

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

Report and Financial Statements

31 July 2009

TUESDAY



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THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

REPORT AND FINANCIAL STATEMENTS 2009

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THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS

A F Pearson (Chairman)
R D Bartlett (Vice Chairman)
J P Craddock
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 Statutory Auditors
Leeds
United Kingdom

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT (Continued)

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 2009

PRINCIPAL ACTIVITIES

The principal activity of the company is that of professional football

BUSINESS REVIEW INCLUDING KEY PERFORMANCE INDICATORS

The Directors report a profit before tax for the year of £1,967,324 (2008 loss of £10,334,930) and consider the company's future prospects to be satisfactory

The financial year ended 31 July 2009 represented the 2008/09 season, being the Club's first year in the Barclays Premier League, whereby the Club finished in 17th position with 35 points

Key performance indicators are used to measure and evaluate company performance and to monitor various activities. The main key performance indicators employed in the company are

	2009	2008
Turnover	£51,096,095	£11,252,375
Gross profit/ (loss)	£8,375,312	(£6,131,310)
Profit/ (loss) before tax	£1,967,324	(£10,334,930)
Staff costs	£33,597,904	£13,693,792
Net debt	£15,306,978	£17,160,274
Average home league attendance	24,816	17,853

The movements noted between the two financial years are principally a result of the change from Championship status in 2008 to Premier League status in 2009

£33.5m of the increase in turnover is attributable to the Central Distributions received from the Premier League compared to the Football League. The remaining increase in turnover is due to higher gate attendances and commercial revenues

The increase in staff costs is principally due to higher playing squad salaries paid as a result of Premier League football

In August 2009, £7m of the bank loan was repaid together with a further £2m in January 2010, and £2m in February 2010, reducing bank debt to £4.6m

Using the recognised measure of profit (earnings) before interest, taxation, depreciation and amortisation ("EBITDA"), the year ended 31 July 2009 produced an EBITDA of £7,147,141 against £10,519,038 negative for the year ended 31 July 2008

EBITDA is a relevant measure as it is a closer approximation to cash generation than straight forward profit and loss

Principal risks and uncertainties - funding

The Board of Directors have secured funding with Investec Bank to accelerate circa 45% of known Premier League receivables in order to provide working capital and assist funding player trading activities

Since 31 July 2009 the Club has invested the net sum of £8.5m on new players and this expenditure has been further assisted by loans totalling £4m from Mr R D Bartlett. In August 2009, £7m of the bank loan was repaid together with a further £2m in January 2010, and £2m in February 2010, reducing bank debt to £4.6m

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 fully repay the current bank loan in instalments by July 2010. These forecasts have been prepared employing a worst case scenario and show a shortfall in the current level of facilities in the event of relegation and in the event of retaining Premier League status at the end of the 2009/10 season. However, the directors are currently in discussions with lenders regarding the potential securitisation of future guaranteed broadcast revenues, as is common practice for many Premier

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' REPORT (Continued)

Principal risks and uncertainties – funding (continued)

League football clubs The directors are considering further borrowings in order to provide the company with adequate working capital facilities

As is common with all football clubs, Hull City AFC will make player purchases and sales during the course of the season The directors acknowledge that player purchases and sales are uncertain in terms of timing and quantum and uncertainty exists over the availability and quantum of additional finance 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 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 Further details can be found in the notes to the accounts on page 10

INTANGIBLE FIXED ASSETS – VALUATION OF PLAYING SQUAD

At 31 July 2009, an amount of £19,226,450 is carried in intangible assets representing the amortised cost of players' registration fees The directors estimate the current value of the playing squad to be approximately £35m

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are set out in detail on page 7 The directors do not recommend the payment of a dividend leaving the retained profit of £1,397,244 (2008 loss of £9,764,850) to be transferred to/ (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

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

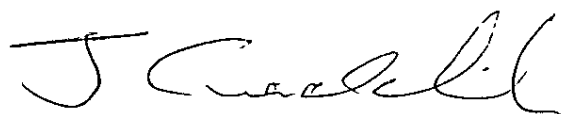
AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006

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



Director
Date

24/2/2010

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

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 2009 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 sections 495 and 496 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 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 (APB'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.

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 31 July 2009 and of its profit 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.

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 fully repay the current bank loan in instalments by July 2010. These forecasts have been prepared employing a worst case scenario and show a shortfall of £21m in the current level of facilities in the event of relegation at the end of the 2009/10 season which will be satisfied through player trading, match day and commercial income and/ or raising finance. In the event that the Club retains Premier League status for the 2010/11 season, the shortfall in the current level of facilities 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 is 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. The directors are confident of raising the additional funds required.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

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

Emphasis of matter (continued)

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 uncertainty exists over the availability and quantum of additional finance facilities should such be required.

The existence of these material uncertainties may cast significant doubt about the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of the significance of the fact that the preparation of the financial statements on the going concern basis depends upon the raising of additional funds either through additional finance facilities or player sales, we consider that this disclosure should be brought to your attention.

The directors have prepared these financial statements on the going concern basis. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for any further liabilities that may arise.

Opinion on other matter prescribed by the Companies Act 2006

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

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.



David Johnson BA ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Leeds

United Kingdom

Date : 25 February 2010

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 July 2009

		2009			2008		
	Note	Operations excluding player trading £	Player trading £	Total £	Operations excluding player trading £	Player trading £	Total £
TURNOVER	2	51,096,095	-	51,096,095	11,252,375	-	11,252,375
Cost of sales		(37,535,776)	(5,185,007)	(42,720,783)	(15,714,477)	(1,669,208)	(17,383,685)
Gross profit/ (loss)		<u>13,560,319</u>	<u>(5,185,007)</u>	<u>8,375,312</u>	<u>(4,462,102)</u>	<u>(1,669,208)</u>	<u>(6,131,310)</u>
Administrative expenses		<u>(6,501,292)</u>	<u>-</u>	<u>(6,501,292)</u>	<u>(4,829,077)</u>	<u>-</u>	<u>(4,829,077)</u>
OPERATING PROFIT/ (LOSS)	4	7,059,027	(5,185,007)	1,874,020	(9,291,179)	(1,669,208)	(10,960,387)
Profit on disposal of players registrations		<u>-</u>	<u>1,522,093</u>	<u>1,522,093</u>	<u>-</u>	<u>1,026,051</u>	<u>1,026,051</u>
Profit/ (loss) before interest and taxation		<u>7,059,027</u>	<u>(3,662,914)</u>	<u>3,396,113</u>	<u>(9,291,179)</u>	<u>(643,157)</u>	<u>(9,934,336)</u>
Interest receivable and similar income				175,006			49,302
Interest payable and similar charges	5			<u>(1,603,795)</u>			<u>(449,896)</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				1,967,324			(10,334,930)
Tax on profit/ (loss) on ordinary activities	6			<u>(570,080)</u>			<u>570,080</u>
RETAINED PROFIT/ (LOSS) FOR THE FINANCIAL YEAR	16			1,397,244			(9,764,850)
RETAINED LOSS BROUGHT FORWARD				<u>(14,549,513)</u>			<u>(4,784,663)</u>
RETAINED LOSS CARRIED FORWARD				<u>(13,152,269)</u>			<u>(14,549,513)</u>

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

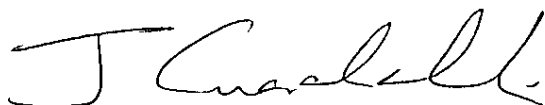
BALANCE SHEET

31 July 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Intangible assets	7	19,273,445	6,685,670
Tangible assets	8	<u>416,385</u>	<u>102,540</u>
		<u>19,689,830</u>	<u>6,788,210</u>
CURRENT ASSETS			
Stocks	9	299,431	167,676
Debtors	10	9,906,384	6,901,198
Cash at bank and in hand		<u>315,794</u>	<u>4,905,633</u>
		<u>10,521,609</u>	<u>11,974,507</u>
CREDITORS: amounts falling due within one year	11	<u>(42,031,041)</u>	<u>(22,596,229)</u>
NET CURRENT LIABILITIES		<u>(31,509,432)</u>	<u>(10,621,722)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(11,819,602)	(3,833,512)
CREDITORS: amounts falling due after more than one year	12	<u>(16,666)</u>	<u>(9,400,000)</u>
NET LIABILITIES		<u>(11,836,268)</u>	<u>(13,233,512)</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,316,001	1,316,001
Profit and loss account		<u>(13,152,269)</u>	<u>(14,549,513)</u>
TOTAL SHAREHOLDERS' DEFICIT	16	<u>(11,836,268)</u>	<u>(13,233,512)</u>

These financial statements, of The Hull City Association Football Club (Tigers) Limited, registered number 4032392, were approved by the Board of Directors on 24 February 2010

Signed on behalf of the Board of Directors



Director

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

CASH FLOW STATEMENT

Year ended 31 July 2009

	Note	2009 £	As restated 2008 £
Net cash inflow/ (outflow) from operating activities	17	8,584,775	(8,518,546)
Returns on investments and servicing of finance			
Bank interest received	175,006	49,302	
Bank overdraft interest paid	(604)	(45,907)	
Bank loan interest	(1,598,906)	(163,869)	
Other interest	(1,820)	(39,332)	
Interest element of hire purchase repayments	(2,465)	-	
Net cash outflow from returns on investments and servicing of finance		(1,428,789)	(199,806)
Capital expenditure			
Payments to acquire intangible fixed assets	(6,867,793)	(5,111,126)	
Payments to acquire tangible fixed assets	(372,276)	(24,339)	
Receipts from sales of intangible fixed assets	1,702,379	1,124,130	
Net cash outflow from capital expenditure		(5,537,690)	(4,011,335)
Net cash inflow/ (outflow) before financing		1,618,296	(12,729,687)
Financing			
Repayment of bank loans	(6,919,171)	-	
New bank loans	-	21,821,119	
Other loans	442,703	-	
Repayment of other loans	-	(196,660)	
Loan from /(to) parent company	235,000	(3,179,647)	
New hire purchase contracts	50,000	-	
Capital element of hire purchase repayments	(16,667)	-	
Net cash (outflow)/ inflow from financing		(6,208,135)	18,444,812
(Decrease)/ increase in cash	18/19	<u>(4,589,839)</u>	<u>5,715,125</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

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

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 fully repay the current bank loan in instalments by July 2010. These forecasts have been prepared employing a worst case scenario and show a shortfall of £21m in the current level of facilities in the event of relegation at the end of the 2009/10 season which will be satisfied through player trading, match day and commercial income and/or raising finance. In the event that the Club retains Premier League status for the 2010/11 season, the shortfall in the current level of facilities 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 is 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. The directors are confident of raising the additional funds required.

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 uncertainty exists over the availability and quantum of additional finance 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 and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above the directors have concluded that the going concern basis is appropriate. If the adoption of the going concern basis was inappropriate, adjustments, which it is not practicable to quantify, would be required, including those to write down assets to their recoverable value, to reclassify fixed assets as current assets and to provide for further liabilities that may arise.

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 2009

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

Bank loans

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise

Cashflow

The cashflow statement for the prior year has been restated to reflect the cash outflows that have arisen from player trading

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

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

1. ACCOUNTING POLICIES (CONTINUED)

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.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2009 £	2008 £
Directors' emoluments		
Emoluments	1,794,203	250,517
Pension contributions	235,000	-
	<u>2,029,203</u>	<u>250,517</u>
Attributable to the highest paid Director:		
Emoluments	800,000	146,388
Pension contributions	235,000	-
	<u>1,035,000</u>	<u>146,388</u>
	No.	No.
Average number of persons employed:		
Players and coaching staff	76	58
Office and administration	41	40
Sales and marketing	12	10
	<u>129</u>	<u>108</u>
	£	£
Staff costs during the year (including directors):		
Wages and salaries	29,600,830	12,380,953
Social security costs	3,624,224	1,540,012
Pension costs	372,850	42,827
	<u>33,597,904</u>	<u>13,963,792</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

4. OPERATING PROFIT/ (LOSS)

	2009 £	2008 £
Operating profit/ (loss) is stated after charging:		
Depreciation and other amounts written off tangible and intangible fixed assets		
Owned assets	49,264	31,477
Leased assets	9,167	-
Amortisation of players and goodwill	5,214,690	1,698,889
Rentals under operating leases		
- motor vehicles	130,076	131,386
- other	1,532,766	1,055,452
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,500	9,500
Fees payable to the Company's auditors for tax services	2,500	2,000
	<u> </u>	<u> </u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Bank overdraft	604	45,907
Bank loans	1,598,906	364,657
Other interest	1,820	39,332
Hire purchase	2,465	-
	<u> </u>	<u> </u>
	1,603,795	449,896
	<u> </u>	<u> </u>

6. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES

	2009 £	2008 £
Corporation tax charge for the year and total current tax	-	-
(Decrease)/increase in estimate of recoverable deferred tax asset	(570,080)	570,080
	<u> </u>	<u> </u>
	(570,080)	570,080
	<u> </u>	<u> </u>

The standard rate of tax for the year, based on the UK standard company rate of corporation tax is 28.0% (2008 20.3%). The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

6. TAX ON PROFIT/ (LOSS) ON ORDINARY ACTIVITIES (continued)

	2009 £	2008 £
Profit/ (loss) on activities before taxation	1,967,321	(10,334,930)
Tax on profit/ (loss) on ordinary activities at standard rate	550,850	(2,101,091)
<i>Factors affecting charge for the year</i>		
Expenses not allowable for corporation tax purposes	9,900	4,017
Capital allowances for period in excess of depreciation	(11,887)	(1,164)
Movement in short term timing differences	26,880	-
Utilisation of tax losses	(575,743)	-
Effect of changes in tax rates	-	67,177
Unutilised losses carried forward	-	2,031,061
Total amount of current tax charge	-	-

In 2008 deferred tax assets were 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. A deferred tax asset in relation to future profits has not been recognised as future profits cannot be forecast with reasonable certainty.

7. INTANGIBLE FIXED ASSETS

	Players, transfer fees and related costs £	Goodwill £	Total £
Cost			
At 1 August 2008	9,040,148	296,814	9,336,962
Additions	17,982,753	-	17,982,753
Disposals	(1,574,869)	-	(1,574,869)
At 31 July 2009	25,448,032	296,814	25,744,846
Accumulated amortisation			
At 1 August 2008	2,431,156	220,136	2,651,292
Charge for the year	5,185,007	29,683	5,214,690
Disposals	(1,394,581)	-	(1,394,581)
At 31 July 2009	6,221,582	249,819	6,471,401
Net book value			
At 31 July 2009	19,226,450	46,995	19,273,445
At 31 July 2008	6,608,992	76,678	6,685,670

Transfer agreements sometimes involve additional payments or receipts depending on the future performance of the player. At 31 July 2009, possible further payments amounting to £100,000 (2008 £1,350,000) exist under such agreements. These are not provided for in the financial statements.

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 August 2008	178,311	33,500	211,811
Additions	355,425	16,851	372,276
Disposals	-	(33,500)	(33,500)
	<u>533,736</u>	<u>16,851</u>	<u>550,587</u>
At 31 July 2009			
Accumulated depreciation			
At 1 August 2008	75,771	33,500	109,271
Charge for the year	56,187	2,244	58,431
Disposals	-	(33,500)	(33,500)
	<u>131,958</u>	<u>2,244</u>	<u>134,202</u>
At 31 July 2009			
Net book value			
At 31 July 2009	<u>401,778</u>	<u>14,607</u>	<u>416,385</u>
At 31 July 2008	<u>102,540</u>	<u>-</u>	<u>102,540</u>

The net book value of tangible fixed assets includes £40,833 (2008 £nil) in respect of assets held under hire purchase contracts

9. STOCKS

	2009 £	2008 £
Goods for resale	<u>299,431</u>	<u>167,676</u>

10. DEBTORS

	2009 £	2008 £
Trade debtors	3,481,680	1,507,078
Other debtors	1,121,902	319,337
Prepayments and accrued income	626,498	288,162
Deferred tax asset	-	570,080
Amounts owed by parent company (note 20)	2,944,647	3,179,647
Amounts owed by related party (note 20)	1,731,657	1,036,894
	<u>9,906,384</u>	<u>6,901,198</u>

Included within trade debtors is an amount of £2,000,000 relating to player transfers (2008 £497,480)

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loan (note 13)	15,102,736	12,621,907
Other loans (note 13)	486,703	44,000
Obligations under hire purchase contracts	16,667	-
Trade creditors	14,618,130	2,849,843
Other taxes and social security	4,540,137	591,101
Other creditors	245,354	112,591
Accruals and deferred income	7,021,314	6,376,787
	<u>42,031,041</u>	<u>22,596,229</u>

Included within trade creditors is an amount of £12,827,158 relating to player transfers (2008 £1,140,101)

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

	2009 £	2008 £
Bank loans (note 13)	-	9,400,000
Obligations under hire purchase contracts	16,666	-
	<u>16,666</u>	<u>9,400,000</u>

13. BORROWINGS

	2009 £	2008 £
Bank loans	15,102,736	22,021,907
Other loans	486,703	44,000
Obligations under hire purchase contracts	33,333	-
	<u>15,622,772</u>	<u>22,065,907</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 personal guarantee provided by Mr R D Bartlett

In August 2009, £7m of the bank loan was repaid together with a further £2m in January 2010, and £2m in February 2010

The other loan is an amount owed to Mr R D Bartlett and is unsecured. The company also has an overdraft facility which is secured by a personal guarantee provided by Mr R D Bartlett

The maturity of the above amounts is as follows

	2009 £	2008 £
In one year or less, or on demand	15,606,106	12,665,907
Within one to two years	16,666	9,400,000
	<u>15,622,772</u>	<u>22,065,907</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

14 DEFERRED TAXATION

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

	Provided		Not provided	
	2009	2008	2009	2008
	£	£	£	£
Depreciation in excess of capital allowances	-	-	(5,318)	6,568
Short term timing differences	-	-	26,880	-
Trading losses	-	570,080	3,563,453	3,569,117
	<u>-</u>	<u>570,080</u>	<u>3,563,453</u>	<u>3,569,117</u>
Deferred tax credit provided/ not provided	-	570,080	3,585,015	3,575,685
	<u>-</u>	<u>570,080</u>	<u>3,585,015</u>	<u>3,575,685</u>

The company has losses available to carry forward against future profits of £12,726,619 (2008 £14,782,845)

15. CALLED UP SHARE CAPITAL

	2009	2008
	£	£
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

	2009	2008
	£	£
Opening shareholders' deficit	(13,233,512)	(3,468,662)
Profit/ (loss) attributable to members of the company	<u>1,397,244</u>	<u>(9,764,850)</u>
Closing shareholders' deficit	<u>(11,836,268)</u>	<u>(13,233,512)</u>

17. RECONCILIATION OF OPERATING PROFIT/ (LOSS) TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2009	As restated 2008
	£	£
Operating profit/ (loss)	1,874,020	(10,960,387)
Depreciation	58,431	31,477
Amortisation	5,214,690	1,698,889
(Increase) in stock	(131,755)	(14,965)
(Increase) in debtors	(3,810,266)	(2,143,838)
Increase in creditors	<u>5,379,655</u>	<u>2,870,278</u>
Net cash inflow/ (outflow) from operating activities	<u>8,584,775</u>	<u>(8,518,546)</u>

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009 £	2008 £
(Decrease)/ increase in cash in the year	(4,589,839)	5,715,125
Net cash outflow/(inflow) from decrease/(increase) in debt and lease financing	6,493,135	(21,624,459)
Non cash movements	(50,000)	(200,788)
Change in net debt resulting from cash flows	1,853,296	(16,110,122)
Opening net debt	(17,160,274)	(1,050,152)
Closing net debt	(15,306,978)	(17,160,274)

19. ANALYSIS OF NET DEBT

	1 August 2008 £	Cash flows £	Non-cash movements £	31 July 2009 £
Cash in hand and at bank	4,905,633	(4,589,839)	-	315,794
	4,905,633	(4,589,839)	-	315,794
Bank loans	(22,021,907)	6,919,171	-	(15,102,736)
Other loans	(44,000)	(442,703)	-	(486,703)
Obligations under hire purchase contracts	-	16,667	(50,000)	(33,333)
	(22,065,907)	6,493,135	(50,000)	(15,622,772)
	(17,160,274)	1,903,296	(50,000)	(15,306,978)

20. RELATED PARTY TRANSACTIONS

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

	2009 £	2008 £
Purchase of goods and services	24,915	61,254
Rental costs	1,532,766	1,254,047
Amount included in debtors	1,731,657	1,036,894

The rental costs noted above represent the club's use of the Kingston Communications Stadium (for which SMC hold the head lease) and all associated match day services, together with use of the first team training ground and youth centre of excellence facility owned by SMC

THE HULL CITY ASSOCIATION FOOTBALL CLUB (TIGERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 July 2009

21. OPERATING LEASE COMMITMENTS

At 31 July 2009, 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	-	-
Two to five years	-	135,000
Over five years	305,000	-
	<u>305,000</u>	<u>-</u>

22. PENSIONS

The company operates a money purchase pension scheme. Company contributions to the scheme amounted to £372,850 in the year (2008 £42,827). There were accrued pension contributions of £96,000 at 31 July 2009 (2008 £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 ultimate controlling party is Mr R D Bartlett by virtue of his beneficial ownership of Tiger Holdings Limited.