

The Hibernian Football Club Limited

Financial Statements for the year ended 30 June 2018

Contents

Club information – page 1
Strategic Review – page 2 and 3
Directors' Report – page 4 and 5
Auditor's Report – page 6 and 7
Profit and Loss Account – page 8
Statement of Comprehensive Income – page 8
Balance Sheet – page 9
Statement of Changes in Equity – page 10
Cash Flow Statement – page 11
Notes to the Financial Statements – pages 12 to 21

Company information

Registered Office

Easter Road Stadium, 12 Albion Place, Edinburgh, EH7 5QG
Switchboard: 0131 661 2159 www.hibernianfc.co.uk

Directors

Rod Petrie, Bruce Langham, Amanda Jones, Brian Houston, Stephen Dunn,
Frank Dougan, Tracey Smith, Leeann Dempster and Jamie Marwick

Head Coach

Neil Lennon

Auditor

KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

Bankers

Santander UK plc, 12-13 St Andrew Square, Edinburgh, EH2 2AF

Solicitors

Dentons UK and Middle East LLP, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP

Main Sponsors

Marathonbet – Club Sponsor

Macron – Technical Sponsor

Strategic Review

Financial Statements for the year ended 30 June 2018

The Directors present their Strategic Review along with the Directors' Report and audited financial statements for the year ended 30 June 2018.

The Club is a leading professional football club in Scotland. Established in 1875, the Club owns Easter Road Stadium which is its registered home ground for senior competitions. The Club also has its own training centre is near Ormiston, in East Lothian. The Club is a full member of the Scottish FA and the Scottish Professional Football League Limited.

Strategic Review

The Club's results for the last five seasons may be summarised in the following table of key performance indicators:

Football Season		2013-14	2014-15	2015-16	2016-17	2017-18
League Position		11 th	2 nd	3 rd	1 st	4 th
Division		Premiership	Championship	Championship	Championship	Premiership
Scottish Cup		R5	Semi-final	Win	Semi-final	R4
League Cup		QF	QF	Final	2 nd round	SF
UEFA		Europa	nq	nq	Europa	nq
Period Ended		Year 31 July 2014	Year 31 July 2015	11 months 30 June 2016	Year 30 June 2017	Year 30 June 2018
Turnover	£m	5.8	5.6	7.0	7.7	9.6
Staff costs	£m	3.7	3.4	3.8	4.5	5.3
Operating profit/(loss)	£m	(0.8)	(1.1)	(0.1)	(0.7)	0.4
Transfer fees gain/(loss)	£m	(0.3)	0.0	0.3	0.5	(0.2)
Profit/(loss) before tax	£m	(1.2)	(1.1)	0.2	(0.3)	0.2
Wages/turnover ratio	%	64%	61%	54%	59%	56%
As at		31 July 2014	31 July 2015	30 June 2016	30 June 2017	30 June 2018
Fixed Assets	£m	25.6	25.1	24.6	24.2	24.2
Net Assets	£m	14.9	18.8	19.6	19.4	19.8
Cash balance	£m	1.6	2.7	2.5	3.5	4.2

On its return to the Premiership, the Club achieved a fourth place finish and with that, qualification for the UEFA Europa League for next season.

Turnover increased by 25% from the previous year to £9.6m as a result of record attendances at Easter Road Stadium and the increased prize money associated with the Premiership division.

Staff costs increased to £5.3m from £4.5m in the previous year, reflecting increased costs associated with the playing squad. The important Wages to Turnover ratio reduced to 56% compared to 59% for the previous year as the large increase in turnover had a bigger impact on the ratio than the increase in wages.

Other operating costs remained steady at £3.0m for the year compared to £3.1m in the previous year.

Player trading resulted in a loss of £0.2m for the year compared to a gain of £0.5m achieved in the previous year.

The Club reported a profit before tax of £0.2m compared to a loss of £0.3m in the previous year in the Championship.

The Club had cash balances at 30 June 2018 of £4.2m, up from £3.5m at 30 June 2017.

Net assets at 30 June 2018 were £19.8m, up from £19.4m at 30 June 2017.

Net assets at 30 June 2018 equate to 20.2p per share.

Strategic Review

Financial Statements for the year ended 30 June 2018

The nominal share capital of the Club at 30 June 2018 was £1,957,000, up from £1,875,000 at 30 June 2017. During the year, £164,000 was received by the Club from the issue of new shares to Hibernian Supporters Limited under a subscription agreement dated 14 February 2015.

The total number of shares held by Hibernian Supporters Limited at 30 June 2018 equates to just over 15% of the issued share capital of the Club. Hibernian Supporters Limited is a company limited by guarantee which holds shares on behalf of supporters. A further 22% of the shares in the Club are held directly by supporters.

The Club seeks to live within its means and uses its cash balances to fund the working capital cycle during the year and as a buffer to against the financial fluctuations which flow from changes in sporting success. Revenues from attendances at matches and other income, including prize money depend on continuing sporting success, a dependency which affects all professional football clubs.

The Club seeks to invest in football talent within a budget while maintaining control over costs. Careful player trading can contribute to results for the year and help to offset any operating losses. The Club's objective is to break even from year to year.

Any changes to the regulations for the movement of players internationally as a result of plans to withdraw from the European Union may have an impact on professional football throughout the United Kingdom. It is for the football industry as a whole to ensure that it is satisfied with the nature of any such changes. At this time, announcement of withdrawal and the subsequent negotiations have not had a material impact on the Club's operations.

The state of the economy affects the ability of supporters to attend matches. The Club continues to offer flexible and cost effective ways to purchase tickets on a seasonal and match to match basis and seeks to provide value for money to supporters and to enhance the matchday experience.

The Club seeks sporting success in league and cup competitions and strives to compete in Europe on a regular basis. The Club operates in an open and transparent manner with supporters and business partners at all levels and seeks to make a contribution to Scottish football generally.

The Club is embedded within its community. It works closely with the Hibernian Community Foundation, a registered charity, through its active engagement with the wider community to promote Health & Fitness, Learning & Employability and Football for All.

The Board would like to thank all those who attended matches at Easter Road Stadium in record numbers in Season 2017-18 and to thank the players, coaching staff and everyone else who work tirelessly behind the scenes.

The Club performed well on its return to the Premiership and has European football to look forward to next season.



Rod Petrie, Non-executive Chairman
For and on behalf of the Board of Directors
30 July 2018

12 Albion Place
Edinburgh
EH7 5QG

Directors' Report

Financial Statements for the year ended 30 June 2018

The Directors present their Report on the business of the Company together with the audited financial statements for the year ended 30 June 2018.

The Directors who served throughout the year were Rod Petrie (Non-executive Chairman); Leeann Dempster (Chief Executive); Jamie Marwick (Finance Director) and Non-Executive Directors Bruce Langham, Amanda Jones, Brian Houston, Stephen Dunn, Frank Dougan and Tracey Smith.

Disclosure of information to auditor

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.

Statement of Directors' responsibilities in respect of the Strategic Review, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Review, 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), including FRS 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 judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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 are responsible for 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, and 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.

Directors' Report

Financial Statements for the year ended 30 June 2018

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



Jamie Marwick,
Finance Director
30 July 2018

12 Albion Place
Edinburgh
EH7 5QG

Independent Auditor's Report to the members of The Hibernian Football Club Limited

Opinion

We have audited the financial statements of The Hibernian Football Club Limited ("the company") for the year ended 30 June 2018 which comprise the Profit & Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including 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.

Strategic review and directors' report

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

Our responsibility is to read the strategic review and 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 strategic review and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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.

Independent Auditor's Report to the members of The Hibernian Football Club Limited

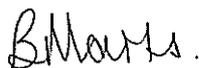
Auditor's responsibilities

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

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit & Loss Account
For the year ended 30 June 2018

	Notes	2018 £	2017 £
Turnover	2	9,556,450	7,696,647
Operating expenses	3	<u>(9,121,694)</u>	<u>(8,436,265)</u>
Operating profit/(loss)		434,756	(739,618)
(Loss)/gain on disposal of intangible fixed assets		<u>(220,381)</u>	<u>476,134</u>
Profit/(loss) before interest and taxation		214,375	(263,484)
Net interest receivable and similar charges	6	<u>192</u>	<u>4,971</u>
Profit/(loss) before taxation		214,567	(258,513)
Taxation	7	<u>(11,579)</u>	<u>(16,877)</u>
Profit/(loss) for the financial year		<u>202,988</u>	<u>(275,390)</u>

The result reported in the financial statements related wholly to the continuing operations of the Company.

The accompanying notes form an integral part of the financial statements.

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

Balance Sheet

At 30 June 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	8	23,785,603	23,895,256
Intangible assets	9	<u>451,947</u>	<u>293,574</u>
		<u>24,237,550</u>	<u>24,188,830</u>
Current assets			
Stock	10	5,419	20,973
Debtors	11	1,198,657	1,650,610
Cash at bank and in hand		<u>4,242,644</u>	<u>3,547,078</u>
		5,446,720	5,218,661
Creditors: Amounts falling due within one year	12	<u>(7,002,850)</u>	<u>(6,428,254)</u>
Net current liabilities		<u>(1,556,130)</u>	<u>(1,209,593)</u>
Total assets less current liabilities		22,681,420	22,979,237
Creditors: Amounts falling due after more than one year	13	<u>(2,876,854)</u>	<u>(3,541,659)</u>
Net assets		<u>19,804,566</u>	<u>19,437,578</u>
Capital and reserves			
Called-up equity share capital	14	1,957,000	1,875,000
Share Premium		7,957,000	7,875,000
Revaluation Reserve		7,802,964	7,968,691
Profit & Loss Reserve		<u>2,087,602</u>	<u>1,718,887</u>
Shareholders' funds		<u>19,804,566</u>	<u>19,437,578</u>

Approved by the Board on 30 July 2018



Rod Petrie
Non-executive Chairman



Jamie Marwick
Finance Director

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

At 30 June 2018

	Called up Share capital	Share Premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
Balance at 30 June 2016	1,800,000	7,800,000	8,137,980	1,824,988	19,562,968
Total comprehensive Income					
Loss for the year	-	-	-	(275,390)	(277,390)
Reserve transfer:					
Transfer from revaluation reserve	-	-	(169,289)	169,289	-
Total for the year	-	-	(169,289)	(106,101)	(275,390)
Issue of Ordinary shares	75,000	75,000	-	-	150,000
Balance at 30 June 2017	1,875,000	7,875,000	7,968,691	1,718,887	19,437,578
Total comprehensive Income					
Profit for the year	-	-	-	202,988	202,988
Reserve transfer:					
Transfer from revaluation reserve	-	-	(165,727)	165,727	-
Total for the year	-	-	(165,727)	368,715	202,988
Issue of Ordinary shares	82,000	82,000	-	-	164,000
Balance at 30 June 2018	1,957,000	7,957,000	7,802,964	2,087,602	19,804,566

Cash Flow Statement
For the year ended 30 June 2018

	Notes	2018 £	2017 £
Cash flow from operating activities			
Profit/(loss) for the year		202,988	(275,390)
<i>Adjustments for</i>			
Depreciation and amortisation		802,842	841,452
Loss/(gain) on disposal of intangible fixed assets		220,381	(476,134)
(Gain)/loss on disposal of tangible assets		(39)	871
Interest receivable and similar charges		(192)	(4,971)
		<u>1,225,980</u>	<u>85,828</u>
Decrease/(increase) in stock		15,554	(11,783)
Decrease/(increase) in trade and other debtors		151,953	(110,180)
Increase in creditors		<u>327,137</u>	<u>1,825,471</u>
Net cash inflow from operating activities		<u>1,720,624</u>	<u>1,789,336</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(573,830)	(277,012)
Payments to acquire intangible fixed assets		(395,850)	(86,084)
Receipts from sale of tangible fixed assets		2,250	14,750
Receipts/(payments) on disposal of intangible fixed assets		<u>269,827</u>	<u>(37,503)</u>
Net cash outflow from investing activities		<u>(697,603)</u>	<u>(385,849)</u>
Cash flows from financing activities			
Proceeds from the issue of share capital	20	164,000	150,000
Interest received	20	192	4,971
Outflow related to movement in debt	20	<u>(491,647)</u>	<u>(510,273)</u>
Net cash outflow from financing activities		<u>(327,455)</u>	<u>(355,302)</u>
Net increase in cash		695,566	1,048,185
Cash at the start of the year		<u>3,547,078</u>	<u>2,498,893</u>
Cash at the end of the year		<u>4,242,644</u>	<u>3,547,078</u>

Notes to the financial statements

For the year ended 30 June 2018

1. Principal accounting policies

The Hibernian Football Club Limited is a private company limited by shares and incorporated and domiciled in Scotland in the UK.

These financial statements were prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland which was issued in August 2014. The amendments to FRS 102 which were issued in July 2015 and which were effective immediately have also been applied.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Details of any judgements made by the directors in the application of these accounting policies that may have a significant effect on the financial statements and any estimates which are likely to result in a material adjustment in the next financial year are set out in note 19.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for tangible fixed assets which are stated at their fair value measured in accordance with the revaluation model.

1.2 Going concern

The Directors have prepared cashflow forecasts for the Company for at least the twelve months from the date of signing these accounts. The cashflow forecasts show that the Company can operate within its available funds.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	50 years
Plant and equipment	3-10 years
Fixtures and fittings	3-10 years
Motor vehicles	5 years

Easter Road Stadium and the Hibernian Training Centre are stated at deemed cost at 31 July 2014 less subsequent accumulated depreciation. Deemed cost at 31 July 2014 was determined by reference to a detailed assessment by independent property advisers, Jones Lang Lasalle, as at that date.

1.4 Intangible fixed assets

The costs associated with the acquisition of players are capitalised and treated as intangible fixed assets. These amounts are amortised over the period of the contract on the basis that nil residual values are assumed. The Company assesses at each reporting date whether intangible fixed assets are impaired.

Notes to the financial statements

For the year ended 30 June 2018

1.5 Stock

Stock is stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle.

1.6 Expenses

Operating leases

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance leases

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Signing-on fees

Signing-on fees payable to players are included within staff costs in the year in which they fall due.

Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.7 Basic financial instruments

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.

Borrowings

Borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are stated at actual amounts and comprise cash balances and call deposit

Notes to the financial statements

For the year ended 30 June 2018

1.8 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.

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. 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 are not provided for. 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. Deferred tax balances are not discounted.

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.

1.9 Employee benefits

The company operates a defined contribution pension scheme for staff. The assets of the scheme are held separately from those of the Company in an independently administered fund. The charge for pension cost represents contributions payable by the Company for the year.

2 Turnover

Turnover represents income derived from the operation of a professional football club and excludes value added tax. All turnover originates from the United Kingdom and is related to the principal activity of the company.

Notes to the financial statements

For the year ended 30 June 2018

3 Operating expenses and Auditors Remuneration

	2018 £	2017 £
Staff costs	5,336,572	4,524,317
Other operating charges	2,982,280	3,070,496
	<u>8,318,852</u>	<u>7,594,813</u>
Depreciation of tangible fixed assets	617,305	682,136
Amortisation of intangible assets	185,537	159,316
	<u>9,121,694</u>	<u>8,436,265</u>
The Profit/(loss) before taxation is stated after charging:		
	2018 £	2017 £
Auditor's remuneration		
- audit services	11,640	12,330
- taxation services	4,550	9,100
- other services	4,000	2,000
	<u>4,000</u>	<u>2,000</u>

4 Employee information

a) The average number of people, including Directors, employed by the company during the year is analysed below:

	2018 Number	2017 Number
Players and management	65	61
Commercial and administration	35	33
	<u>100</u>	<u>94</u>

b) Staff costs for the above:

	2018 £	2017 £
Wages and salaries	4,712,884	4,070,223
Social security costs	523,330	411,633
Pension costs	100,358	42,461
	<u>5,336,572</u>	<u>4,524,317</u>

Notes to the financial statements

For the year ended 30 June 2018

5 Directors' emoluments

The total amount of Directors' emoluments for the year ended 30 June 2018 was £288,183 (2017 - £220,582).

The level of executive pay is determined by a Remuneration Committee which comprises Bruce Langham, Amanda Jones, Brian Houston and Stephen Dunn, all of whom are Non-executive directors of the Company.

The highest paid Director received remuneration of £157,167; pension contributions of £45,100; and benefits in kind of £5,818 in the year to 30 June 2018. The highest paid Director in the year to 30 June 2017 received remuneration of £117,000; pension contributions of £14,600; and benefits in kind of £6,049. Remuneration includes any performance related bonuses earned in the period.

The Non-executive Chairman and the Non-executive Directors did not receive any remuneration for their services to the Company.

6 Net interest payable and similar charges

	2018	2017
Interest payable:	£	£
Finance leases	(3,311)	(271)
Interest receivable:		
Bank deposits	<u>3,503</u>	<u>5,242</u>
	<u>192</u>	<u>4,971</u>

Notes to the financial statements

For the year ended 30 June 2018

7 Taxation

Total tax expense recognised in the profit and loss account

	2018	2017
	£	£
<i>Current Tax</i>		
Current tax on income	10,500	10,160
Tax paid relating to prior year	1,079	6,717
Total tax	<u>11,579</u>	<u>16,877</u>

Reconciliation of effective tax rate

	2018	2017
	£	£
Profit/(loss) after taxation	202,988	(275,390)
Total tax expense	11,579	16,877
Profit/(loss) before taxation	<u>214,567</u>	<u>(258,513)</u>
Current Tax at 19.00% (2017 – 19.75%)	40,768	(51,056)
Expenses not deductible for tax purposes	5,694	17,054
Timing differences	43,688	64,300
Tax payable on property income	10,500	10,160
Under provided for in previous years	1,079	6,717
Tax losses used	<u>(90,150)</u>	<u>(30,298)</u>
Total current tax charge	<u>11,579</u>	<u>16,877</u>

Factors that may affect future tax charges:

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 26 October 2016, this will reduce the Company's future current tax charge accordingly. The Company has an unrecorded deferred tax asset of approximately £577,000 (2017 - £672,000) which has been calculated based at the tax rate of 19% substantively enacted at the balance sheet date.

Notes to the financial statements

For the year ended 30 June 2018

8 Tangible fixed assets

	Land & Buildings	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 30 June 2017	24,165,869	5,030,976	2,242,875	121,018	31,560,738
Additions	-	398,097	98,816	12,950	509,863
Disposal	-	(243,222)	(126,017)	(16,495)	(385,734)
At 30 June 2018	<u>24,165,869</u>	<u>5,185,851</u>	<u>2,215,674</u>	<u>117,473</u>	<u>31,684,867</u>
Depreciation					
At 30 June 2017	899,341	4,610,443	2,096,033	59,665	7,665,482
Charge for period	332,740	209,533	59,210	15,822	617,305
Disposal	-	(241,286)	(126,017)	(16,220)	(383,523)
At 30 June 2018	<u>1,232,081</u>	<u>4,578,690</u>	<u>2,029,226</u>	<u>59,267</u>	<u>7,899,264</u>
Net Book Value					
At 30 June 2018	<u>22,933,788</u>	<u>607,161</u>	<u>186,448</u>	<u>58,206</u>	<u>23,785,603</u>
At 30 June 2017	<u>23,266,528</u>	<u>420,533</u>	<u>146,842</u>	<u>61,353</u>	<u>23,895,256</u>

Buildings, Plant & Equipment and Fixtures & Fittings have been depreciated during the period in accordance with the Company's accounting policies.

Included in the Net Book Value of tangible fixed assets is £74,213 (2017 - £nil) in respect of assets acquired under Finance Leases. Depreciation for the year on those assets was £8,645 (2017 - £4,910).

Notes to the financial statements

For the year ended 30 June 2018

9 Intangible fixed assets

Costs relating to Player contracts, Players Agents and fees

	£
Cost	
At 30 June 2017	504,637
Additions	534,118
Disposals	<u>(264,773)</u>
At 30 June 2018	<u>773,982</u>
Amortisation	
At 30 June 2017	211,063
Charge for period	185,537
Disposals	<u>(74,565)</u>
At 30 June 2018	<u>322,035</u>
Net Book Value	
At 30 June 2018	<u>451,947</u>
At 30 June 2017	<u>293,574</u>

10 Stock

	2018	2017
	£	£
Catering stock	5,419	4,313
Retail stock	<u>-</u>	<u>16,660</u>
	<u>5,419</u>	<u>20,973</u>

11 Debtors

	2018	2017
	£	£
Trade debtors	411,488	1,042,953
Prepayments and accrued income	<u>787,169</u>	<u>607,657</u>
	<u>1,198,657</u>	<u>1,650,610</u>

Notes to the financial statements

For the year ended 30 June 2018

12 Creditors: Amounts falling due within one year

	2018	2017
	£	£
Mortgage (note 13)	655,100	500,000
Trade creditors	284,163	398,543
Accruals and deferred income	5,154,484	4,767,580
Taxation and social security	880,545	751,971
Finance lease creditor	18,058	-
Corporation tax	10,500	10,160
	<u>7,002,850</u>	<u>6,428,254</u>

13 Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Mortgage	2,826,555	3,541,659
Finance lease creditor	<u>50,299</u>	<u>-</u>
	<u>2,876,854</u>	<u>3,541,659</u>

The mortgage was provided by the parent company and is secured, interest free and repayable by monthly instalments of £41,667 plus any accelerated annual payments which are triggered by the results of the Company.

14 Share capital

	2018	2017
	£	£
Allotted, called-up and fully paid:		
97,850,000 (2017 - 93,750,000) Ordinary Shares of 2p each	<u>1,957,000</u>	<u>1,875,000</u>

15 Operating Leases

Non-cancellable operating lease rentals are payable as follows

	2018	2017
	£	£
Operating lease payments due:		
Within one year	40,101	36,497
In the second to fifth year inclusive	21,492	28,467
Over five years	-	-
	<u>61,593</u>	<u>64,963</u>

During the year £40,102 was recognised as an expense in the profit and loss account in respect of operating leases (2017 - £38,939).

16 Contingencies

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the Company.

Notes to the financial statements

For the year ended 30 June 2018

17 Parent company

The immediate parent company is H.F.C.Holdings Limited, which held 62.7% of the shares in the Company at 30 June 2018 (2017 – 65.5%). The beneficial owners of the shares in H.F.C.Holdings Limited are Sir Tom Farmer CVO CBE KCSG DL (90%) and Rod Petrie (10%). Sir Tom's shareholding in H.F.C.Holdings Limited is held through a number of wholly owned, intermediate holding companies.

During the year the Company rented land and buildings from the parent company at a charge of £24,000 (2017 - £24,000). At 30 June 2018 the only sum due to the parent company was the mortgage of £3,481,655 (2017 - mortgage of £4,041,659).

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.

18 Related Party Transactions

The Company is a member of, and has directors in common with, the Hibernian Community Foundation Limited which is a registered charity with the objectives of promoting Health & Fitness; Learning & Employability; and Football for all within the local community. Payments of £14,114 were made to the Foundation during the year (2017 - £5,128) and costs of £1,152 were charged to the Foundation by the Company during the year (2017 – £9,458).

The key management personnel of the Company comprises its executive directors and the senior management responsible for each area of the business. The total remuneration of key management in the year amounted to £737,475 (2017 - £540,790).

19 Accounting estimates and judgements

The company believes that there are no areas of material uncertainty which affect the financial statements.

20 Analysis of cash flows

	2018	2017
	£	£
Returns on investment and servicing of finance		
Interest received	3,503	5,242
Interest paid	(3,311)	(271)
	<u>192</u>	<u>4,971</u>
Financing		
Issue of Ordinary shares	164,000	150,000
Mortgage repayments	(560,004)	(500,004)
Finance lease payments	(10,269)	(10,269)
New finance leases	79,232	-
	<u>(327,647)</u>	<u>(360,273)</u>