

Company Registration No. SC387126 (Scotland)

FOUNDATION OF HEARTS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

FOUNDATION OF HEARTS LIMITED

COMPANY INFORMATION

Directors

Ms L E Strutt
Mr P Cheshire
Mr G Mallon
Mr A Brown
Mr J Burberry
Mr G Robertson
Mr G A Cowen

Company number

SC387126

Registered office

Collins House
Rutland Square
Edinburgh
EH1 2AA

Accountants

Johnston Carmichael LLP
7-11 Melville Street
Edinburgh
EH3 7PE

FOUNDATION OF HEARTS LIMITED

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FOUNDATION OF HEARTS LIMITED

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 JUNE 2024

Our year in numbers

The 2023/24 season was a successful one for Heart of Midlothian FC. Despite an early exit from European competition, performances at home and away in the league were very strong and Lawrence Shankland's superb form in front of goal saw third place in the league comfortably achieved.

Likewise, the year saw consistency and progress in terms of the support of the owners of the club. Pledges to the Foundation of Hearts remained at a rock-solid level as members demonstrated their loyalty to the cause of HMFC.

Last year we announced an ambitious long-term objective to reach a total of 15,000 members. We successfully began the first stages of our strategy to achieve that goal, completely overhauling our technology base, giving a flexible infrastructure to build on, holding Foundation day to re-profile the FOH to Hearts fans, and starting the first promotional engagement with specific cohorts of fans, including lapsed pledgers and those who live far away from Edinburgh.

These approaches are bearing fruit, with our active pledger numbers increasing to 8,770 as at November 2024.

By April 2024 our members' total donations passed the sensational milestone of £17m, with £1.478 million donated during the course of the financial year to June 2024.

And we have now are nudging yet another landmark – with almost £18m now donated to the Foundation by the owners of HMFC.

This year we delivered a new technology platform which brings the FOH technology along side that of the club and aligns to the club's hotel, club website and shop. Additionally, it has provided pledgers and prospective pledgers with a much easier to use mobile and desktop website, greater control of personal details and pledges, the ability to securely manage id, much greater data accuracy and integration into other club tools which give the ability to communicate much better.

These standardisations, improvements in security and fraud prevention have given the FOH a long term roadmap for the platform as well as certainty of the direction we will remain on current technology. At the same time, we have reduced the overall operational cost by a minimum of 15%, reducing fees paid to payment platforms by 10% and in turn give more of the pledge you provide the FOH to the Club.

Foundation Day took place at Tynecastle on 1st September a home fixture with Dundee United.

The day which was months in the planning, was organised and delivered by Foundation directors Graham Robertson and Jim Burberry with the assistance of a team of volunteers including Big Hearts.

It was a good opportunity for the Foundation to engage with supporters under the marketing initiative "Sign for Hearts".

On the day 15,000 fans were engaged and the marketing promotion remains current.

Traffic to our Foundation website has significantly increased this year and Foundation Day has played its part in that and growing and retaining our membership levels.

The marketing group has played no small role in this, with record levels of interaction on social media, a fan survey, the Tribute kit initiative, and groundwork prepared for much more activity this year.

FoH also spearheaded the "Maroon Mile," initiative with the club, attracting over £200k in funding from the Heritage Lottery Fund, to recognise the club's roots in the Gorgie / Dalry area and bring some much-needed investment. We also hosted the successful meet-the-manager event.

These efforts showcase the Foundation's broader goal of fostering a sense of connection between the club, its fans, and the local community.

FOUNDATION OF HEARTS LIMITED

CHAIRMAN'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

Governance

In December 2023 Gary Cowen was elected to the foundation board, succeeding Donald Cumming, and Paul Cheshire was re-elected for a further three-year term.

Our AGM in December 2025 will see the end of the terms of office of three Directors – Louise Strutt, Andrew Brown and myself. I am standing for another term, but Louise will have reached the maximum three terms of nine years on the Board, and Andrew has chosen not to stand for re-election.

I want to pay tribute to Louise and Andrew: Louise has given nine years unstinting service to the Foundation and Andrew has made an enormous impact in the last three years, renewing the entire technology infrastructure of the Foundation. We wish them both the very best and know that they remain as a source of practical help to the work of the FOH.

This autumn we sought nominations from amongst Foundation members for the three vacancies. Seven candidates ultimately have chosen to come forward – a strong sign of the vibrancy of the membership, and the elected candidates will be presented for appointment at this year's AGM.

The Foundation's two nominated directors on the club board were heavily involved in the decision making and direction setting throughout the year. This included playing critical roles in the decisions relating to managerial change, manager appointment, and detailed due diligence on the deal with Jamestown Analytics. We are comfortable that the interests of the FoH and the broader fan base have been well represented and impactful on the course of club business.

Future

We look forward to welcoming new talent and energy onto the board and continuing to work with a growing group of enthusiastic volunteers.

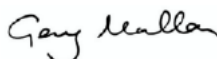
The progress we have made this year makes it easier to innovate and to introduce a new generation of Hearts fans to the cause of the Foundation, and to work to make becoming an owner of the club an achievable aspiration for every fan.

Our focus remains on the long term of HMFC and as I said last year, the future of the Foundation and by extension the club rests with the next generation of owners, and the next few years will be focused on paving the way for their future participation.

Conclusion

As the largest fan-owned club in the UK, we maintain a close connection with the club's operations and board through our two nominated directors. As Heart of Midlothian's majority shareholder, and a club defined as "fan-owned, not fan-run," it is vital that we uphold confidence in the board's strategy and capabilities. I am pleased to affirm that we trust the club's leadership to advance its ambitions effectively, ensuring both on-field success and long-term financial sustainability while maintaining a strong sense of responsibility toward our communities.

On behalf of the Directors of the Foundation of Hearts, I extend my deepest appreciation to the Foundation members —the dedicated supporters who breathed life into this club and secured its future. These fans can proudly call themselves the true owners of their club. Thank you for continuing to shape a bright and promising future for Heart of Midlothian.



.....
Gerry Mallon

Chairman, Foundation of Hearts

Date: 3 December 2024
.....

FOUNDATION OF HEARTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2024

The directors present their annual report and financial statements for the year ended 30 June 2024.

Principal activities

The principal activity of the Foundation of Hearts Limited ("Foundation") is the administration of a membership organisation. The aim of the Foundation is to establish a secure future for Heart of Midlothian Football Club under fan ownership. The Foundation undertook to work with Bidco (1874) Ltd ("Bidco") to achieve this goal and in May 2014 the Foundation entered into an agreement with Bidco ("the agreement") under which ownership of Heart of Midlothian Football Club ("the club") would ultimately be transferred to the Foundation. On 30 August 2021 the Foundation acquired 75.1% of the equity in Heart of Midlothian plc from Bidco.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Cumming	(Resigned 14 December 2023)
Ms L E Strutt	
Mr P Cheshire	
Mr G Mallon	
Mr A Brown	
Mr J Burberry	
Mr G Robertson	
Mr G A Cowen	(Appointed 14 December 2023)

Results and dividends

During the year ended 30 June 2024, the Foundation received donations amounting to £1,621,853 (2023: £1,705,994) from supporters of Heart of Midlothian Football Club. The grand total of all donations received is £17,117,691 as at 30 June 2024. The donations received have been credited to the profit and loss account for the financial period.

The accumulated total advanced to Heart of Midlothian plc and Bidco (1874) Ltd as at 30 June 2024, including stadium redevelopment contributions, was £16,449,000 at 30 June 2024 which represents 96% of donations received.

Two current Foundation directors serve on the board of Heart of Midlothian plc. G Mallon and A Brown were appointed on 1 June 2022 and 14 December 2023 respectively.

FOUNDATION OF HEARTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

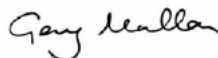
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- 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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



.....
G Mallon
Director

3 December 2024
Date:

FOUNDATION OF HEARTS LIMITED

REPORT TO THE DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY ACCOUNTS OF FOUNDATION OF HEARTS LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Foundation of Hearts Limited for the year ended 30 June 2024 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of ICAS we are subject to its ethical and other professional requirements which are detailed at <https://icas.com/icas-framework-preparation-of-accounts>.

This report is made solely to the Board of Directors of Foundation of Hearts Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Foundation of Hearts Limited and state those matters that we have agreed to state to the Board of Directors of Foundation of Hearts Limited, as a body, in this report in accordance with the requirements of the ICAS as detailed at <https://icas.com/icas-framework-preparation-of-accounts>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Foundation of Hearts Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Foundation of Hearts Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Foundation of Hearts Limited. You consider that Foundation of Hearts Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Foundation of Hearts Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Johnston Carmichael LLP

Johnston Carmichael LLP

Chartered Accountants

3 December 2024

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7-11 Melville Street
Edinburgh
EH3 7PE

FOUNDATION OF HEARTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
		£	£
Turnover		1,621,853	1,705,994
Administrative expenses		(92,999)	(70,366)
Exceptional item	2	(1,478,000)	(1,627,000)
		<hr/>	<hr/>
Profit before taxation		50,854	8,628
Tax on profit	4	-	-
		<hr/>	<hr/>
Profit for the financial year		<u>50,854</u>	<u>8,628</u>

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

FOUNDATION OF HEARTS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	5		75,403		6,000
Investments	7		2,500,000		2,500,000
			<u>2,575,403</u>		<u>2,506,000</u>
Current assets					
Cash at bank and in hand		20,816		25,105	
		<u>20,816</u>		<u>25,105</u>	
Creditors: amounts falling due within one year	8	(4,500)		(4,572)	
		<u>(4,500)</u>		<u>(4,572)</u>	
Net current assets			16,316		20,533
			<u>16,316</u>		<u>20,533</u>
Total assets less current liabilities			2,591,719		2,526,533
			<u>2,591,719</u>		<u>2,526,533</u>
Provisions for liabilities	9		(14,332)		-
			<u>(14,332)</u>		<u>-</u>
Net assets			2,577,387		2,526,533
			<u>2,577,387</u>		<u>2,526,533</u>
Capital and reserves					
Profit and loss reserves			2,577,387		2,526,533
			<u>2,577,387</u>		<u>2,526,533</u>

For the financial year ended 30 June 2024 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

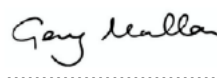
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 3 December 2024 and are signed on its behalf by:



P Cheshire
Director



G Mallon
Director

Company Registration No. SC387126

FOUNDATION OF HEARTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Profit and loss reserves
Balance at 1 July 2022	2,517,905
Year ended 30 June 2023:	
Profit and total comprehensive income for the year	8,628
	<hr/>
Balance at 30 June 2023	2,526,533
Year ended 30 June 2024:	
Profit and total comprehensive income for the year	50,854
	<hr/>
Balance at 30 June 2024	<u>2,577,387</u>

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1 Accounting policies

Company information

Foundation of Hearts Limited is a company limited by guarantee incorporated in Scotland. The registered office is Collins House, Rutland Square, Edinburgh, EH1 2AA.

The principal activity of the company in the year under review is that of an administration of a membership organisation and owner of 75.1% of the share capital of Heart of Midlothian PLC.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents the value of the donations received by the Foundation during the year. The donations are included in the financial statements in the period in which they are received.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website Software	33% Straight line
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1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer equipment	33% Straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Long term loans are measured at amortised cost less any accumulated impairment losses.

Investments are initially measured at cost and subsequently at cost less impairment losses.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. As the Foundation of Hearts does not have such control under its working together agreement of Heart of Midlothian plc, its investment is not treated as a subsidiary but as an other investment.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

1 Accounting policies

(Continued)

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2 Exceptional costs

	2024	2023
	£	£
Donations to Heart of Midlothian PLC	1,478,000	1,627,000

3 Employees

The average monthly number of employees during the year was 0 (2023 - 0),

4 Taxation

The Foundation's income from donations does not constitute profit from trade. For the year, the Foundation has no income subject to corporation tax and, consequently, no change to corporation tax is made in the financial statements.

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

5 Intangible fixed assets

	Intangible asset under development	Website Software	Total
	£	£	£
Cost			
At 1 July 2023	6,000	-	6,000
Additions	70,998	7,488	78,486
Transfers	(76,998)	76,998	-
	<hr/>	<hr/>	<hr/>
At 30 June 2024	-	84,486	84,486
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
At 1 July 2023	-	-	-
Amortisation charged for the year	-	9,083	9,083
	<hr/>	<hr/>	<hr/>
At 30 June 2024	-	9,083	9,083
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 30 June 2024	-	75,403	75,403
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2023	6,000	-	6,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Assets under construction consist of software costs for the website upgrade.

The website build was completed on 23 February 2024, at which point the asset was transferred out of assets under development.

6 Tangible fixed assets

	Computer equipment
	£
Cost	
At 1 July 2023 and 30 June 2024	743
	<hr/>
Depreciation and impairment	
At 1 July 2023 and 30 June 2024	743
	<hr/>
Carrying amount	
At 30 June 2024	-
	<hr/> <hr/>
At 30 June 2023	-
	<hr/> <hr/>

7 Fixed asset investments

	2024	2023
	£	£
Investments	2,500,000	2,500,000
	<hr/> <hr/>	<hr/> <hr/>

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

7 Fixed asset investments

(Continued)

On 30 August 2021, in accordance with the Repayment and Funding Support Agreement entered into in May 2014, the Foundation of Hearts Limited paid the final equity instalment of £100k to Bidco (1874) Limited. This facilitated the transfer of 75.1% of the equity in Heart of Midlothian plc to the Foundation of Hearts Limited. At that date a Working Together Agreement, relating to the management of the relationship between the parties was signed by Heart of Midlothian plc and Foundation of Hearts Limited

The directors are of the opinion that Foundation of Hearts Limited is not the ultimate controlling party of Heart of Midlothian plc because, in substance, Foundation of Hearts Limited does not have control to govern the financial and operational policies of Heart of Midlothian plc.

Movements in fixed asset investments

	Other investments other than loans £
Cost or valuation	
At 1 July 2023 & 30 June 2024	2,500,000
Carrying amount	
At 30 June 2024	2,500,000
At 30 June 2023	2,500,000

The aggregate capital and reserves and the result for the year of the investment noted above was as follows:

Name of undertaking	Capital and Profit / (Loss) reserves	
	£	£
Heart of Midlothian plc	19,971,000	(4,441,000)

8 Creditors: amounts falling due within one year

	2024 £	2023 £
Other creditors	4,500	4,572

9 Provisions for liabilities

	2024 £	2023 £
Amounts remaining under contract	14,332	-

The above amounts are those which are contractually due to a platform provider. Following the Foundation's switch to another platform, the previous platform is now unused, rendering the remaining contracted amounts part of an onerous contract.

FOUNDATION OF HEARTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2024

10 Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

11 Related party transactions

Heart of Midlothian Plc is a company in which D Cumming, G Mallon and A Brown were directors during the year. The Foundation provided a total of £1,478,000 of funding directly to Heart of Midlothian in the year (2023: £1,627,000).