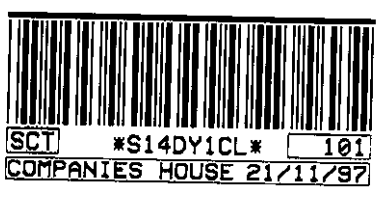
HFC Holdings Limited

Group Accounts for the year ended 31 July 1997
together with Directors' and Auditors' Reports

Registration number: 132607



Directors' report

For the year ended 31 July 1997

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 July 1997.

Principal activity

The company's principal activity is to act as the holding company of a group of companies.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4. The directors do not recommend the payment of a dividend (1996-nil).

Directors and their interests

The directors who served during the year, together with their interests in the shares of the company, were:

	Ordinary Shares of £1	
	1997	1996
T Farmer	3,015,000	525,000
R Huthersall	-	-
R M Petrie (appointed 22 January 1997)	335,000	-

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and its profit or loss for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

It is the policy of the group to consult and discuss with employees any matters likely to affect their interests. The group gives full and sympathetic consideration to the employment, training, career development and promotion of disabled persons including those becoming disabled after their employment has commenced.

Directors' report

For the year ended 31 July 1997

Transfer Fees

Transfer fees relating to the purchase of players by The *Hibernian* Football Club Limited are capitalised and amortised over the period of the relevant players' contracts. This policy was adopted last year and the capitalised amounts were included in the balance sheet within debtors as current assets. Due to the magnitude of the sums involved and the length of the contracts, the amounts capitalised have been included in the balance sheet under the new heading "Intangible fixed assets". The wording of the accounting policy note has been amended to reflect this presentation but there has been no change in the accounting treatment. The net book amount at 31 July 1997 of £1.8 million (1996 - £0.3 million) represents the balance of transfer fees in respect of player purchases which will be amortised in subsequent years. However, the directors' valuation of the player pool at 31 July 1997, assuming the continuation of the relevant players' contracts, is in excess of £5 million (1996 - £4.8 million) and, in common with many other football clubs, this valuation is not reflected as an asset in the balance sheet.

Acquisition of HFC Properties Limited and group reorganisation

During the year, the Group was enlarged by the purchase of the entire issued share capital of HFC Properties Limited from the Group's principal shareholder. HFC Properties Limited acquired Easter Road Stadium in 1991 and granted a ten year lease of it to the Group's principal trading company, The *Hibernian* Football Club Limited. Immediately following the acquisition, the assets and liabilities of HFC Properties Limited were transferred to the parent company and HFC Properties Limited is now a dormant company. The acquisition brings the Stadium and the Football Club under the common ownership of HFC Holdings Limited. Agreement in principle has been reached for a new ten year lease of the Stadium to the Football Club.

Share capital

During the year, the company's authorised share capital was increased to £3,850,000 and the 325,000 preference shares were reclassified as ordinary shares. One new ordinary share was issued to acquire HFC Properties Limited. Subsequently, the company issued 2,499,999 new ordinary shares of £1 each for cash which has been applied to reduce the overall indebtedness of the enlarged group.

Supplier payment policy

It is the group's policy to settle the terms of payment with suppliers when agreeing each transaction or series of transactions to ensure suppliers are aware of those terms and to abide by them. The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the year and the amounts owed to its trade creditors at the year end was 84 days.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors.

By order of the Board

R Huthersall
Secretary
12 Albion Place
Edinburgh
EH7 5QG
31 October 1997

Auditors' report

To the Shareholders of HFC Holdings Limited:

We have audited the accounts on pages 4 to 19 which have been prepared under the historical cost convention and the accounting policies set out in note 2.

Respective responsibilities of directors and auditors

As described in the directors' report on pages 1 and 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company and of the group, consistently applied and adequately disclosed.

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 July 1997 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

18 Charlotte Square
Edinburgh
EH2 4DF

31 October 1997

Consolidated profit and loss account

For the year ended 31 July 1997

	Notes	1997	1996
		£	£
Turnover	4	4,256,805	3,067,589
Operating expenses	5	(5,315,632)	(3,328,837)
Operating loss		(1,058,827)	(261,248)
Amortisation of transfer fees		(859,965)	(256,026)
Transfer fees receivable		1,635,000	400,000
Loss before interest and taxation		(283,792)	(117,274)
Investment income	6	11,632	157,149
Interest payable and similar charges	7	(623,700)	(431,540)
Interest waived	8	634,833	-
Loss on ordinary activities before taxation	9	(261,027)	(391,665)
Taxation	12	-	-
Loss for the financial year	21	(261,027)	(391,665)

A statement of movement on reserves is given in note 21.

The current and prior year results are derived entirely from continuing operations.

The loss for the financial year equates to the historical cost loss for the financial year.

As permitted by Financial Reporting Standard 3 "Reporting Financial Performance" the group has not prepared a Statement of Total Recognised Gains and Losses or a Reconciliation of Movements on Shareholders' funds as it has no recognised gains or losses other than the loss for the financial year.

The accompanying notes form an integral part of this consolidated profit and loss account.

Consolidated balance sheet

31 July 1997

	Notes	1997	1996
		£	£
Fixed assets			
Tangible assets	13	9,477,359	218,429
Intangible assets	14	1,812,606	296,071
		11,289,965	514,500
Current assets			
Stocks	16	72,210	80,223
Debtors - due within one year	17	989,485	636,360
Debtors - due after more than one year	17	-	4,064,049
Cash at bank and in hand		453,265	446,745
		1,514,960	5,227,377
Creditors: Amounts falling due within one year	18	(9,842,892)	(4,741,768)
Net current (liabilities) assets		(8,327,932)	485,609
Total assets less current liabilities		2,962,033	1,000,109
Creditors: Amounts falling due after more than one year	19	(2,603,940)	(2,390,240)
Net assets (liabilities)		358,093	(1,390,131)
Capital and reserves			
Called-up share capital	20	3,350,000	850,000
Other reserves	21	251,051	251,051
Profit and loss account	21	(3,242,958)	(2,491,182)
Capital employed (deficit)		358,093	(1,390,131)

Approved by the Board on 31 October 1997



R M Petrie

Director

The accompanying notes form an integral part of this consolidated balance sheet.

Company balance sheet

31 July 1997

	Notes	1997	1996
		£	£
Fixed assets			
Tangible assets	13	9,218,514	-
Investments	15	619,739	619,738
		9,838,253	619,738
Current assets			
Debtors - due within one year	17	11,787	-
Debtors - due after one year	17	150,000	4,214,049
Cash at bank and in hand		182,996	173,840
		344,783	4,387,889
Creditors: Amounts falling due within one year	18	(6,280,032)	(3,058,001)
Net current (liabilities) assets		(5,935,249)	1,329,888
Total assets less current liabilities		3,903,004	1,949,626
Creditors: Amounts falling due after more than one year	19	(1,948,940)	(1,900,240)
Net assets		1,954,064	49,386
Capital and reserves			
Called-up share capital	20	3,350,000	850,000
Profit and loss account	21	(1,395,936)	(800,614)
Capital employed		1,954,064	49,386

Approved by the Board on 31 October 1997



R M Petrie
Director

The accompanying notes form an integral part of this balance sheet.

Consolidated cash flow statement

For the year ended 31 July 1997

	1997 £	1996 £
Operating loss	(1,058,827)	(261,248)
Depreciation	119,094	25,133
Loss on disposal of tangible fixed assets	-	382
Decrease (increase) in stocks	8,013	(56,671)
Decrease (increase) in debtors	623,234	(316,467)
Increase in creditors	753,515	156,143
Net cash inflow (outflow) from operating activities	**445,029**	**(452,728)**
Transfer fees paid	(1,556,500)	(127,500)
Transfer fees received	1,235,000	300,000
Transfer fees	**(321,500)**	**172,500**
Interest received	11,632	157,149
Interest paid	(623,700)	(431,540)
Servicing of finance	**(612,068)**	**(274,391)**
Acquisition of HFC Properties Limited (Note 22)	(490,749)	-
Payments to acquire tangible fixed assets	(127,955)	(200,604)
Receipts from sale of tangible fixed assets	3,800	9,525
Capital expenditure	**(614,904)**	**(191,079)**
Issue of share capital	2,500,000	-
Short term loan received	350,000	-
Loans repaid	(31,300)	(911,616)
"Hibs 100" donations received	-	32,078
Hire purchase payments	-	(3,079)
Financing	**2,818,700**	**(882,617)**
Increase in cash balances and overdrafts (Note 23)	**1,715,257**	**1,623,315**

The accompanying notes form an integral part of this consolidated cash flow statement.

Notes to accounts

31 July 1997

1 Basis of preparation of accounts

The accounts have been prepared on a going concern basis as the directors consider that the financing facilities, taken in conjunction with the continuing support of the principal shareholder, are sufficient to meet the group's requirements in the foreseeable future.

2 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 accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

b) Basis of consolidation

The group accounts consolidate the accounts of HFC Holdings Limited and its subsidiary undertakings at the year end. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. In the company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off. Only dividends received and receivable are credited to the company's profit and loss account.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.. The company's policy is to maintain its freehold land and buildings to the highest possible standard in order to meet evolving regulatory guidelines and to protect its trade. The directors consider the life of this asset to be so long and its residual value so high that depreciation is insignificant. Accordingly, no depreciation is provided on freehold land and buildings. Depreciation is provided on all other assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, at the following rates per annum:

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

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 initial contract on the basis of nil residual values. Payments or receipts which are contingent on the performance of the team or a player are not recognised until the relevant event has occurred.

2 Principal accounting policies (continued)

e) The Football Trust Grants

Grants received from The Football Trust for routine expenditure are treated as income and are taken to the profit and loss account in the same period as the related expenditure. Major grants towards the redevelopment of Easter Road Stadium are deducted from the cost of the asset. This is not in accordance with Schedule 4 to the Companies Act 1985 under which assets should be stated at their purchase price or production cost and the capital contributions treated as deferred income and released to profit and a loss account over the useful life of the corresponding assets. The directors are of the opinion that Easter Road Stadium has no finite economic life. As the capital contributions would therefore remain in the balance sheet in perpetuity the treatment otherwise required by the Companies Act 1985 would not present a true and fair view of the company's effective investment in such an asset.

f) Stocks

Stocks are stated at the lower of cost and net realisable value.

g) Signing-on fees

Signing-on fees payable to players are charged to the profit and loss account over the period of the contract to which they relate.

h) Leases and hire purchase transactions

Assets held under hire purchase agreements are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful life. Finance charges are allocated to accounting periods over the period of the agreement to produce a constant rate of return on the outstanding balance. Payments are apportioned between finance charges and reduction of the liability as appropriate. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

i) Turnover

Turnover represents all income derived from the operation of the group's trading companies, excludes value added tax.

j) Taxation

The charge for taxation is based on the result for the year as adjusted for the tax treatment of certain items. Provision is made in respect of all material tax timing differences to the extent that it is probable that a liability or asset will crystallise.

k) Pensions

One of the group's subsidiaries operates a defined contribution pension scheme for certain members of staff. The charge for pension cost represents contributions payable by the company for the year.

3 Parent company profit and loss account

The company has taken advantage of the exemption in the Companies Act 1985 s230 not to present its own profit and loss account. The company's loss for the financial year was £595,322 (1996 - £264,112).

4 Segment information

In the directors' opinion, desegregating the results of the group would not provide meaningful information .

5 Operating expenses

	1997 £	1996 £
Staff costs	2,913,161	2,047,464
Other operating expenses	2,402,471	1,281,373
	5,315,632	3,328,837

6 Investment income

	1997 £	1996 £
Interest receivable and similar income	11,632	157,149

7 Interest payable and similar charges

	1997 £	1996 £
Bank loans and overdrafts	337,132	53,267
On all other loans	286,568	378,273
	623,700	431,540

Included in interest for the previous year is an interest element of £1,642 for charges payable under hire purchase contracts.

8 Interest waived

	1997 £	1996 £
Interest on loan from the principal shareholder waived at 31 July 1997	634,833	-

9 Loss on ordinary activities before taxation

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

	1997 £	1996 £
Auditors' remuneration	17,000	16,000
Depreciation of tangible fixed assets	119,094	25,133
Rental of Easter Road Stadium	50,000	75,000
Loss on sale of fixed assets	-	382

In addition to the auditors remuneration shown above the remuneration of the auditors during the year ended 31 July 1997 for non-audit services was £18,000 (1996 - £70,000).

10 Employee information

a) The average number of persons, excluding directors, employed by the group during the year, is analysed below:

	1997 Number	1996 Number
Professional football players	42	37
Management and other staff	35	19
	77	56

b) Staff costs for the above persons:

	1997 £	1996 £
Wages and salaries	2,663,328	1,858,469
Social security costs	233,942	181,475
Pension costs	15,891	7,520
	2,913,161	2,047,464

11 Directors' emoluments

The total emoluments paid to directors by the company and by its subsidiary undertakings during the year comprised £26,667 for salaries, £4,000 for pension contributions and £2,669 in respect of benefits in kind. In addition, fees of £17,000 were paid to a third party for the services of a director. No director received any remuneration from the company or any of its subsidiary undertakings during the previous year.

12 Taxation

Due to the incidence of tax losses, no current tax charge is required in respect of the year ended 31 July 1997 (1996 - nil). No provision for deferred taxation is required at 31 July 1997 (1996 - nil) and there is no unprovided deferred tax (1996 - nil).

13 Tangible fixed assets

Group

	Land & Buildings	Fixtures & Fittings	Leasehold Ground Improvements	Plant & Equipment	Motor Vehicles	Total
		£	£	£	£	£
Cost						
At 1 August 1996	-	17,064	39,784	222,557	4,500	283,905
Acquisition	7,119,840	1,553,778	-	836,039	-	9,509,657
Additions	20,318	31,244	-	53,149	23,244	127,955
Transfer	-	39,784	(39,784)	-	-	-
Disposals	-	-	-	-	(4,250)	(4,250)
At 31 July 1997	7,140,158	1,641,870	-	1,111,745	23,494	9,917,267
Depreciation						
At 1 August 1996	-	859	2,387	62,230	-	65,476
Acquisition	-	166,289	-	89,499	-	255,788
Charge	-	58,323	3,978	54,607	2,186	119,094
Transfer	-	6,365	(6,365)	-	-	-
Disposals	-	-	-	-	(450)	(450)
At 31 July 1997	-	225,741	-	206,336	1,736	439,908
Net Book Value						
At 31 July 1997	7,140,158	1,410,034	-	905,409	21,758	9,477,359
At 1 August 1996	-	16,205	37,397	160,327	4,500	218,429

13 Tangible fixed assets (continued)

Company

	Land & Buildings	Fixtures & Fittings	Plant & Equipment	Motor Vehicles	Total
		£	£	£	£
Cost					
At 1 August 1996	-	-	-	-	-
Acquisition	7,119,840	1,553,778	836,039	-	9,509,657
Additions	20,318	868	12,751	14,744	48,681
At 31 July 1997	7,140,158	1,554,646	848,790	14,744	9,558,338
Depreciation					
At 1 August 1996	-	-	-	-	-
Acquisition	-	166,289	89,499	-	255,788
Charge	-	53,800	29,215	1,021	84,036
At 31 July 1997	-	220,089	118,714	1,021	339,824
Net Book Value					
At 31 July 1997	7,140,158	1,334,557	730,076	13,723	9,218,514
At 1 August 1996	-	-	-	-	-

14 Intangible fixed assets

Group

	1997	1996
	£	£
Cost		
At beginning of year	585,000	700,000
Purchase of players	2,376,500	125,000
Relating to disposals	(290,000)	(240,000)
At end of year	2,671,500	585,000
Amortisation		
At beginning of year	288,929	272,903
Charge for the year	859,965	256,026
Relating to disposals	(290,000)	(240,000)
At end of year	858,894	288,929
Net Book Amounts	1,812,606	296,071

15 Fixed asset investments

Investment in subsidiary undertakings

	1997	1996
	£	£
At beginning of year	619,738	619,738
Acquisition of HFC Properties Limited (see Note 22)	1	-
At end of year	619,739	619,738

The company holds more than 10% of the equity capital of the following companies:

	Country of incorporation and operation	Principal activity	Description and proportion of shares held by the company
The *Hibernian* Football Club Limited	Scotland	Professional football club	Ordinary shares 96%
Hibernian Hospitality Limited	Scotland	Hospitality Services	Ordinary shares 100%
HFC Properties Limited	Scotland	Dormant	Ordinary shares 100%

16 Stocks

Group

	1997	1996
	£	£
Goods for resale	72,210	80,223

Company

The company has no stocks

17 Debtors

The following are included in the net book value of debtors:

Amounts falling due within one year:

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Transfer fees receivable	500,000	100,000	-	-
Other debtors	304,151	445,806	10,000	-
Signing on fees prepaid	45,281	27,793	-	-
Prepayments and accrued income	140,053	62,761	1,787	-
	989,485	636,360	11,787	-
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertaking	-	-	150,000	150,000
Amounts owed by associated undertaking	-	489,000	-	489,000
Amounts owed by associated undertaking	-	3,575,049	-	3,575,049
	-	4,064,049	150,000	4,214,049

Amounts owed by subsidiary undertakings represents a loan to The *Hibernian* Football Club Limited which is interest free and has no set terms for repayment. The amounts of £489,000 and £3,575,049 at 31 July 1996 owed by the associated undertaking, HFC Properties Limited, were settled as part of the acquisition of that company during the year.

18 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
Bank overdraft	5,732,980	2,228,554	5,450,565	1,985,033
Short term loan	350,000	-	-	
Loan from The Football Trust (Note 19f)	40,000	-	40,000	
Trade creditors	554,743	236,919	122,559	-
Other creditors	-	34,618	-	-
VAT	454,688	397,146	200,875	203,374
Transfer fees payable	695,000	40,000	-	-
Accruals and deferred income	1,914,489	1,717,050	407,052	855,420
Taxation and social security	100,992	87,481	4,807	-
Amounts owed to subsidiary undertakings	-	-	54,174	14,174
	9,842,892	4,741,768	6,280,032	3,058,001

The bank overdraft is secured by a bond and floating charge over the assets of the company. The short term loan is unsecured.

19 Creditors: Amounts falling due after more than one year

The following are included in creditors falling due after more than one year:

		Group		Company	
		1997	1996	1997	1996
		£	£	£	£
Transfer fees payable		165,000	-	-	-
Loan stock 2001	a	490,000	490,000	-	-
Loan from principal shareholder	b	550,240	550,240	550,240	550,240
Loan from principal shareholder	c	1,318,700	1,350,000	1,318,700	1,350,000
Loan from The Football Trust	d	80,000	-	80,000	-
		2,603,940	2,390,240	1,948,940	1,900,240

a) With the agreement of the Loan Stockholders, the terms of the Loan Stock 2001 were changed during the year to replace the variable rate of interest based on net realisations on transfer fees by a fixed rate of interest of 1% per annum.

b) The loan is secured, bears interest at 13.5% per annum and is repayable on 31 July 2000.

c) The loan is secured, bears interest at 1% over bank base lending rates and there is no fixed date for repayment date.

d) The loan from The Football Trust is interest free and repayable in quarterly instalments of £10,000.

20 Called-up share capital

	Group & Company	
	1997	1996
	£	£
Equity shares		
Authorised:		
Ordinary Shares of £1 each	3,850,000	525,000
Participating redeemable preference shares of £1 each	-	325,000
	3,850,000	850,000
Allotted, called-up and fully paid:		
Ordinary Shares of £1 each	3,350,000	525,000
Participating redeemable preference shares of £1 each	-	325,000
	3,350,000	850,000

During the year, the company's authorised share capital was increased to £3,850,000 and the 325,000 preference shares were reclassified as ordinary shares. One new ordinary share was issued to acquire HFC Properties Limited. Subsequently, the company issued 2,499,999 new ordinary shares of £1 each for cash which was applied to reduce the overall indebtedness of the enlarged group.

21 Reserves

	Other Reserves *"Hibs 100"*		Profit & Loss Account	
	Group	Company	Group	Company
	£	£	£	£
At 1 August 1996	251,051	-	(2,491,182)	(800,614)
Goodwill written off (Note 22)	-	-	(490,749)	-
Loss for the financial year	-	-	(261,027)	(595,322)
At 31 July 1997	251,051	-	(3,242,958)	(1,395,936)

The "Hibs 100" reserve represented funds donated by supporters for the benefit of The *Hibernian* Football Club Limited. These funds are not repayable or redeemable under any circumstances, nor do they confer any voting or participation rights on those who made the contribution.

22 Acquisition of HFC Properties Limited

The net liabilities of HFC Properties Limited at the date of acquisition were as follows:

	1997 £
Tangible fixed assets	9,253,869
Current assets	85,610
Creditors due within one year	(433,016)
Bank overdraft	(5,213,163)
Football Trust Loan	(120,000)
	3,573,300
Less amounts due to HFC Holdings Limited	(4,064,049)
Net liabilities	(490,749)

23 Reconciliation of net cash flow to movement in net debt

	Balance at 31 July 1995 £	Movement in year £	Balance at 31 July 1996 £	Acquisition £	Movement in year £	Balance at 31 July 1997 £
Cash balances	221,677	225,068	446,745	-	6,520	453,265
Debt due within one year						
Bank overdraft	(380,171)	(1,848,383)	(2,228,554)	(5,213,163)	1,708,737	(5,732,980)
	(158,494)	(1,623,315)	(1,781,809)	(5,213,163)	1,715,257	(5,279,715)
Short term loan	-	-	-	-	(350,000)	(350,000)
The Football Trust	-	-	-	(40,000)	-	(40,000)
Debt due after one year						
The Football Trust	-	-	-	(80,000)	-	(80,000)
Loan Stock	(490,000)	-	(490,000)	-	-	(490,000)
Shareholder loans	(2,814,935)	914,695	(1,900,240)	-	31,300	(1,868,940)
	(3,463,429)	(708,620)	(4,172,049)	(5,333,163)	1,396,557	(8,108,655)

24 Contingent liabilities and financial commitments

a) Capital Commitments

The group had capital commitments at 31 July 1997 amounting to £40,460 (1996 - nil).

b) Lease commitments

The group has annual commitments in respect of operating leases which may be analysed as follows:

	Group	
	1997	1996
	£	£
Lease of Easter Road Stadium	-	75,000

The *Hibernian* Football Club Limited has a full repairing and insuring lease of Easter Road Stadium . During the year, the Group acquired the company which granted the lease thereby extinguishing the commitment to an external party.

c) Contingent liabilities

A portion of the grants received from The Football Trust may become repayable, at the Trust's discretion, if The *Hibernian* Football Club Limited ever moved from Easter Road Stadium.

d) 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.

e) 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. In addition, the group is committed to £535,000 (1996 - £170,250) of deferred signing on fees which become payable to those players who stay with the club for the duration of their current contracts. Additional transfer fees of £50,000 (1996 - £25,000) are payable should certain players be selected at international level.

25 Related party transactions

There is no requirement under FRS8 to provide details of transactions between companies which are members of the same group. Mr T Farmer, a director of the company, held a material financial interest in HFC Properties Limited which was acquired on 27 March 1997. Details of this transaction are contained in Notes 15 and 22. The *Hibernian* Football Club Limited obtained a lease for Easter Road Stadium from HFC Properties Limited in 1991 under which the annual rent was £75,000 subject to rent reviews. Mr D Cromb, a director of The *Hibernian* Football Club Limited, is a shareholder in Innes & Cromb Limited which received £2,013 (excluding VAT) (1996 - £7,570) for the supply of goods for resale.