 2018 a loan of £nil (2017: £608,834) was owed by the Company to Halecrest Investments (No. 2) Limited, a company controlled by Sir Tom Farmer CVO CBE KCSG DL.

Also at 30 June 2018 a loan of £4,500,000 (2017: £4,500,000) was owed to Sir Tom Farmer CVO CBE KCSG DL.

Notes *(continued)*

15 Parent company, related group undertakings and ultimate controlling party

The immediate parent company is Infocus Investments Limited, which held 90% shares in the Company at 30 June 2018 (2017 – 90%). The beneficial owner of the shares in Infocus Limited is Sir Tom Farmer CVO CBE KCSG DL.

Accounts and other information about the parent company and other companies in the group to which the Company belongs may be obtained from Companies House, 4th Floor Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.