The Hibernian Football Club Limited

Financial Statements for the year ended 31 July 2015

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Company information

Registered Office

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

Directors

Rod Petrie, Bruce Langham, Amanda Jones, Brian Houston, Stephen Dunn, Frank Dougan, Amit Moudgil, Leeann Dempster and Jamie Marwick

Head Coach

Alan Stubbs

Auditor

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

Bankers

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

Solicitors

Maclay Murray & Spens LLP, Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP
VIALEX Limited, 27 Stafford Street, Edinburgh, EH3 7BJ

Main Sponsors

Marathon Bet – Club Sponsor
Nike – Technical Sponsor

The Directors present their strategic review along with the Directors' Report and audited financial statements for the year ended 31 July 2015.

The Club is a leading professional football club in Scotland. It was established in 1875 and plays its home matches at Easter Road Stadium in Edinburgh which has a capacity of 20,400 seats. The Club owns its training centre near Ormiston in East Lothian. The Club is a full member of the Scottish FA and the Scottish Professional Football League Limited.

The Club's results for the five years ended 31 July 2015 may be summarised in the following table of key indicators:

Football Season		2010-11	2011-12	2012-13	2013-14	2014-15
League Position		10th SPL	11th SPL	7th SPL	11th Premiership	2nd Championship
Scottish Cup		4th round	Final	Final	5th Round	Semi-final
League Cup		3rd round	QF	2nd round	QF	QF
UEFA		Europa	nq	nq	Europa	nq
Year Ended 31 July		2011	2012	2013	2014	2015
Turnover	£m	7.0	6.9	8.0	5.8	5.6
Staff costs	£m	4.8	4.1	3.9	3.7	3.4
Operating profit/(loss)	£m	(1.7)	(0.9)	0.3	(0.8)	(0.8)
Transfer fees (net)	£m	1.0	0.1	(0.1)	(0.3)	0.0
Profit/ (loss) before tax	£m	(0.9)	(1.0)	0.1	(1.2)	(0.8)
Wages/turnover ratio	%	69%	60%	49%	64%	61%
Movement in Net Debt	£m	+1.8	+0.5	-0.9	-0.5	-2.7
As at 31 July		2011	2012	2013	2014	2015
Fixed Assets	£m	24.3	23.8	23.5	25.6	25.4
Net Assets	£m	14.4	13.4	13.6	14.9	19.1
Net Debt	£m	5.9	6.4	5.5	5.0	2.4

The Club finished in second place in the Championship, and participated in the Premiership Play Off competition. Unfortunately the Club was unable to gain promotion. The Club also reached the quarter-finals of the Scottish League Cup and the semi-final of the Scottish Cup.

Turnover for the year was £5.6m, down from £5.8m in the previous year reflecting the more difficult trading conditions experienced in the Championship.

Operating costs rose slightly from £2.4m in the previous year to £2.6m, including one off professional costs. Staff costs were managed down from £3.7m in the previous year to £3.4m leading to a reduction in the important Wages to Turnover ratio to 61% from 64% in the previous year.

The operating loss was unchanged at £0.8m. There were no significant player trading gains in the year, compared to a loss on player trading £0.3m in the previous year. Interest charges reduced from £0.13m to £0.05m following the debt restructure. As a result, the bottom line loss was reduced from £1.2m in the previous year to £0.8m.

The Club launched a Share Issue on 12 January 2015 the objective of which is to widen the share ownership of the Club whilst giving supporter shareholders the opportunity to fund the sporting ambition of the Club. On 14 January 2015 the Club entered into a Subscription Agreement with Hibernian Supporters Limited ("HSL"), a company limited by guarantee which has the objective of raising money from supporters to purchase shares in the Club. Supporters have the opportunity individually and collectively through membership of HSL to own up to 51% of the enlarged share capital of the Club. All of the monies subscribed for new shares by supporters and by HSL is received by the Club and is used to help fund the Club's sporting ambition. At 31 July 2015, supporter shareholders owned 13.2% and HSL owned 5.0% of the issued share capital of the Club.

To facilitate the Share Issue, the Club's borrowings were reduced and restructured with the help of the parent company. The total amount owed to the bank and the parent company at 31 July 2014 amounted to £9.3m. These borrowings were refinanced through the subscription by the parent company of £4.5m for shares in the Club and through the proceeds of a new £5m mortgage provided by the parent company. The mortgage is interest free and repayable in equal monthly instalments over 10 years. The combined impact of restructuring borrowings together with the subsequent issue of shares to supporters and HSL means that the Club's net assets at 31 July 2015 were £19.1m compared to £14.9m at 31 July 2014. The Club is reviewing available options for the Share Issue which is due to close at the end of August 2015.

During the year the Club ended its banking relationship with Bank of Scotland and all the Bank's securities over the assets of the Club were released prior to the year end. The Club now banks with Santander.

As part of the arrangements for wider supporter engagement Frank Dougan and Amit Moudgil were appointed to serve on the Board of Directors as fans representatives. They were chosen by supporters from a total of 17 candidates and the result of the election was announced at the Annual General Meeting.

The principal risk and uncertainty faced by any professional football club is the impact that sporting success has on revenues from attendances at matches and other income, including prize money. The Club seeks to manage that risk by investing in football talent within a budget while maintaining control over costs. Results can also be affected both positively and negatively by player trading. The Club sought to raise new capital to help cover anticipated losses in the Championship.

The state of the wider economy also affects the ability of supporters to attend matches and the Club and continues to address this by offering flexible and cost effective ways to purchase tickets on a seasonal and match to match basis. Further investment has taken place in online ticket sales and access systems to Easter Road Stadium to improve services for supporters.

The Club aims to win football matches and through that to regain its position in the Scottish Premiership and to challenge for honours in Scotland and in Europe. The Club operates in an open and transparent manner with supporters and business partners at all levels and seeks to make a contribution to Scottish football generally.

The Club works closely with the Hibernian Community Foundation, a registered charity, through its active engagement with the wider community to promote Health & Fitness, Learning & Employability and Football for All.

By Order of the Board

Jamie Marwick

Jamie Marwick
Finance Director
27 August 2015

12 Albion Place
Edinburgh
EH7 5QG

Directors' Report

Financial Statements for the year ended 31 July 2015

The Directors present their report on the affairs of the company together with the audited financial statements for the year ended 31 July 2015.

The Directors who served throughout the year were Rod Petrie (Non-executive Chairman); Leeann Dempster (Chief Executive); Jamie Marwick (Finance Director) and Non-Executive Directors Bruce Langham, Amanda Jones and Brian Houston. Frank Dougan and Amit Moudgil were appointed as Non-Executive Directors on 24 February 2015 and Stephen Dunn was appointed a Non-Executive Director on 25 June 2015. Colin McNeill and George Craig resigned as Directors on 28 January 2015. Garry O'Hagan resigned as a Director on 8 May 2015.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.
Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

Jamie Marwick

Jamie Marwick, Finance Director
27 August 2015

12 Albion Place
Edinburgh, EH7 5QG

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

For the year ended 31 July 2015

We have audited the financial statements of The Hibernian Football Club Limited for the year ended 31 July 2015 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
27 August 2015

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Profit and Loss Account

For the year ended 31 July 2015

	Notes	2015 £	2014 £
Turnover	2	5,635,798	5,845,894
Operating expenses	3	(6,426,943)	(6,660,738)
Operating Loss		(791,145)	(814,844)
Loss on disposal of intangible fixed assets		(3,225)	(265,355)
Loss before interest and taxation		(794,370)	(1,080,199)
Net interest payable and similar charges	6	(45,408)	(130,762)
Loss on ordinary activities before taxation	7	(839,778)	(1,210,961)
Taxation	8	-	-
Loss for the financial year	16	(839,778)	(1,210,961)

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

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

Statement of Total Recognised Gains and Losses

	2015 £	2014 £
Loss for financial year	(839,778)	(1,210,961)
Unrealised gain on revaluation of fixed assets	-	2,554,607
Total (loss)/ gain recognised since last annual report	(839,778)	1,343,646

Balance Sheet
At 31 July 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	9	25,202,681	25,527,082
Intangible assets	10	184,073	56,298
		25,386,754	25,583,380
Current assets			
Debtors	11	310,390	315,443
Cash at bank and in hand		2,664,249	1,554,573
		2,974,639	1,870,016
Creditors: Amounts falling due within one year	12	(4,781,181)	(6,587,121)
Net current liabilities		(1,806,542)	(4,717,105)
Total assets less current liabilities		23,580,212	20,866,275
Creditors: Amounts falling due after more than one year	13	(4,508,754)	(5,955,039)
Net assets		19,071,458	14,911,236
Capital and reserves			
Called-up equity share capital	14	1,500,000	1,200,000
Reserves	15	17,571,458	13,711,236
Shareholders' funds	16	19,071,458	14,911,236

Approved by the Board on 27 August 2015

Rod Petrie

Non-executive Chairman

Jamie Marwick

Finance Director

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

Cash Flow Statement

For the year ended 31 July 2015

	Notes	2015 £	2014 £
Reconciliation of operating profit to net cash flow from operating activities			
Operating loss		(791,145)	(814,844)
Depreciation charges		362,993	373,071
(Gain)/ loss on disposal of tangible assets		(4,332)	2,621
Amortisation of intangible assets		52,171	146,040
Decrease in debtors		68,053	432,212
(Decrease)/ increase in creditors		(1,809,264)	940,091
Net cash (outflow)/ inflow from operating activities		(2,121,524)	1,079,191

	Notes	2015 £	2014 £
Cash flow statement			
Net cash (outflow)/ inflow from operating activities		(2,121,524)	1,079,191
Returns on investment and servicing of finance	20	(50,974)	(131,533)
Payments to acquire tangible fixed assets		(43,260)	(77,283)
Payments to acquire intangible fixed assets		(62,994)	(354,130)
Receipts from sale of tangible fixed assets		9,000	22,100
Payments on disposal of intangible fixed assets		(47,955)	(40,450)
Cash (outflow)/ inflow before financing		(2,317,707)	497,895
Issue of share capital	20	5,000,000	-
Outflow related to movement in debt	20	(1,572,617)	(374,306)
Increase in cash		1,109,676	123,589

	Notes	2015 £	2014 £
Reconciliation of net cash flow to movement in net debt			
Increase in cash		1,109,676	123,589
Cash outflow from the decrease in debt and lease financing		1,572,617	374,306
Movement in net debt in the year	21	2,682,293	497,895
Net debt at the start of the year		(5,047,181)	(5,545,076)
Net debt at the end of the year	21	(2,364,888)	(5,047,181)

Notes to the Financial Statements
For the year ended 31 July 2015

1 Principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

b) Going concern

The Directors have prepared cashflow forecasts for the company for at least the twelve months from the date of signing these accounts. The cashflow forecasts show that the company can operate within its available funds.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, at the following rates per annum:

Plant and equipment	10-33%
Fixtures and fittings	10-33%
Motor vehicles	20-33%

The buildings, which form part of Easter Road Stadium and the Hibernian Training Centre, are not depreciated within the financial statements. The Directors are of the opinion that, having assessed the expected useful life and residual value of the assets, any annual charge for depreciation would be immaterial. The Company has adopted Financial Reporting Standard 15 and accordingly it carries out annual impairment reviews of each property. No depreciation is provided on freehold land or assets in the course of construction.

d) Intangible fixed assets and transfer fees

Transfer fees receivable are included in the profit and loss account in the year in which the transfer contract is signed. The costs associated with the acquisition of players are capitalised and treated as intangible fixed assets. These amounts are amortised over the period of the contract on the basis of nil residual values. Receipts which are contingent on the performance of the team or a player are not recognised until the relevant event has occurred.

e) Signing-on fees

Signing-on fees payable to players are included within staff costs in the year in which they fall due.

Notes to the Financial Statements
For the year ended 31 July 2015

1 Principal accounting policies (continued)

f) Leases and hire purchase transactions
Assets acquired under finance leases and hire purchase agreements are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

g) Taxation
The charge or credit for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

h) Pensions
The company operates a defined contribution pension scheme for certain members of staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge for pension cost represents contributions payable by the company for the year.

2 Turnover
Turnover represents all income derived from the operation of a professional football club and excludes value added tax.

3 Operating expenses

	2015	2014
	£	£
Staff costs	3,426,649	3,717,632
Other operating charges	2,585,130	2,423,995
	6,011,779	6,141,627
Depreciation of tangible fixed assets	362,993	373,071
Amortisation of intangible assets	52,171	146,040
	6,426,943	6,660,738

4 Employee information

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

	2015 Number	2014 Number
Players and management	54	64
Commercial and administration	21	18
	75	82

b) Staff costs for the above:

	2015 £	2014 £
Wages and salaries	3,095,674	3,325,400
Social security costs	302,339	376,377
Pension costs	28,636	15,855
	3,426,649	3,717,632

5 Directors' emoluments

The total amount of Directors' emoluments for the year was £314,233 (2014 - £195,019).

The level of executive pay is determined by a Remuneration Committee which comprises Bruce Langham, Amanda Jones and Brian Houston, all of whom are Non-executive directors of the company.

The highest paid Director received remuneration of £108,533; pension contributions of £5,000; and benefits in kind of £3,782. The highest paid Director in the previous year received a remuneration of £74,000; pension contributions of £5,000; and benefits in kind of £8,712.

The Non-executive Chairman and the Non-executive Directors did not receive any emoluments in respect of their services to the company.

6 Net interest payable and similar charges

	2015	2014
Interest payable:	£	£
Stadium mortgages	(40,157)	(123,243)
Finance leases	(3,197)	(4,064)
Parent company loan	(2,101)	(5,028)
	(45,455)	(132,335)
Interest receivable:		
Bank deposits	47	1,573
	(45,408)	(130,762)

7 Profit/ loss on ordinary activities before taxation

The Profit/ loss on ordinary activities before taxation is stated after charging:

		2015	2014
		£	£
Auditor's remuneration	- audit services	11,000	11,000
	- taxation services	4,300	3,900
	- other services	19,100	1,000

8 Taxation

There is no corporation tax payable on the profit for the year (2014 – nil).

Factors affecting the tax charge for the current year:

UK taxation for the year is lower (2014 - lower) than the standard rate of corporation tax in the United Kingdom, 20.7% (2014 – 22.3%). The differences are explained below:

	2015	2014
	£	£
Current Tax Reconciliation		
(Loss)/ profit on ordinary activities before taxation	(839,778)	(1,210,961)
Current Tax at 20.7% (2014 – 22.3%)	(173,834)	(270,044)
Effects of:		
Expenses not deductible for tax purposes	1,389	637
Timing differences	20,574	16,102
Tax losses carried forward	151,871	253,305
Total current tax charge (see above)	-	-

Factors that may affect future tax charges:

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The company has an unrecorded deferred tax asset of approximately £861,000 (2014 - £724,000) which has been calculated based on the tax rate of 20% substantively enacted at the balance sheet date.

9 Tangible fixed assets

	Land & Buildings	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 31 July 2014	24,165,869	4,910,299	2,176,867	141,695	31,394,730
Additions	-	39,244	4,016	-	43,260
Disposal	-	(6,172)	-	(35,600)	(41,772)
At 31 July 2015	24,165,869	4,943,371	2,180,883	106,095	31,396,218
Depreciation					
At 31 July 2014	-	3,899,024	1,904,011	64,613	5,867,648
Charge for year	-	263,822	72,791	26,380	362,993
Disposal	-	(2,871)	-	(34,233)	(37,104)
At 31 July 2015	-	4,159,975	1,976,802	56,760	6,193,537
Net Book Value					
At 31 July 2015	24,165,869	783,396	204,081	49,335	25,202,681
At 31 July 2014	24,165,869	1,011,275	272,856	77,082	25,527,082

Jones Lang LaSalle, International Property Consultants, valued Easter Road Stadium at £20,200,000 and The Hibernian Training Centre at £5,250,000 on the basis of depreciated replacement cost as at 31 July 2014. Those valuations were included in the accounts at that date.

Plant & Equipment and Fixtures & Fittings have been depreciated during the year in accordance with the company's accounting policies.

Included in the Net Book Value of tangible fixed assets is £39,133 (2014 - £63,870) in respect of assets acquired under Finance Leases. Depreciation for the year on those assets was £15,501 (2014 - £16,981).

Notes to the Financial Statements
For the year ended 31 July 2015

10 Intangible fixed assets

	Players
	£
Cost	
At 31 July 2014	109,025
Additions	198,216
Disposals	(66,200)
At 31 July 2015	241,041
Amortisation	
At 31 July 2014	52,727
Charge for year	52,171
Disposals	(47,930)
At 31 July 2015	56,968
Net Book Value	
At 31 July 2015	184,073
At 31 July 2014	56,298

11 Debtors

	2015	2014
	£	£
Trade debtors	178,080	163,526
Prepayments and accrued income	132,310	151,917
	310,390	315,443

12 Creditors: Amounts falling due within one year

		2015	2014
		£	£
Mortgage	(a)	500,000	-
Parent company loan	(b)	-	250,000
Stadium mortgage	(c)	-	240,000
Stadium mortgage	(c)	-	131,190
Trade creditors		258,597	324,664
Accruals and deferred income		3,636,380	2,607,999
Amounts due to parent company		-	2,750,000
Taxation and social security		365,821	257,743
Finance lease creditor		20,383	25,525
		4,781,181	6,587,121

13 Creditors: Amounts falling due after more than one year

		2015	2014
		£	£
Mortgage	(a)	4,500,000	-
Stadium mortgage	(c)	-	2,320,000
Stadium mortgage	(c)	-	1,107,989
Stadium mortgage	(c)	-	2,500,000
Finance lease creditor		8,754	27,050
		4,508,754	5,955,039

(a) The mortgage provided by the parent company is secured, interest free and is repayable by instalments of £41,667 per month which commenced in August 2015 and which ends in July 2025.

(b) The parent company loan was repaid during the year.

(c) The obligations under the stadium mortgages were transferred to the parent company during the year.

14 Share capital

	2015	2014
	£	£
Authorised:		
125,000,000 (2014: 60,000,000) Ordinary Shares of 2p each	2,500,000	1,200,000
Allotted, called-up and fully paid:		
75,000,000 (2014: 60,000,000) Ordinary Shares of 2p each	1,500,000	1,200,000

The authorised Share Capital of the company was increased to 125,000,000 Ordinary Shares of 2p each by written resolution on 12 January 2015. On the same date, the parent company subscribed for and was issued 2,500,000 Ordinary Shares of 2p each at 180p per share for a total consideration of £4,500,000. The proceeds from the shares issued were used in settlement of intercompany debt. Between the launch of the Share Issue on 12 January 2015 and 31 July 2015 a total of 12,500,000 Ordinary Shares of 2p each had been issued at the subscription price of 4p per share, a total consideration of £500,000. The proceeds from the shares issued have been used to fund the company's sporting ambition.

15 Reserves

	Share Premium Account	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£	£
At 31 July 2014	2,800,000	8,462,370	2,448,866	13,711,236
Premium on ordinary shares issued	4,700,000	-	-	4,700,000
Loss for the financial year	-	-	(839,778)	(839,778)
At 31 July 2015	7,500,000	8,462,370	1,609,088	17,571,458

16 Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
Loss for the financial year	(839,778)	(1,210,961)
Subscriptions for new shares	5,000,000	-
Other recognised gains and losses for the year	-	2,554,607
Net addition to shareholders' funds	4,160,222	1,343,646
Opening shareholders' funds	14,911,236	13,567,590
Closing shareholders' funds	19,071,458	14,911,236

17 Financial commitments and contingent liabilities

a) Lease commitments

Operating leases which expire:	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Within one year	-	-	-	5,400
In the second to fifth year inclusive	-	5,820	-	780
Over five years	24,000	4,635	24,000	-
	24,000	10,455	24,000	6,180

b) VAT

The company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result, it has jointly guaranteed the VAT liability of the group, and failure by other members of the group would give rise to additional liabilities for the company.

c) Player related matters

All signing-on fees and other amounts payable to playing staff earned by the year end have been provided in the financial statements.

18 Parent company

The company is a subsidiary of HFC Holdings Limited, a company registered in Scotland, which held approximately 81.8% of the shares in the company at 31 July 2015 (2014: 98.2%). The beneficial owners of the shares in HFC Holdings Limited are Sir Tom Farmer CVO CBE KCSG DL (90%) and Rod Petrie (10%).

During the year the company rented land and buildings from the parent company at a charge of £24,000 (2014 - £24,000).

On 12 January 2015, the company settled £4,500,000 of intercompany borrowings by the issue of 2,500,000 Ordinary Shares of 2p each to the parent company. On 30 July 2015, intercompany borrowings of £2,750,000 and the parent company loan which had increased to £2,250,000 during the year were repaid from the proceeds of a new £5,000,000 mortgage provided by the parent company.

At 31 July 2015 the only sum due to the parent company was the new mortgage of £5,000,000 (2014 - intercompany balance of £2,750,000 and parent company loan of £250,000).

19 Related Party Transactions

The company is a member of, and has directors in common with, the Hibernian Community Foundation Limited which is a registered charity with the objectives of promoting Health & Fitness; Learning & Employability; and Football for all within the local community.

Donations of £8,214 were made to the Foundation during the year (2014 - £989). No costs were charged to the Foundation by the company during the year (2014– £723).

20 Analysis of cash flows

	2015 £	2014 £
Returns on investment and servicing of finance		
Interest received	47	1,573
Interest paid	(51,021)	(133,106)
	(50,974)	(131,533)
Financing		
Issue of ordinary share capital	5,000,000	-
Reduction in bank loans	(6,299,179)	(371,189)
Reduction in parent company loan	(250,000)	-
New Mortgage	5,000,000	-
Finance lease payments	(34,807)	(36,758)
New finance leases	11,369	33,641
	3,427,383	(374,306)

Notes to the Financial Statements
For the year ended 31 July 2015

21 Analysis of net debt

	At start of the year	Cash Flow	At end of the year	Repayable within: 1 year or less	1 - 2 years	2 – 5 years	5 years or more
	£	£	£	£	£	£	£
Cash at bank	1,554,573	1,109,676	2,664,249	2,664,249	-	-	-
	1,554,573	1,109,676	2,664,249	2,664,249	-	-	-
New mortgage	-	(5,000,000)	(5,000,000)	(500,000)	(500,000)	(1,500,000)	(2,500,000)
Parent company loan	(250,000)	250,000	-	-	-	-	-
Stadium mortgage	(2,560,000)	2,560,000	-	-	-	-	-
Stadium mortgage	(2,500,000)	2,500,000	-	-	-	-	-
Stadium mortgage	(1,239,179)	1,239,179	-	-	-	-	-
Finance leases	(52,575)	23,438	(29,137)	(20,383)	(8,754)	-	-
	(6,601,754)	1,572,617	(5,029,137)	(520,383)	(508,754)	(1,500,000)	(2,500,000)
	(5,047,181)	2,682,293	(2,364,888)	2,143,866	(508,754)	(1,500,000)	(2,500,000)