

**THE HULL CITY ASSOCIATION
FOOTBALL CLUB (TIGERS) LIMITED**

Report and Financial Statements

31 July 2008

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THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P J Duffen (Chairman)
R D Bartlett (Vice Chairman)
J P Craddock
A M Dawson
M N Walker

SECRETARY

J P Craddock

REGISTERED OFFICE

Kingston Communications Stadium
Walton Street
Anlaby Road
Hull
HU3 6HU

BANKERS

Lloyds TSB Bank plc
2 Silver Street
Hull
HU1 1HX

SOLICITORS

Gosschalks
Queens Gardens
Hull
HU1 3DZ

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds
United Kingdom

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 July 2008.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW INCLUDING KEY PERFORMANCE INDICATORS AND PRINCIPAL RISKS AND UNCERTAINTIES

On 24 May 2008, Hull City AFC beat Bristol City FC 1-0 in the Coca Cola Championship Play-Off Final at Wembley Stadium, thereby securing promotion to the Barclays Premier League for the first time in the club's 104 year history. This was a truly magnificent achievement for all those involved with the club, and the Board of Directors would like to thank all the fans for their tremendous support during the year.

Following promotion to the Barclays Premier League, the Club achieved its number one objective for the 2008/09 season by retaining Premier League status. Draft un-audited financial statements for the year ended 31 July 2009 indicate that the Company recorded a pre-tax profit of £2m after player trading.

The financial results for the year ended 31 July 2008 need to be read in the context of the promotion, acknowledging the significant value of bonuses paid to the players, management and staff for achieving promotion on 24 May 2008, together with the costs incurred in June and July 2008 in preparing the squad, training facilities and stadium for the 2008/09 Premier League season ahead.

The Directors report a loss for the year of £9,764,850, (2007: loss of £2,381,183) and consider the company's future prospects to be satisfactory.

The Club measures its business performance against certain key performance indicators ("KPIs") which are principally League status, match attendance, commercial revenues, control of expenditure and cash management.

The financial year ended 31 July 2008 represented the 2007/08 season, being the Club's third consecutive year in the Coca Cola Championship.

Revenue

Average home league attendance for the 2007/08 season (excluding the play-off semi finals) decreased from 18,584 in the previous year to 17,853. Total gate revenues (including season passes and cup and play-off games) increased from £4.1m to £4.4m. The Club finished 3rd in the League with 75 points and qualified for the play-off semi finals. After beating Watford in the home and away legs of the semi final, the Club played Bristol City FC at Wembley and won the game to secure promotion to the Barclays Premier League.

Commercial revenues (including Football League central distributions) increased from £4.9m to £6.8m – an increase of £1.9m of which £0.7m relates to the increased Football League central distributions, £0.7m from increased Tiger Leisure sales arising from promotion, and a £0.5m increase from all other commercial income streams.

Expenditure

We manage and control our cost base actively in order that the club operates efficiently so as to direct as much resource as possible to the playing squad, whilst endeavouring to deliver best value to our supporters.

The majority of our expenditure is classified as cost of sales and increased by £6.6m (excluding player trading). As noted above, this financial year carries the cost of achieving promotion to the Barclays Premier League and preparation for the Club's first season in top flight football. Whilst the impact of these costs is hugely significant in this financial year, the financial benefits arising from the Premier League's broadcasting rights are not recognised until the following financial year where the losses incurred this year are forecast to be made good.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT (Continued)

Cash

Using the recognised measure of profit (earnings) before interest, taxation, depreciation and amortisation ("EBITDA"), the year ended 31 July 2008 produced a negative EBITDA of £7,560,813 negative against £1,269,098 negative in 2007. This is due to the costs of promotion not being recovered through increased profitability until the following financial year.

EBITDA is a relevant measure as it is a closer approximation to cash generation than straight forward profit and loss. Any cash generated by the Club is directly invested into the playing squad and associated training facilities.

Financing

Following promotion to the Barclays Premier League, the Board secured funding with lenders to accelerate known Premier League distributions in order to finance the cost of promotion and investment in the playing squad for the season ahead.

The Board continues to review its finance facilities and manage cash flows to ensure that the Company remains within its agreed banking facilities. The Board continues to maintain strong relationships with the Company's lenders through frequent and open communication and intends to re-assess the company's borrowing requirements at the end of the 2009/10 season when league status is known.

In assessing the appropriateness of the going concern assumption the directors have prepared forecasts covering a period of at least 12 months from the signing date of these accounts and have prudently considered any uncertainties in relation to income and costs, along with the requirement to make full repayment of the current bank loans by July 2010. These forecasts have been prepared using a relegation scenario and ignored any income that may be generated from successful cup runs. These forecasts demonstrate that in order to operate within the company's finance facilities Hull City AFC will need to generate a surplus of £23m during the next 12 months through player trading, match day and commercial income and / or through additional finance raising.

In the event that the Club retains Premier League status for the 2010/11 season, the additional funding required for the 12 month period will be in the region of £16m. This is reduced as a result of the guaranteed level of Premier League distributions that will be received.

The club are currently in advanced discussions with finance providers for the acceleration of known Premier League distributions for amounts of £7m. These discussions are expected to be concluded in the near future and would reduce the surplus funds required (as noted above) by £7m.

As is common with all football clubs, Hull City AFC will make player purchases and sales during the course of the season to manage the company's cash flow as and when required. The directors acknowledge that player purchases and sales are uncertain in terms of timing and quantum and some uncertainty exists over the availability and quantum of additional facilities should such be required. These matters therefore represent a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern.

Nevertheless, after making reasonable enquiries and considering the uncertainties described above the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For those reasons they continue to adopt the going concern basis in preparing the annual report and accounts.

Other

By way of a note, as the playing squad has evolved through the various leagues over recent seasons, and will continue to do so, the profit/loss resulting from player disposals is a significant figure in our accounts. However we do not recognise this as a measure of business performance going forward.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 8. The directors do not recommend the payment of a dividend leaving the loss of £9,764,850 (2007: loss of £2,381,183) to be transferred from reserves.

ENVIRONMENT

The company is committed to minimising the harm caused by its activities. The company seeks to dispose of waste in an environmentally aware way.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT (Continued)

EMPLOYEE INVOLVEMENT

The company maintains an open management style and involves its employees both in daily decisions and longer term matters. The company is fully committed to keeping all of its employees informed about the wider business, as well as discussing the implications of major business changes and other relevant matters.

AUDITORS

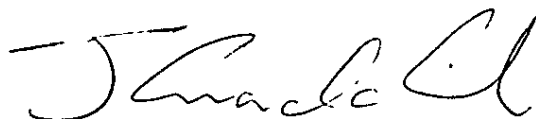
The directors at the date of approval of this report confirm that:

- (1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Accordingly, Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director

3 October 2009

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and the group and of the profit or loss of the group for that period and comply with UK GAAP and the Companies Act 1985. In preparing those 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;
- state whether applicable accounting standards have been followed;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

We have audited the financial statements of The Hull City Association Football Club (Tigers) Limited for the year ended 31 July 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED (continued)

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 of the financial statements concerning the company's ability to continue as a going concern.

In assessing the appropriateness of the going concern assumption the directors have prepared forecasts covering a period of at least 12 months from the signing date of these accounts and have prudently considered any uncertainties in relation to income and costs, along with the requirement to make full repayment of the current bank loans by July 2010. These forecasts have been prepared using a relegation scenario and ignored any income that may be generated from successful cup runs. These forecasts demonstrate that in order to operate within the company's finance facilities Hull City AFC will need to generate a surplus of £23m during the next 12 months through player trading, match day and commercial income and / or through additional finance raising.

In the event that the Club retains Premier League status for the 2010/11 season, the additional funding required for the 12 month period will be in the region of £16m. This is reduced as a result of the guaranteed level of Premier League distributions that will be received.

The club are currently in advanced discussions with finance providers for the acceleration of known Premier League distributions for amounts of £7m. These discussions are expected to be concluded in the near future and would reduce the surplus funds required (as noted above) by £7m.

As is common with all football clubs, Hull City AFC will make player purchases and sales during the course of the season to manage the company's cash flow as and when required. The directors acknowledge that player purchases and sales are uncertain in terms of timing and quantum and some uncertainty exists over the availability and quantum of additional facilities should such be required.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Deloitte LLP
Chartered Accountants and
Registered Auditors
Leeds, United Kingdom

16 October 2009

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 July 2008

		2008			2007		
	Note	Operations excluding player trading £	Player trading £	Total £	Operations excluding player trading £	Player trading £	Total £
TURNOVER	2	11,252,375	-	11,252,375	9,045,048	-	9,045,048
Cost of sales		(15,714,477)	(1,669,208)	(17,383,685)	(9,111,836)	(967,315)	(10,079,151)
Gross loss		(4,462,102)	(1,669,208)	(6,131,310)	(66,788)	(967,315)	(1,034,103)
Administrative expenses		(4,829,077)	-	(4,829,077)	(1,657,073)	-	(1,657,073)
OPERATING LOSS	4	(9,291,179)	(1,669,208)	(10,960,387)	(1,723,861)	(967,315)	(2,691,176)
Profit on disposal of players registrations		-	1,026,051	1,026,051	-	362,069	362,069
Loss before interest and taxation		(9,291,179)	(643,157)	(9,934,336)	(1,723,861)	(605,246)	(2,329,107)
Interest receivable and similar income				49,302			-
Interest payable and similar charges	5			(449,896)			(52,076)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(10,334,930)			(2,381,183)
Tax on loss on ordinary activities	6			570,080			-
RETAINED LOSS FOR THE FINANCIAL YEAR	16			(9,764,850)			(2,381,183)
RETAINED LOSS BROUGHT FORWARD				(4,784,663)			(2,403,480)
RETAINED LOSS CARRIED FORWARD				(14,549,513)			(4,784,663)

All activities derive from continuing operations.

There are no recognised gains and losses for the current and previous financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

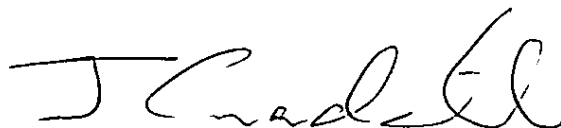
BALANCE SHEET

31 July 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	7	6,685,670	2,231,371
Tangible assets	8	102,540	109,678
		<u>6,788,210</u>	<u>2,341,049</u>
CURRENT ASSETS			
Stocks	9	167,676	152,711
Debtors	10	6,901,198	1,007,633
Cash at bank and in hand		4,905,633	7,204
		<u>11,974,507</u>	<u>1,167,548</u>
CREDITORS: amounts falling due within one year	11	<u>(22,596,229)</u>	<u>(6,977,259)</u>
NET CURRENT LIABILITIES		<u>(10,621,722)</u>	<u>(5,809,711)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,833,512)	(3,468,662)
CREDITORS: amounts falling due after more than one year	12	<u>(9,400,000)</u>	-
NET LIABILITIES		<u>(13,233,512)</u>	<u>(3,468,662)</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,316,001	1,316,001
Profit and loss account		<u>(14,549,513)</u>	<u>(4,784,663)</u>
TOTAL SHAREHOLDERS' DEFICIT	16	<u>(13,233,512)</u>	<u>(3,468,662)</u>

These financial statements were approved by the Board of Directors on 13 October 2009.

Signed on behalf of the Board of Directors



Director

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

CASH FLOW STATEMENT

Year ended 31 July 2008

	Note	2008 £	2007 £
Net cash outflow from operating activities	17	(7,378,405)	(180,722)
Returns on investments and servicing of finance			
Bank interest received	49,302	-	
Bank overdraft interest paid	(45,907)	(51,461)	
Bank loan interest	(163,869)	-	
Other interest	(39,332)	-	
Interest element of hire purchase repayments	-	(615)	
Net cash outflow from returns on investments and servicing of finance		(199,806)	(52,076)
Capital expenditure			
Payments to acquire intangible fixed assets	(6,251,267)	(1,992,894)	
Payments to acquire tangible fixed assets	(24,339)	(38,030)	
Receipts from sales of intangible fixed assets	1,124,130	1,441,311	
Net cash outflow from capital expenditure		(5,151,476)	(589,613)
Net cash outflow before financing		(12,729,687)	(822,411)
Financing			
New bank loans	21,821,119	-	
Repayment of other loans	(196,660)	(158,340)	
Loan to parent company	(3,179,647)	-	
Capital element of hire purchase repayments	-	(16,122)	
Net cash inflow/ (outflow) from financing		18,444,812	(174,462)
Increase/ (decrease) in cash	18/19	5,715,125	(996,873)

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of preparation – going concern

The company has reported an operating loss for the year.

However, following promotion to the Barclays Premier League in May 2008, Hull City AFC retained its status as a Premier League team for the 2009/10 season, and its draft un-audited financial statements for the year ended 31 July 2009 indicate that the Company recorded a pre-tax profit of £2m after player trading.

In assessing the appropriateness of the going concern assumption the directors have prepared forecasts covering a period of at least 12 months from the signing date of these accounts and have prudently considered any uncertainties in relation to income, costs along with the requirement to make full repayment of the current bank loans by July 2010. These forecasts have been prepared using a relegation scenario and ignored any income that may be generated from successful cup runs. These forecasts demonstrate that in order to operate within the company's finance facilities Hull City AFC will need to generate a surplus of £23m during the next 12 months through player trading, match day and commercial income and / or through additional finance raising.

In the event that the Club retains Premier League status for the 2010/11 season, the additional funding required for the 12 month period will be in the region of £16m. This is reduced as a result of the guaranteed level of Premier League distributions that will be received.

The club are currently in advanced discussions with finance providers for the acceleration of known Premier League distributions for amounts of £7m. These discussions are expected to be concluded in the near future and would reduce the surplus funds required (as noted above) by £7m.

As is common with all football clubs, Hull City AFC will make player purchases and sales during the course of the season to manage the company's cash flow as and when required. The directors acknowledge that player purchases and sales are uncertain in terms of timing and quantum and some uncertainty exists over the availability and quantum of additional facilities should such be required. These matters therefore represent a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern.

Intangible fixed assets

Players' transfer fees and associated costs related to player registrations are capitalised as intangible fixed assets and are amortised over the period of the players' contracts including subsequent agreed extensions. Coaching staff contracts are also capitalised as intangible fixed assets and are amortised over the contract period.

Losses on player disposals and associated termination costs of players and coaching staff are considered losses on fixed assets and disclosed below operating profit in the profit and loss account.

Purchased goodwill is amortised over a period of ten years.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures and fittings	10% per annum
Motor vehicles	25% per annum

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

1. ACCOUNTING POLICIES (continued)

Stocks

Stocks which consist of goods for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock.

Cost is defined as the purchase price of the goods plus the cost of carriage. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Current tax, including UK Corporation Tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non discounted basis.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The capital elements of future lease and hire purchase obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the contracts to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Pension costs

The company operates a money purchase scheme for the benefit of its employees. Contributions are charged to the profit and loss account in the period in which they are payable.

Deferred income

Deferred income represents income from sponsorship agreements and other contractual agreements which is credited to the profit and loss account over the period of the agreement, and season ticket renewals for the forthcoming season.

Grants

Revenue grants receivable by the company are recognised in the period in which the related expenditure occurs.

2. TURNOVER

Turnover represents income receivable, net of VAT, from football and related commercial activities. Gate and other match day revenue are recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues and facility fees is recognised over the duration of the financial year, additional facility fees arising are taken when earned. All income arises within the United Kingdom.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008 £	2007 £
Directors' emoluments		
Emoluments	250,517	139,391
Pension contributions	-	-
	<u>250,517</u>	<u>139,391</u>
Attributable to the highest paid Director:		
Emoluments	146,388	
Pension contributions	-	
	<u>146,388</u>	
	No.	No.
Average number of persons employed:		
Players and coaching staff	58	51
Office and administration	40	37
Sales and marketing	10	9
	<u>108</u>	<u>97</u>
	£	£
Staff costs during the year (including directors):		
Wages and salaries	12,380,953	6,155,148
Social security costs	1,540,012	738,439
Pension costs	42,827	46,658
	<u>13,963,792</u>	<u>6,940,245</u>

4. OPERATING LOSS

	2008 £	2007 £
Operating loss is stated after charging:		
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned assets	31,477	21,831
Amortisation of players and goodwill	1,698,889	1,400,247
Rentals under operating leases		
- motor vehicles	131,386	111,214
- other	1,055,452	304,952
Auditors' remuneration for audit of company accounts	9,500	8,500

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank overdraft	45,907	51,461
Bank loans	364,657	-
Other interest	39,332	-
Hire purchase	-	615
	<u>449,896</u>	<u>52,076</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
Corporation tax charge for the year and total current tax	-	-
Deferred tax credit	570,080	-
	<u>570,080</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard small company rate of corporation tax is 20% (2007: 20%). The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation.

	2008 £	2007 £
Loss on activities before taxation	(10,334,930)	(2,381,183)
Tax on loss on ordinary activities at standard rate	<u>(2,101,091)</u>	<u>(476,237)</u>
<i>Factors affecting charge for the year:</i>		
Expenses not allowable for corporation tax purposes	4,017	5,936
Capital allowances for period in excess of depreciation	(1,164)	1,324
Effect of changes in tax rates	67,177	-
Unutilised losses carried forward	<u>2,031,061</u>	<u>468,977</u>
Total amount of current tax charge	<u>-</u>	<u>-</u>

Deferred tax assets have been recognised in respect of timing differences relating to tax losses available for offset against future profits of the same trade, accelerated capital allowances, provisions and capital losses.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

7. INTANGIBLE FIXED ASSETS

	Players transfer fees and related costs £	Goodwill £	Total £
Cost			
At 1 August 2007	3,828,053	296,814	4,124,867
Additions	6,251,267	-	6,251,267
Disposals	(1,039,172)	-	(1,039,172)
At 31 July 2008	9,040,148	296,814	9,336,962
Accumulated amortisation			
At 1 August 2007	1,703,041	190,455	1,893,496
Charge for the year	1,669,208	29,681	1,698,889
Disposals	(941,093)	-	(941,093)
At 31 July 2008	2,431,156	220,136	2,651,292
Net book value			
At 31 July 2008	6,608,992	76,678	6,685,670
At 31 July 2007	2,125,012	106,359	2,231,371

Transfer agreements sometimes involve additional payments or receipts depending on the future performance of the player. At 31 July 2008, possible further payments amounting to £1,350,000 (2007: £292,000) exist under such agreements. These are not provided for in the financial statements.

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 August 2007	153,972	33,500	187,472
Additions	24,339	-	24,339
At 31 July 2008	178,311	33,500	211,811
Accumulated depreciation			
At 1 August 2007	44,294	33,500	77,794
Charge for the year	31,477	-	31,477
At 31 July 2008	75,771	33,500	109,271
Net book value			
At 31 July 2008	102,540	-	102,540
At 31 July 2007	109,678	-	109,678

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

9. STOCKS

	2008 £	2007 £
Goods for resale	167,676	152,711

10. DEBTORS

	2008 £	2007 £
Trade debtors	1,507,078	755,037
Other debtors	319,337	57,637
Prepayments and accrued income	288,162	194,959
Deferred tax asset	570,080	-
Amounts owed by parent company (note 20)	3,179,647	-
Amounts owed by related party (note 20)	1,036,894	-
	6,901,198	1,007,633

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank loans and overdraft (note 13)	12,621,907	816,696
Other loans (note 13)	44,000	240,660
Trade creditors	2,849,843	1,397,392
Other taxes and social security	591,101	778,255
Other creditors	112,591	54,389
Accruals and deferred income	6,376,787	3,097,275
Amounts owed to related party (note 20)	-	592,592
	22,596,229	6,977,259

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Bank loans (note 13)	9,400,000	-

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

13. BORROWINGS

	2008 £	2007 £
Bank loans	22,021,907	-
Other loans	44,000	240,660
	<u>22,065,907</u>	<u>240,660</u>

The bank loan is secured against known future receivables from guaranteed Premier League central distributions that have been assigned to the bank, a floating charge over the whole of the Company's property and assets, and a director's personal guarantee.

The other loan is unsecured.

The maturity of the above amounts is as follows:

	2008 £	2007 £
In one year or less, or on demand	12,665,907	240,660
Within one to two years	9,400,000	-
	<u>22,065,907</u>	<u>240,660</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided		Not provided	
	2008 £	2007 £	2008 £	2007 £
Depreciation in excess of capital allowances	-	-	6,568	6,061
Trading losses	570,080	-	3,569,117	941,326
Deferred tax credit provided/ not provided	<u>570,080</u>	<u>-</u>	<u>3,575,685</u>	<u>947,387</u>

The company has losses available to carry forward against future profits of £14,782,845 (2007:£4,706,630).

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

15. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Called up, allotted and fully paid 1,316,001 ordinary shares of £1 each	<u>1,316,001</u>	<u>1,316,001</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2008 £	2007 £
Opening shareholders' deficit	(3,468,662)	(1,087,479)
Loss attributable to members of the company	<u>(9,764,850)</u>	<u>(2,381,183)</u>
Closing shareholders' deficit	<u>(13,233,512)</u>	<u>(3,468,662)</u>

17. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(10,960,387)	(2,691,176)
Depreciation	31,477	21,831
Amortisation	1,698,889	1,400,247
(Increase)/ decrease in stock	(14,965)	121,847
(Increase)/ decrease in debtors	(2,143,838)	442,773
Increase in creditors	<u>4,010,419</u>	<u>523,756</u>
Net cash outflow from operating activities	<u>(7,378,405)</u>	<u>(180,722)</u>

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008 £	2007 £
Increase/(decrease) in cash in the year	5,715,125	(996,873)
Net cash outflow/(inflow) from decrease/(increase) in debt and lease financing	<u>(21,624,459)</u>	<u>174,462</u>
Non cash movements	(200,788)	-
Change in net debt resulting from cash flows	<u>(16,110,122)</u>	<u>(822,411)</u>
Opening net debt	<u>(1,050,152)</u>	<u>(227,741)</u>
Closing net debt	<u>(17,160,274)</u>	<u>(1,050,152)</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

19. ANALYSIS OF NET DEBT

	1 August 2007 £	Cash flows £	Non-cash movements £	31 July 2008 £
Cash in hand and at bank	7,204	4,898,429	-	4,905,633
Overdraft	(816,696)	816,696	-	-
	<u>(809,492)</u>	<u>5,715,125</u>	<u>-</u>	<u>4,905,633</u>
Bank loans	-	(21,821,119)	(200,788)	(22,021,907)
Other loans	(240,660)	196,660	-	(44,000)
	<u>(240,660)</u>	<u>(21,624,459)</u>	<u>(200,788)</u>	<u>(22,065,907)</u>
	<u>(1,050,152)</u>	<u>(15,909,334)</u>	<u>(200,788)</u>	<u>(17,160,274)</u>

20. RELATED PARTY TRANSACTIONS

The directors consider Superstadium Management Company Limited to be a related party by virtue of common control. A summary of the aggregate transactions, which have been undertaken by The Hull City Association Football Club (Tigers) Limited and the related party is as follows:

	2008 £	2007 £
Purchase of goods and services	61,254	54,618
Rental costs	1,254,047	348,952
Amount included in debtors	1,036,894	-
Amount included in creditors	-	592,592

The directors consider Tiger Holdings Limited to be a related party by virtue of the fact it owns 100% of The Hull City Association Football Club (Tigers) Limited. During the year The Hull City Association Football Club (Tigers) Limited made loans to the related party and as at 31 July 2008 the amount owed by the related party was £3,179,647 as disclosed in note 10 (2007: £nil). The loan has no fixed repayment date and does not bear any interest.

The directors consider R3 Investment Group Limited to be a related party by virtue of the fact that Mr R D Bartlett is a director and the ultimate controlling party of R3 Investment Group Limited. During the year, R3 Investments Group Limited provided loans totalling £250,000 to The Hull City Association Football Club (Tigers) Limited. The loans were fully paid during the financial year and there were no balances outstanding at 31 July 2008.

21. OPERATING LEASE COMMITMENTS

At 31 July 2008, the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings £	Other assets £
Leases which expire:		
Within one year	-	34,000
Two to five years	-	12,745
Over five years	<u>305,000</u>	<u>-</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2008

22. PENSIONS

The company operates a money purchase pension scheme. Company contributions to the scheme amounted to £42,827 in the year (2007: £46,658). There were accrued pension contributions of £nil at 31 July 2008 (2007: £nil).

23. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent company is Tiger Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The accounts of Tiger Holdings Limited can be obtained from Companies House, Maindy, Cardiff. The ultimate parent company is Isis Nominees Limited, a company incorporated and registered in Jersey. The accounts of Isis Nominees Limited can be obtained from that company's offices.

The ultimate controlling party is Mr R D Bartlett by virtue of his beneficial ownership of Tiger Holdings Limited.