HEART OF MIDLOTHIAN PLC ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

COMPANY INFORMATION

Directors Dr A Budge

C Levein (Appointed 2 October 2014)

Dr T Hogg

K Windram (Appointed 2 October 2014)
B Cormack (Appointed 12 May 2015)

D Cumming (Appointed 1 July 2015)

Secretary J Duncan

Company number SC005863

Registered office Collins House

Rutland Square Edinburgh EH1 2AA

Auditors Johnston Carmichael LLP

7-11 Melville Street

Edinburgh EH3 7PE

Business address Tynecastle Stadium

Gorgie Road Edinburgh EH11 2NL

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Cash flow statement	9
Notes to the cash flow statement	10 - 11
Notes to the financial statements	12 - 23

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present the strategic report for the year ended 30 June 2015.

Review of the business

The 2014/15 playing season was a successful one for Heart of Midlothian football club, with the winning of the Championship League by a substantial margin of 21 points, thus ensuring the club's place in the Premier League for 2015/16.

Turnover increased by £0.47m to £7m, largely due to an increase in ticket income and commercial activity resulting from the on-pitch success.

Staff costs rose by £0.9m as a result of an exercise to rebuild both the player and non-player base, with average full-time employee numbers increasing from 104 to 122 during the year. In addition 86 part-time employees, were added to the staff numbers as a consequence of bringing the hospitality services inhouse.

Other operating charges rose to £3.6m from £2.5m in the prior year, largely as a result of increased spend on key infrastructure repairs in the year and an increase in professional fees incurred in resolving the inherited 2012 share issue.

The net cash inflow during the year of £1.97m was assisted by the ground-breaking new partnership with Save the Children. The partnership is being funded through philanthropy in a seven-figure three-year deal that supports both the club and the charity. The first tranche of monies was received pre-year end. In addition, a working capital contribution of £1.47m was received from Foundation of Hearts Ltd. These significant cash inflows, together with increased cash received through season ticket sales, provide critical financial support for the continuation of the Club's impressive revival, with the monies helping to fund work both on and off the pitch.

The club uses a variety of performance measures in order to monitor and manage the business effectively, with the key performance indicator being turnover and the relationship of payroll costs to turnover. The fixed costs of the business which are mainly football related payroll costs and the upkeep of the stadium are maintained within the constraints of the turnover figure.

The company's prudent budget and financial foundations allow us to confirm that we continue to meet UEFA's Financial Fair Play criteria.

Producing young players through our Academy, who can develop into first team players, continues to be a cornerstone of our business, with a significant number of our first team recognised as the product of this programme.

Finally the Board would like to express its thanks to the employees, players, supporters, shareholders and other associates such as sponsors, commercial and community partners who continue to support the business.

On behalf of the board

Cluu Dudge Dr A Budge Director Lept 2415

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The directors present their report and financial statements for the year ended 30 June 2015.

Principal activities

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

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend.

Future developments

Information relating to future developments is covered in the Strategic Report.

Directors

The following directors have held office since 1 July 2014:

Dr A Budge

I Murray (Resigned 30 June 2015)
C Levein (Appointed 2 October 2014)
R Wilson (Resigned 30 January 2015)

Dr T Hogg

K Windram (Appointed 2 October 2014)
B Cormack (Appointed 12 May 2015)
D Cumming (Appointed 1 July 2015)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Dr A Budge

Director Sept 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF MIDLOTHIAN PLC

We have audited the financial statements of Heart of Midlothian plc for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF HEART OF MIDLOTHIAN PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Tohnoten Camichael CCP
Irvine Spowart (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

Chartered Accountants Statutory Auditor

30 September 2015

7-11 Melville Street Edinburgh EH3 7PE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Operations excluding player trading £000	Player trading £000	2015 Total £000	2014 Total £000
Turnover	2	7,018	-	7,018	6,550
Staff costs Depreciation and other amounts written off	21	(3,798)	-	(3,798)	(2,890)
tangible and intangible fixed assets Other operating charges	7, 8	(266) (3,635)	(58)	(324) (3,635)	(304) (2,460)
Loan fee income		(7,699)	59 ——— 1	59 (7,698)	(5,654)
Operating (loss)/profit	3	(681)	1	(680)	896
Gain on sale of players' registrations Write off in respect of Creditors Voluntary		-	-		234
Arrangement Costs of administration process Costs of deal		-	. -	=	27,472 (181) (552)
				-	26,973
Profit/(loss) on ordinary activities before	e interest	(681)	1	(680)	27,869
Other interest receivable and similar income	4			3 <u>4</u>	3
Interest payable and similar charges (Loss)/profit on ordinary activities	5			(172)	(1,077)
before taxation				(852)	26,795
Tax on (loss)/profit on ordinary activities	6			-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2015

	2015 £000	2014 £000
(Loss)/profit for the financial year	(852)	26,795
Note of historical cost profits and losses		
	2015 £000	2014 £000
Reported (loss)/profit on ordinary activities before taxation	(852)	26,795
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued		
amount	(126)	(126)
Historical cost (loss)/profit on ordinary activities before		
taxation	(978)	26,669
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	(978)	26,669

BALANCE SHEET AS AT 30 JUNE 2015

2014 £000 - 7,074 - 7,074
-
-
-
7,074
)
(1,085)
5,989
(4,895)
1,094
14,692
11,674
159
(25,431)
1,094

Approved by the Board and authorised for issue on 35 Lift 2015

Dr A Budge **Director**

Company Registration No. SC005863

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	£000	2015 £000	£000	2014 £000
Net cash inflow/(outflow) from operating activities		840		(391)
Returns on investments and servicing of finance Interest received Interest paid	(150)		3 -	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(150)		3
Capital expenditure Payments to acquire player registrations Payments to acquire tangible assets Receipts from sales of player registrations Net cash (outflow)/inflow for capital	(145) (50)		234	
expenditure		(195)		234
Net cash inflow/(outflow) before financing		495		(154)
Financing Funds from Bidco (1874) Limited Funds from Foundation of Hearts Limited Repayment of AB Ukio Bankas debt	1,471 -		2,400 1,201 (2,400)	
Net cash inflow from financing	·	1,471		1,201
Increase in cash in the year		1,966		1,047

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

1	Reconciliation of operating (loss)/profit to from operating activities	net cash inflow/	(outflow)	2015	2014
				£000	£000
	Operating (loss)/profit			(680)	896
	Depreciation of tangible assets			266	304
	Amortisation of intangible assets			58	-
	Increase in stocks			(32)	_
	Increase in debtors			(677)	(486)
	Increase in creditors within one year			1,941	520
	Decrease in creditors after one year			-	(856)
	Movement on grant provision			(36)	(36)
	Exceptional costs			-	(733)
	Not cash inflow//outflow) from enoughing a				
	Net cash inflow/(outflow) from operating a	ictivities		840	(391)
2	Analysis of net debt	1 July 2014		Other non- 30 h changes	June 2015
		£000	£000	£000	£000
	Net cash:				
	Cash at bank and in hand	1,554	1,966	-	3,520
		-			
	Debt:				
	Debts falling due within one year	(1,077)	_	1,047	(30)
	Debts falling due after one year	(3,622)	(1,471)	-,017	(5,093)
	,	(0,022)			(0,000)
		(4,699)	(1,471)	1,047	(5,123)
	Net debt	(3,145)	495	4.047	(4.000)
	101.4021	(3,145)	495	1,047	(1,603)
3	Reconciliation of net cash flow to moveme	ent in not dobt		2015	2044
Ť	reserve made of the country to move me	ent in het debt		£000	2014 £000
	Increase in cash in the year			1.000	1.047
	Cash inflow from increase in debt			1,966	1,047
	oddir illilow irotti illoredae ili debt			(1,471)	(1,201)
	Change in net debt resulting from cash flows Change in net debt from non cash items:			495	(154)
	Company Voluntary Arrangement write off				24 624
	Administrators fees payable on behalf of AB to	Ikio Bankas		-	24,634
	Interest accrued in the year	UNIO Dalikas		-	(325)
	Issue of shares			1.047	(1,077)
	issue of strates			1,047	
	Change in net debt resulting from non cash it	ems		1,047	23,232
	Movement in net debt in the year			1,542	23,078
	Opening net debt			(3,145)	(26,223)
	Closing net debt			(1,603)	(3,145)

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

4 Major non-cash transactions

During the year, £1.047 million of proceeds received for a proposed share issue in the year ended 30 June 2013 were converted into share capital and share premium as shares were issued as explained at note 16.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Going concern

The directors have prepared cash flow projections through to 30 September 2016. The projections include the continued support of the Foundation of Hearts, contributing £120,000 per month towards operating costs.

The projections indicate that the company should remain cash positive throughout the period they cover. Whilst the company is not wholly dependent on the cash inflows from the Foundation of Hearts to continue as a going concern, with an ageing stadium and the resultant ongoing maintenance costs associated with this, the Foundation monies continue to be a vital source of working capital for the company.

Having reviewed the cash flow projections, and in light of the continued close relationship between the Club's board of directors and the Foundation of Hearts, the directors believe that the company has the ability to continue as a going concern for the foreseeable future.

The directors have concluded that it is appropriate for the accounts to be prepared on a going concern basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, from football and related commercial activities. The fixed element of broadcasting revenues is recognised over the duration of the football season, whilst facility fees for live coverage or highlights are recognised when earned. Income from the sale of season tickets in respect of the coming season is deferred at the year end and recognised throughout the year based on the number of matches.

1.4 Players' registrations, transfer fees and signing on fees

Costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the respective players' contracts based on nil residual values. Players' registrations are written down for impairment when the carrying amount exceeds the estimated amount recoverable through continued registration with the Club or sale. Profits or losses on the disposal of player registrations are recognised in the profit and loss account in the year in which the transfer contract is signed and represents the transfer fee receivable, net of any transaction costs, less the unamortised cost of the player's original registration.

Signing on fees payable to players are expensed to the profit and loss account as part of staff costs in the year in which they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land and memorabillia are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings freehold

- depreciated over a period of 50 years

Leasehold property

- depreciated over 25 year term of lease

Plant and equipment

- depreciated over a period of 4 to 10 years

Memorabilia

- see below

Memorabilia is not depreciated and is carried at a valuation that the Directors elected to "freeze" under the transitional arrangements of FRS 15, treating this as the cost going forward.

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred in disposal.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Grants receivable

Grants receivable in respect of tangible fixed assets, including for stadium redevelopment, are treated as a deferred credit and are released to the profit and loss account over the estimated useful life of the assets concerned.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

2 Turnover and (loss)/profit on ordinary activities before taxation

Turnover is the amount derived from all trading activities, exclusive of value added tax. Sales of players' registrations are not included within turnover in accordance with FRS3 Reporting Financial Performance and industry practice.

The Directors consider that all turnover and operating losses arise from a single business segment, all of which arose in the UK.

An analysis of turnover is shown below:

	An analysis of turnover is s	hown below:		
			Turnover 2015 £000	2014 £000
	Class of business			
	Income from football author	rities	1,179	1,313
	Match day		4,099	3,836
	Commercial		1,631	1,305
	Other income		109	96
			7,018	6,550
3	Operating (loss)/profit		2015	2014
			£000	£000
	Operating (loss)/profit is sta	ated after charging:		
	Amortisation of intangible a		58	_
	Depreciation of tangible as	sets	266	304
	Operating lease rentals			
	- Plant and machinery		2	39
	- Other assets		303	279
	Auditors' remuneration:	Audit	15	25
		Tax	3	9
		Other services	5	-
	and after crediting:			
	Release of Football Trust g	rant	(36)	(36)
				===
4	Investment income		2015	2014
			£000	£000
	Bank interest		-	3
				-
			-	3
			=	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

5 Interest payable	2015 £000	2014 £000
On amounts payable to group companies On bank loans and overdrafts	172	24
Other interest	-	624 429
	470	4.077
	172 ———	1,077
6 Taxation	2015	2014
Total	£000	£000
Total current tax		
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before taxation	(852) ———	26,795 ———
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.75% (2014 - 22.50%)	(177)	6,029
Effects of:	3 2 - 	
Expenses not deductible for tax purposes	64	179
Depreciation in excess of capital allowances	(108)	74
Group relief surrendered	35	-
Tax losses carried forward Creditors Voluntary Arrangement	194	(0.404)
Utilisation of tax losses	-	(6,181) (122)
Other tax movements	(8)	21
	177	(6,029)
Current tax charge for the year	-	
•		

As detailed in note 13, a potential deferred tax asset of £12.956 million (2014 - £12.639 million) has not been recognised in the financial statements in accordance with the accounting policy set out in note 1, because it is not clear that suitable taxable profits will be available in the foreseeable future for offset.

As at 8 November 2012, the company's freehold land and buildings were revalued in accordance with FRS 15 Tangible Fixed Assets, as detailed in note 8. As there are no plans to dispose of the asset no provision for deferred taxation which might arise on sale has been made. The directors estimate that were the assets to be sold at the revalued amount as at 30 June 2015, a potential capital gains tax liability of approximately £nil (2014 - £nil) would arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

Intangible fixed assets Players' registrations £000 Cost At 1 July 2014 Additions 403 Disposals (5) At 30 June 2015 398 Amortisation At 1 July 2014 Amortisation on disposals (5) Charge for the year 58 At 30 June 2015 53 Net book value At 30 June 2015 345 At 30 June 2014

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

8	Tangible fixed assets					
		Land and buildings freehold	Leasehold property	Plant and equipment	Memorabilia	Total
		£000	£000	£000	£000	£000
	Cost or valuation					
	At 1 July 2014	5,450	2,544	2,246	159	10,399
	Additions	-	-	50	-	50
	At 30 June 2015	5,450	2,544	2,296	159	10,449
	Depreciation				-	
	At 1 July 2014	109	1,017	2,199	-	3,325
	Charge for the year	109	102	55	=	266
	At 30 June 2015	218	1,119	2,254	-	3,591
	Net book value)	
	At 30 June 2015	5,232	1,425	42	159	6,858
	At 30 June 2014	5,341	1,527	47	159	7,074
			===		====	====

J & E Shepherd, Chartered Surveyors, valued the freehold land and buildings as at 8 November 2012 on a depreciated replacement cost basis at £5.45 million on the basis of the Practice Statements contained within the Royal Institution of Chartered Surveyors Appraisal & Valuation manual. The directors are not aware of any material difference in this value at 30 June 2015.

During the period to 31 July 1998, Mark Medcalf Associates valued memorabilia owned by the Company at £159,000 on the basis of open market value and this revaluation has been incorporated in the financial statements. On the historic cost basis, these items were previously carried at £Nil cost and £Nil net book value. The Directors elected to "freeze" this valuation under the transitional arrangements of FRS15 and to treat this as the cost going forward.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

8	Tangible fixed assets		(Continued)
	Comparable historical cost for the land and buildings included at valuation:		5000
	Cost At 1 July 2014 & at 30 June 2015		£000 11,778
	Depreciation based on cost At 1 July 2014 Charge for the year		3,941 235
	At 30 June 2015		4,176
	Net book value At 30 June 2015		7,602
	At 30 June 2014		7,837
9	Stocks	2015 £000	2014 £000
	Finished goods and goods for resale	32	-
10	Debtors	2015 £000	2014 £000
	Trade debtors Other debtors Prepayments and accrued income	172 1,812 161	77 998 415
		2,145	1,490

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

11	Creditors: amounts falling due within one year	2015	2014
		£000	£000
	Trade creditors	540	365
	Taxes and social security costs	497	106
	Deferred income (see note 14)	3,550	1,843
	Other creditors and accruals	664	738
	Proceeds from share issue	30	1,077
			4.400
		5,281	4,129
	Details of movements in proceeds from share issue are included at note 16.		
12	Creditors: amounts falling due after more than one year	2015 £000	2014 £000
	American de la Forma della confessiona della con		
	Amounts due to Foundation of Hearts	2,693	1,222
	Deferred income (see note 14)	1,237	1,273
	Amounts owed to parent company	2,400	2,400
		6.220	4 805
		6,330	4,895
	Loan maturity analysis		21 15 12 12
	In more than two years but not more than five years	2,400	2,400
		===	

Amounts owed to the company's parent company, Bidco (1874) Limited, are secured by a standard security over Tynecastle Stadium. Bidco (1874) Limited also hold a floating charge over the assets of the company.

For the year to 30 June 2015 a total of £1.47 million (2014 - £1.22 million) has been provided to the company by the Foundation of Hearts Limited in accordance with the Repayment and Funding Support Agreement dated 9 May 2014 between Bidco (1874) Limited and Foundation of Hearts Limited. Amounts due to Foundation of Hearts Limited, are secured by a standard security over Tynecastle Stadium. Foundation of Hearts Limited also holds a floating charge over the assets of the company. All security held by Foundation of Hearts Limited is subordinated behind the security held by Bidco (1874) Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

13 Provisions for liabilities

Unrecognised deferred tax asset

The potential deferred tax asset not recognised in the financial statements is as follows:

	2015 £000	2014 £000
Fixed asset timing differences Other timing differences Tax losses available	382 2 12,572	486 8 12,145
	12,956	12,639

The potential deferred tax asset has not been recognised in accordance with the accounting policy set out in note 1, because it is not clear that suitable taxable profits will be available in the foreseeable future for offset.

14 Accruals and deferred income

	2015	2014
	£000	£000
Grants receivable from the Football Trust		
Balance at 1 July 2014	1,309	1,345
Released to profit and loss account during the year	(36)	(36)
Balance at 30 June 2015	1,273	1,309
Other deferred income	3,514	1,807
	4,787	3,116
		
Deferred income is disclosed as follows:	2015	2014
	£000	£000
Amounts falling due within one year	3,550	1,843
Amounts falling due after more than one year	1,237	1,273

Grants receivable from the Football Trust are released to the profit and loss account over 50 years in line with the depreciation of the stadium.

Other deferred income principally represents amounts received from the sale of season tickets and sponsorship.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

15 Pension costs

Defined contribution

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

	£000	£000
Contributions payable by the company for the year	5	15
16 Share capital	2015	2014
Allotted, called up and fully paid	£000	£000
156,438,960 (2014 - 146,919,350) Ordinary shares of 10p each	15,644	14,692

During the year, the company issued 9,519,610 Ordinary shares of 10p each for 11p per share. The total consideration of these shares was £1.047 million. These proceeds had been received in the year ended 30 June 2013 prior to the company entering administration as per note 11, but the shares were not issued until this year.

17 Statement of movements on reserves

		Share premium account £000	Revaluation reserve	Profit and loss account £000
	Balance at 1 July 2014 Loss for the year Premium on shares issued during the year	11,674 - 95	159 - -	(25,431) (852)
	Balance at 30 June 2015	11,769	159	(26,283)
18	Reconciliation of movements in shareholders' funds		2015 £000	2014 £000
	(Loss)/profit for the financial year Premium on issue of 2013 shares Share issue from 2013 share proceeds		(852) 95 952	26,795 - -
	Net (depletion in)/addition to shareholders' funds Opening shareholders' funds		195 1,094	26,795 (25,701)
	Closing shareholders' funds		1,289	1,094

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

19 Financial commitments

At 30 June 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2016:

		Land and bui 2015 £000	ldings 2014 £000	Other 2015 £000	2014 £000
	Operating leases which expire:				
	Within one year	20	-	-	2
	Between two and five years	-	44	-	-
	In over five years	283	259	-	-
					-
		303	303	-	2
				===	
20	Directors' remuneration			2015 £000	2014 £000
	Remuneration for qualifying services			114	,-

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2015	2014
	Number	Number
Players and coaching staff	79	67
Administration and commercial staff	43	37
Part-time hospitality staff	86	-
		-
	208	104
	===	====
Employment costs	2015	2014
	£000	£000
Wages and salaries	3,454	2,624
Social security costs	339	251
Other pension costs	5	15
	3,798	2,890

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2015

22 Control

The company's parent and ultimate parent company is Bidco (1874) Limited. The ultimate controlling party is Dr A Budge.

Bidco (1874) Limited is the only company into which the results of the company are consolidated. Copies of the consolidated accounts can be obtained from Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

23 Related party relationships and transactions

During the year, the company was charged interest and arrangement fees of £172,000 (2014 - £24,000) on a loan of £2.4 million made to the company by Bidco (1874) Limited. At 30 June 2014 the company owed Bidco (1874) Limited £2.4 million (2014 - £2.4 million) plus an accrued arrangement fee of £110,000 (2014 - £110,000).

Foundation of Hearts Limited is a company in which I Murray and B Cormack, directors of the company during the year, were also directors during the year. During the year, Foundation of Hearts Limited made advances of £1.5 million (2014 - £1.2 million) to support working capital requirements of the company. The balance is interest free. As at 30 June 2015, the amount owed to Foundation of Hearts Limited was £2.7 million (2014 - £1.2 million).

Dr A Budge is a director of Big Hearts Community Trust. During the year, the company received net amounts of £7,342 (2014 - £34,328) from the charity. As at 30 June 2015, the company was owed £11,158 (2014 - £18,500) by Big Hearts Community Trust.