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Company information**Registered Office**

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

Company Number

SC005323

Directors

Ronald Gordon, Bruce Langham, Brian Houston, Archibald Paton, Benjamin Kensell,
Malcolm McPherson, David Davies, Jemma Goba, Kathrin Hamilton, and Gillian Hutchison

Secretary

Christopher Gaunt

Auditor

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

Banker

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

Solicitor

Vialex Limited, Floor 3, 1-4 Atholl Crescent, Edinburgh EH3 8HA

Main Sponsors

Utilita – Club Sponsor

Joma – Technical Sponsor

Strategic Report

Financial Statements for the year ended 30 June 2021

The Directors present their Strategic Review along with the Directors' Report and audited financial statements for the year ended 30 June 2021.

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 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		2016-17	2017-18	2018-19	2019-20	2020-21
League Position		1 st	4 th	5 th	7 th	3 rd
Division		Championship	Premiership	Premiership	Premiership	Premiership
Scottish Cup		Semi-final	R4	R4	SF	F
League Cup		2 nd round	SF	QF	SF	SF
UEFA		Europa	nq	Europa	nq	nq
Period Ended		Year 30 June 2017	Year 30 June 2018	Year 2 July 2019	Year 30 June 2020	Year 30 June 2021
Turnover	£m	7.7	9.6	10.8	8.9	8.6
Staff costs	£m	4.5	5.3	6.3	6.7	6.6
Operating (loss)/profit	£m	(0.7)	0.4	(0.7)	(1.4)	0.5
Transfer fees gain/(loss)	£m	0.5	(0.2)	2.8	0.2	0.3
Profit/(loss) before tax	£m	(0.3)	0.2	2.0	(1.2)	0.9
Wages/turnover ratio	%	59%	56%	59%	68%*	73%*
As at		30 June 2017	30 June 2018	2 July 2019	30 June 2020	30 June 2021
Fixed Assets	£m	24.2	24.2	25.1	24.4	24.6
Net Assets	£m	19.4	19.8	25.9	24.6	25.6
Cash balance	£m	3.5	4.2	5.5	5.4	6.9

*The wages/turnover ratio for the years ended 30 June 2020 and 30 June 2021 is inclusive of the furlough income received from United Kingdom's Coronavirus Job Retention Scheme.

The Scottish Professional Football League 2020/2021 campaign was played completely behind closed doors without live spectators in order to prevent further spread of COVID-19. Additionally, the cup competitions were also played without fans, including the conclusion of the suspended 2019/2020 Scottish Cup competition.

The Club had a successful year, finishing the league campaign in third place for the first time since the 2004/2005 season. This league finish secured the Club a position in the qualifying round of the newly established Europa Conference League competition starting in July of 2021. In addition to the successful league campaign, the Club reached a semi-final in the 2020/2021 Belfred Scottish League Cup and the final of the 2020/2021 Scottish Cup.

Turnover decreased by 3% from the previous year to £8.6m because of no attendances at Easter Road Stadium due to the ongoing COVID-19 pandemic. The decrease in ticket revenue was offset by the strong performance of the team during the year, which increased the central distribution from the league as well as the prize and broadcasting revenue from cup competitions.

Staff costs decreased to £6.6m from £6.7m in the previous year. This is due to the average headcount decreasing by 20% during the year, offset by the triggering of performance-based bonuses for playing, coaching, and key football related staff. The important Wages to Turnover ratio increased to 78% compared to 74% for the previous year as turnover decreased due to the impacts on attendance due to COVID-19. However, the Company received approximately £0.3m (2020: £0.5m) of income from the United Kingdom's Coronavirus Job Retention Scheme. After adjusting for amounts claimed under the scheme, the adjusted wage to turnover ratio is 73% (2020: 68%).

Strategic Report

Financial Statements for the year ended 30 June 2021

Other operating costs decreased to £2.8m for the year compared to £3.1m in the previous year. This reflected the decreased activity within the club, related to hospitality, conference and banqueting, match hosting costs, and corporate travel. Although the club experienced some cost saving from the pandemic, significant one-off covid costs were also incurred—primarily related to covid testing, increased team travel costs due to social distancing, and other covid prevention related costs.

Player trading resulted in a gain of £0.3m for the year compared to a gain of £0.2m achieved in the previous year. The club continued to generate gains based on sell on clauses included within the John McGinn sale to Aston Villa in 2018.

Included within other income is £2.2m of business interruption proceeds related to the pandemic (2020: £nil). As of 30 June 2021, the company had received £0.6m related to the claim, with the remaining unreceived amount included in debtors. The amount included within debtors was received in September 2021. These proceeds provided a significant boost to the Club, and helped the Club achieve a profit after tax of £0.9m compared to loss of £1.2m in the previous year.

The Club had cash balances at 30 June 2021 of £6.9m, up from £5.4m at 30 June 2020. The increase is driven primarily by the cash inflows from the Scottish Ministers Government Loan of £2.8m. These financing inflows were offset by net operating cash outflow of approximately £0.5m due to the timing of the business interruption proceeds. The Club also had investing cash outflows of approximately £0.8m, which was primarily due to the amounts paid from player transfers, as well as payments for capital expenditures for stadium improvements such as a new public announcement system and progress payments to large LED screens within the East Stand.

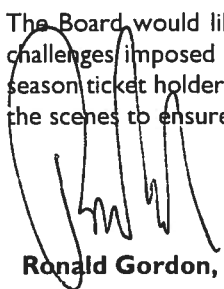
Net assets at 30 June 2021 were £25.5m, up from £24.6m at 30 June 2020, primarily due to the profit achieved in the current year. Net assets at 30 June 2021 equate to 20.4p per share.

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 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 has worked to set targets within their club controlled income and seeks to maximise the performance within this area of the business.

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 post a 5-10% EBITDA margin from year to year. The Club has experienced a staged return of supporters during the 21/22 football season, with full access, subject to vaccine passport requirements, occurring during the year. The Club has made the necessary adjustments to effectively operate through the restrictions.

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 Board would like to thank all those who supported the Club during the 20/21 season, especially in view of the challenges imposed on the Club and football in general by the Covid pandemic. We are particularly grateful to our season ticket holders, the players and coaching staff, and the entire team at Hibernian FC for their tireless work behind the scenes to ensure that the Club effectively navigated the public health and financial challenges of the pandemic.



Ronald Gordon, Executive Chairman

For and on behalf of the Board of Directors

17 December 2021

12 Albion Place

Edinburgh

EH7 5QG

Directors' Report

Financial Statements for the year ended 30 June 2021

The Directors present their Report on the business of the Company together with the audited financial statements for the year ended 30 June 2021. The registered number of the Company is SC005323.

The Directors who served throughout the year and to date are Ronald Gordon (Executive Chairman); Leeann Dempster (Chief Executive until resigning on 5 January 2021); Fiona Larnach (Finance Director until resigning on 13 July 2020); and Non-Executive Directors Bruce Langham, Malcolm McPherson (appointed 1 August 2020), Brian Houston, Stephen Dunn (resigned 25 May 2021), Archibald Paton, Kieran Power (resigned 25 May 2021), Jemma Goba (appointed 28 December 2020), David Davies (appointed 28 December 2020), Gillian Hutchison (appointed 28 December 2020), Kathrin Hamilton (appointed 28 December 2020), and Benjamin Kensell (appointed 27 July 2021).

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 themselves 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

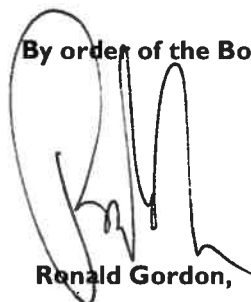
Financial Statements for the year ended 30 June 2021

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

A handwritten signature in black ink, appearing to be 'Ronald Gordon', written over the text 'By order of the Board'.

**Ronald Gordon,
Executive Chairman**

17 December 2021

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 2021 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 2021 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management/ directors/ sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenues consist of routine, non-complex transactions that are subject to systematic processing and the invoicing process requires numerous levels of approval.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

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[.]/[; or
- the directors were not entitled 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 [X], 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

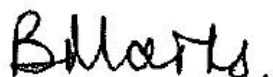
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

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

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
17 December 2021

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit & Loss Account

For the year ended 30 June 2021

	Notes	2021 £	2020 £
Turnover	2	8,551,617	8,936,632
Operating expenses	3	(10,538,934)	(10,862,188)
Other income	3	<u>2,514,577</u>	<u>539,576</u>
Operating profit/(loss)		527,260	(1,385,980)
Gain on disposal of intangible fixed assets	7	<u>313,528</u>	<u>152,687</u>
Profit/(loss) before interest and taxation		840,788	(1,233,293)
Net interest receivable	6	<u>22,991</u>	<u>4,438</u>
Profit/(loss) before taxation		863,779	(1,228,855)
Taxation	8	<u>55,116</u>	<u>(9,347)</u>
Profit/(loss) for the financial year		<u>918,895</u>	<u>(1,238,202)</u>
Total comprehensive income/(loss) for the year		<u>918,895</u>	<u>(1,238,202)</u>

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

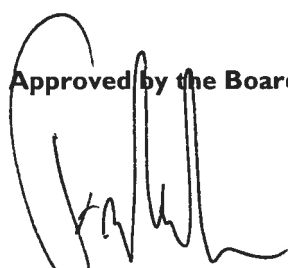
The accompanying notes form an integral part of the financial statements.

Balance Sheet

At 30 June 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	9	23,505,054	23,648,047
Intangible assets	10	1,119,539	732,025
Investments	11	<u>1</u>	<u>1</u>
		<u>24,624,594</u>	<u>24,380,073</u>
Current assets			
Stock	12	-	13,085
Debtors	13	3,276,466	1,717,445
Cash at bank and in hand		<u>6,944,555</u>	<u>5,356,510</u>
		10,221,021	7,087,040
Creditors: Amounts falling due within one year	14	<u>(6,341,867)</u>	<u>(6,659,684)</u>
Net current assets		<u>3,879,154</u>	<u>427,356</u>
Total assets less current assets		28,503,748	24,807,429
Creditors: Amounts falling due after more than one year	15	<u>(2,953,720)</u>	<u>(176,296)</u>
Net assets		<u>25,550,028</u>	<u>24,631,133</u>
Capital and reserves			
Called-up equity share capital	16	2,500,000	2,500,000
Share Premium		11,106,006	11,106,006
Revaluation Reserve		7,305,783	7,471,510
Capital Contribution Reserve		339,750	339,750
Profit & Loss Reserve		<u>4,298,489</u>	<u>3,213,867</u>
Shareholders' funds		<u>25,550,028</u>	<u>24,631,133</u>

Approved by the Board on 17 December 2021



Ronald Gordon
Executive Chairman

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

Statement of Changes in Equity

At 30 June 2021

	Called up Share capital	Share Premium account	Revaluation reserve	Capital Contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
Balance at 2 July 2019	2,500,000	11,106,006	7,637,237	339,750	4,286,342	25,869,335
Total comprehensive Income						
Loss for the year	-	-	-	-	(1,238,202)	(1,238,202)
Reserve transfer:						
Transfer from revaluation reserve	-	-	(165,727)	-	165,727	-
Total for the year	-	-	(165,727)	-	(1,072,475)	(1,238,202)
Issue of Ordinary shares	-	-	-	-	-	-
Balance at 30 June 2020	2,500,000	11,106,006	7,471,510	339,750	3,213,867	24,631,133
Total comprehensive Income						
Profit for the year	-	-	-	-	918,895	918,895
Reserve transfer:						
Transfer from revaluation reserve	-	-	(165,727)	-	165,727	-
Total for the year	-	-	(165,727)	-	1,084,622	918,895
Balance at 30 June 2021	2,500,000	11,106,006	7,305,783	339,750	4,298,489	25,550,028

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

Cash Flow Statement

Financial Statements for the year ended 30 June 2021

	Notes	2021 £	2020 £
Cash flow from operating activities			
Profit/(loss) for the year		918,895	(1,238,202)
<i>Adjustments for</i>			
Depreciation and amortisation		1,135,668	1,156,038
Gain on disposal of intangible assets		(313,528)	(152,687)
Non-cash taxes		(39,110)	9,347
Interest receivable and similar charges		(22,991)	(4,438)
		<u>1,678,934</u>	<u>(229,942)</u>
Decrease/(increase) in stock		13,085	(6,382)
(Increase) in trade and other debtors		(1,617,021)	(977,692)
(Decrease)/increase in creditors		(589,180)	299,009
Net cash (outflow) from operating activities before tax		<u>(514,182)</u>	<u>(915,007)</u>
Tax credit received		18,146	-
Net cash (outflow) from operating activities after tax		<u>(496,036)</u>	<u>(915,007)</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(458,906)	(194,107)
Payments to acquire intangible fixed assets		(843,239)	(499,138)
Receipts from sale of tangible fixed assets		-	6,600
Receipts on disposal of intangible fixed assets		494,085	1,454,909
Net cash (outflow)/inflow from investing activities		<u>(808,060)</u>	<u>768,264</u>
Cash flows from financing activities			
Proceeds from the issue of debt	21	2,882,000	-
Interest received	21	22,991	4,438
Outflow related to movement in debt	21	(12,850)	(19,377)
Net cash inflow/(outflow) from financing activities		<u>2,892,141</u>	<u>(14,939)</u>
Net increase/(decrease) in cash		1,588,045	(161,682)
Cash at the start of the year		<u>5,356,510</u>	<u>5,518,192</u>
Cash at the end of the year		<u>6,944,555</u>	<u>5,356,510</u>

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

Notes to the financial statements

For the year ended 30 June 2021

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.

The Company is exempt by virtue of s402 section of the Companies Act 2006 from the requirement to prepare group financial statements. The lone company undertaking, Hibernian Business Limited, is excluded from these accounts as its inclusion is not material for the purpose of giving a true and fair view. Therefore these financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

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 20.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The annual financial statements are prepared on a going concern basis which the directors believe to be appropriate notwithstanding the significant challenges posed by the current global COVID-19 crisis. The 2020-21 Premiership league season operated without fans in attendance, causing a significant reduction in operating cashflow. However the Company partially offset this loss in income through its business interruption insurance proceeds, of which £2,150,000 has been received as of the signing date of these accounts. In addition, in February and March of 2021 the company received a total of approximately £2.8m from the Scottish Ministers funded by a 20-year interest free loan. Also, as of August 2021, restrictions on match attendance were lifted by the Scottish government, and full attendance at league and cup competitions were allowed. Although there remains some uncertainty whether the Scottish government would impose some form of audience restriction, the Directors have reviewed the impact of this on cash flow scenarios and are comfortable that the cash reserves and long-term commercial contracts provide sufficient mitigation for any potential downside. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements

For the year ended 30 June 2021

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.

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.

Notes to the financial statements

For the year ended 30 June 2021

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.

Cash and cash equivalents

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

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 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Government grants

Government grants related to the United Kingdom's Coronavirus Job Retention Scheme are credited to the profit and loss accounts as the related expenditure is incurred.

Notes to the financial statements

For the year ended 30 June 2021

2 Turnover

Turnover represents income derived from the operation of a professional football club and excludes value added tax. Income from the sale of season tickets in respect of the upcoming season is deferred until the commencement of the season, at which point it is recognised based on the games played. Gate receipts related to match day tickets and hospitality are recognised when the games are played. Sponsorship and similar commercial income is recognised over the specific duration of respective contracts. Awards earned by cup positions and final league position are accounted for only when known at the end of a cup tournament or the end of the football season. All turnover originates from the United Kingdom and is related to the principal activity of the Company.

3 Operating expenses, Auditor's remuneration, and Other income

	2021 £	2020 £
Staff costs	6,639,697	6,652,778
Other operating charges	<u>2,759,723</u>	<u>3,053,374</u>
	9,399,420	9,706,152
Depreciation of tangible fixed assets	601,899	650,346
Amortisation of intangible assets	<u>537,615</u>	<u>505,690</u>
	<u>10,538,934</u>	<u>10,862,188</u>

The profit before taxation is stated after charging:

	2021 £	2020 £
Auditor's remuneration		
- audit services	23,000	21,500
- taxation services	5,000	5,000
- other services	<u>3,500</u>	<u>3,500</u>

Operating profit/(loss) is inclusive of other income comprised of:

	2021 £	2020 £
Insurance proceeds	2,150,000	-
Government job retention scheme	<u>364,136</u>	<u>539,576</u>

The Company holds an insurance policy that includes business interruption cover for events such as the Covid-19 pandemic. As part of this policy, for the claim period of March 2020 to June 2021, the company's insurance company has approved proceeds of £2,150,000, of which £1,550,000 was recognised as a receivable as at 30 June 2021 and £600,000 was received during the year ended 30 June 2021. This outstanding amount was received in September 2021.

The Company received £364,136 of furlough grants from the United Kingdom's Coronavirus Job Retention Scheme (2020: £539,576). As part of this scheme, the club received funding for a percentage of the wages for furloughed employees.

Notes to the financial statements

For the year ended 30 June 2021

4 Employee information

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

	2021 Number	2020 Number
Players and management	65	77
Commercial and administration	27	38
	<u>92</u>	<u>115</u>

b) Staff costs for the above:

	2021 £	2020 £
Wages and salaries	5,803,874	5,952,745
Social security costs	720,887	571,421
Pension costs	114,936	128,612
	<u>6,639,697</u>	<u>6,652,778</u>

5 Directors' emoluments

The total amount of Directors' emoluments for the year ended 30 June 2021 was £106,018 (2020 - £247,971).

The level of executive pay is determined by a Remuneration Committee comprised of non-executive directors of the Company. The highest paid Director, who was also the chief executive of the Company, received remuneration of £62,885; pension contributions of £43,133; and benefits in kind of nil in the year to 30 June 2021. The highest paid Director, who was also the chief executive of the Company, received remuneration of £147,625; pension contributions of £14,601; and benefits in kind of £7,042 in the year to 30 June 2020. Remuneration includes any performance related bonuses earned in the period.

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

6 Net interest receivable

	2021 £	2020 £
Interest payable:		
Finance leases	(2,440)	(3,308)
Interest receivable:		
Bank deposits	<u>25,431</u>	<u>7,746</u>
	<u>22,991</u>	<u>4,438</u>

7 Gain on disposal of intangible fixed assets

	2021 £	2020 £
Gain on disposal of intangible fixed assets	<u>313,528</u>	<u>152,687</u>
	<u>313,528</u>	<u>152,687</u>

Notes to the financial statements

For the year ended 30 June 2021

8 Taxation

Total tax expense recognised in the profit and loss account

	2021 £	2020 £
<i>Current Tax</i>		
Current tax on income	(45,769)	5,515
Tax adjustment relating to prior year	(9,347)	3,832
Total tax	(55,116)	9,347

Reconciliation of effective tax rate

	2021 £	2020 £
Profit/(loss) after taxation	918,895	(1,238,202)
Total tax (credit)/expense	(55,116)	9,347
Profit/(loss) before taxation	863,779	(1,228,855)
 Current Tax at 19.00% (2020 – 19.00%)	164,118	(233,482)
Expenses not deductible for tax purposes	(461)	2,237
Timing differences	10,257	44,679
Research and development tax credit	(45,769)	-
Tax payable on property income	-	5,515
(Over)/under provided for in previous years	(9,347)	3,832
Tax losses (used)/carried forward	(173,914)	186,566
Total current tax (credit)/charge	(55,116)	9,347

Factors that may affect future tax charges:

A change to the future UK corporation tax rate was substantively enacted on 17 March 2020. The rate will no longer drop to 17% with effect from 1 April 2020 but will remain at the previous rate of 19%. This is the rate that deferred tax assets and liabilities have been calculated. The Company has an unrecorded deferred tax asset of approximately £212,000 (2020 - £435,000) which has been calculated based at the tax rate of 19% (2020 – 19%) substantively enacted at the balance sheet date.

Notes to the financial statements

For the year ended 30 June 2021

9 Tangible fixed assets

	Land & Buildings	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Construction in progress	Total
	£	£	£	£	£	£
Cost						
At 30 June 2020	24,506,123	5,556,944	2,400,470	108,806	196,882	32,769,225
Additions	37,500	55,107	15,937	-	351,416	459,960
Transfers	-	196,882	-	-	(196,882)	-
Disposal	-	(2,113)	-	-	-	(2,113)
At 30 June 2021	<u>24,543,623</u>	<u>5,806,820</u>	<u>2,416,407</u>	<u>108,806</u>	<u>351,416</u>	<u>33,227,072</u>
Depreciation						
At 30 June 2020	1,902,462	4,988,802	2,163,888	66,026	-	9,121,178
Charge for period	337,640	191,189	59,632	13,438	-	601,899
Disposal	-	(1,059)	-	-	-	(1,059)
At 30 June 2021	<u>2,240,102</u>	<u>5,178,932</u>	<u>2,223,520</u>	<u>79,464</u>	<u>-</u>	<u>9,722,018</u>
Net Book Value						
At 30 June 2021	<u>22,303,521</u>	<u>627,888</u>	<u>192,887</u>	<u>29,342</u>	<u>351,416</u>	<u>23,505,054</u>
At 30 June 2020	<u>22,603,661</u>	<u>568,142</u>	<u>236,582</u>	<u>42,780</u>	<u>196,882</u>	<u>23,648,047</u>

Buildings, Plant & Equipment, Fixtures & Fittings and Motor Vehicles 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 £42,626 (2020 - £53,155) in respect of assets acquired under Finance Leases. Depreciation for the year on those assets was £10,529 (2020 - £10,529).

Notes to the financial statements

For the year ended 30 June 2021

10 Intangible fixed assets

Costs relating to Player contracts, Players' Agents and fees

	£
Cost	
At 30 June 2020	1,629,106
Additions	1,043,840
Disposals	<u>(414,468)</u>
At 30 June 2021	<u>2,258,478</u>
Amortisation	
At 30 June 2020	897,081
Charge for period	537,615
Disposals	<u>(295,757)</u>
At 30 June 2021	<u>1,138,939</u>
Net Book Value	
At 30 June 2021	<u>1,119,539</u>
At 2 July 2020	<u>732,025</u>

11 Investments

	2021 £	2020 £
Investment in subsidiaries	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

Investments are stated at cost less historical impairment. The investment is related to Hibernian Business Limited, which is a dormant company, that was incorporated for future use as a financing company for business ventures. The Company directly owns 100% of the ordinary shares of Hibernian Business Limited, which has a registered address of Easter Road Stadium, 12 Albion Place, Edinburgh, EH7 5QG. In September 2021, Hibernian Business Limited applied to be struck off the company register.

12 Stock

	2021 £	2020 £
Catering stock	<u>-</u>	<u>13,085</u>
	<u>-</u>	<u>13,085</u>

13 Debtors

	2021 £	2020 £
Trade debtors	306,717	540,663
Accrued income	2,862,209	1,107,266
Prepayments	<u>107,540</u>	<u>69,516</u>
	<u>3,276,466</u>	<u>1,717,445</u>

Notes to the financial statements

For the year ended 30 June 2020

14 Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	375,689	767,019
Accruals	1,881,648	1,155,963
Deferred income	3,306,833	3,332,484
Taxation and social security	760,261	1,365,464
Finance lease creditor	17,436	17,790
Corporation tax	-	20,964
	<u>6,341,867</u>	<u>6,659,684</u>

Deferred income is inclusive of £403,979 (2020: £438,615) that will be released after more than one year.

15 Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Scottish government loan	2,882,000	-
Accruals	71,720	163,800
Finance lease creditor	-	12,496
	<u>2,953,720</u>	<u>176,296</u>

In February 2021 the Company entered into a lending facility agreement with The Scottish Ministers and requested a total drawdown amount of £2,882,000. This was received in two tranches of £1,818,000 and £1,064,000 in February and March 2021, respectively. The loan carries a 20 year term and bears no interest, with repayments starting in September 2022.

16 Share capital

	2021 £	2020 £
Allotted, called-up and fully paid:		
125,000,000 (2020 – 125,000,000) Ordinary Shares of 2p each	<u>2,500,000</u>	<u>2,500,000</u>

17 Operating Leases

Non-cancellable operating lease rentals are payable as follows

	2021 £	2020 £
Operating lease payments due:		
Within one year	45,256	7,083
In the second to fifth year inclusive	108,523	34,742
Over five years	<u>11,424</u>	<u>-</u>
	<u>165,203</u>	<u>41,825</u>

During the year £63,244 was recognised as an expense in the profit and loss account in respect of operating leases (2020 - £15,749).

Notes to the financial statements

For the year ended 30 June 2020

18 Parent company

The Company is a subsidiary undertaking of Bydand Sports, LLC, whose registered office is at 251 Little Falls Drive, Wilmington, County of New Castle, Delaware 19808, USA. Bydand Sports, LLC is 100% owned by Bydand Enterprises, LLC, the beneficial owner of 100% of the shares of which is Ronald Gordon. The results of these entities are not available to the public, and therefore the Company is not included in the consolidated results of its parent company. The Company is owned 67.2% by Bydand Sports, LLC, 15.5% by Hibernian Supporters Limited, and 17.3% from other minority shareholders.

At 30 June 2021 there was no sum due to/from Bydand Sports, LLC (2020 – nil).

19 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 £nil were made to the Foundation during the year (2020: £nil) and costs of £nil were charged to the Foundation by the Company during the year (2020: £31,894)

During the year, the immediate parent company Bydand Sports, LLC paid the Company a total of £125,457 (2020: £nil). This payment was for the purpose of funding player transactions, as well as toward the 'Thank You NHS' front of shirt sponsorship. Malcolm McPherson paid the Company £10,000 (2020: £nil) toward the 'Thank You NHS' front of shirt sponsorship.

The key management personnel of the Company comprises its executive directors and certain members of senior management involved in football operations for the year ended 30 June, 2021. The total remuneration of key management in the year amounted to £285,255 (2020 - £332,395).

20 Accounting estimates and judgements

The directors believe that there are no areas of significant judgement or estimation uncertainty which affect the financial statements.

21 Analysis of cash flows

	2021 £	2020 £
Returns on investment and servicing of financing		
Interest received	25,431	7,746
Interest paid	(2,440)	(3,308)
	<u>22,991</u>	<u>4,438</u>
Financing		
Finance lease payments	(12,850)	(19,377)
	<u>(12,850)</u>	<u>(19,377)</u>

22 Subsequent events

In September 2021 the Company received £1,550,000 of business interruption proceeds that were recognised as debtors as of 30 June 2021.