Maidencraig Investments (No.1) Limited

Directors' report and consolidated financial statements

Registered number SC348364

31 July 2012



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Directors and advisors

Directors	Sir Tom Farmer CVO CBE KCSG DL R M Petrie
Company Secretary	Mary Anne McAdam
Registered office	Maidencraig House 192 Queensferry Road Edinburgh EH4 2BN
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Directors' report

The directors have pleasure in presenting their report and the consolidated financial statements of the Group for the year ended 31 July 2012.

Principal activities

The Group consists of a number of intermediate holding companies through which it has a 66% interest in the share capital of its principal trading subsidiary, The Hibernian Football Club Limited. In addition, Sir Tom Farmer CVO CBE KCSG DL has an interest in a further 24% of the issued share capital of The Hibernian Football Club Limited through an additional minority shareholding within the Group.

Results

The consolidated profit and loss account for the year ended 31 July 2012 and the Group and Company's financial position at the end of the year are shown in the attached financial statements.

Dividends

The directors do not recommend the payment of a dividend for the period (*2011: £nil*).

Principal risks and uncertainties

The Hibernian Football Club Limited (the 'Club') is the only active trading company within the Group. The Club is managed by an independent board of directors. The Group director, Sir Tom Farmer CVO CBE HCSG DL is not involved in the management of the Club.

Directors

The directors who served the Group during the year were as follows:

Sir Tom Farmer CVO CBE KCSG DL
R M Petrie (Appointed 5 March 2012)

Statement of employees' involvement in the Club

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through a variety of formal and informal meetings. At these meetings, employees are consulted on a wide range of matters affecting their future and current interests.

Disabled persons policy

The Group gives every consideration to applications for employment from disabled persons or to employees who become disabled where the requirements of the job may be adequately covered by a handicapped or disabled person.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware; and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Directors' report *(continued)*

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

Mary Anne McAdam
Secretary

Maidencraig House
192 Queensferry Road
Edinburgh
EH4 2BN

5 October 2012

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 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 satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Maidencraig Investments (No.1) Limited

We have audited the financial statements of Maidencraig Investments (No.1) Limited for the year ended 31 July 2012 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 auditors
As explained more fully in the Director's Responsibilities Statement set out on page 4, the director's 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2012 and of the group's 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 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 by the parent company, 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

15 October 2012

Consolidated profit and loss account
for the year ended 31 July 2012

	Note	2012 £	2011 £
Group turnover	2	**6,884,942**	7,031,218
Staff costs and other operating charges	3	**(7,979,830)**	(8,864,089)
Operating loss before interest and taxation		**(1,094,888)**	(1,832,871)
Gain on disposal of intangible fixed assets		**98,197**	998,011
		(996,691)	(834,860)
Net interest expense	5	**(143,378)**	(130,630)
Loss on ordinary activities before taxation	4	**(1,140,069)**	(965,490)
Tax on (loss)/profit on ordinary activities	7	**18**	1,704
Loss on ordinary activities after taxation		**(1,140,051)**	(963,786)
Minority interest - equity	18	**35,950**	24,950
Loss for the financial year	17	**(1,104,101)**	(938,836)

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

Statement of total recognised gains and losses
for the year ended 31 July 2012

	2012 £	2011 £
Loss for the financial year	**(1,104,101)**	(938,836)
Unrealised gain on revaluation of fixed assets	**-**	269,135
	(1,104,101)	(669,701)

Consolidated balance sheet

at 31 July 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	*9*		**122,825**		244,107
Tangible assets	*10*		**24,342,877**		24,733,325
			24,465,702		24,977,432
Current assets					
Stocks	*12*	**239,801**		204,431	
Debtors	*13*	**2,758,866**		3,287,328	
Cash at bank and in hand		**1,005,558**		2,190,899	
		4,004,225		5,682,658	
Creditors: amounts falling due within one year	*14*	**(3,974,514)**		(4,643,968)	
Net current assets			**29,711**		1,038,690
Total assets less current liabilities			**24,495,413**		26,016,122
Creditors: amounts falling due after more than one year	*15*		**(6,703,436)**		(7,084,094)
Minority interest – equity	*18*		**(952,419)**		(988,369)
Net assets			**16,839,558**		17,943,659
Capital and reserves					
Called up share capital	*16*		**1,687,752**		1,687,752
Reserves	*17*		**15,151,806**		16,255,907
Shareholders' funds	*19*		**16,839,558**		17,943,659

These financial statements were approved by the board of directors on 5 October 2012 and were signed on its behalf by:

R M Petrie
Director

Company balance sheet
at 31 July 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	11	**1,687,652**	1,687,652
		1,687,652	1,687,652
Current assets			
Amounts due from related parties		**2,272,305**	2,272,305
Cash at bank and in hand		**967**	1,004
		2,273,272	2,273,309
Current liabilities			
Amounts falling due in less than one year	14	**(2,282,648)**	(2,267,828)
Net current (liabilities)/assets		**(9,376)**	5,481
Total assets less current liabilities		**1,678,276**	1,693,133
Creditors: amounts falling due after more than one year	15	**-**	-
Net assets		**1,678,276**	1,693,133
Capital and reserves			
Called up share capital	16	**1,687,752**	1,687,752
Profit and loss account	17	**(9,476)**	5,381
Shareholders' funds	19	**1,678,276**	1,693,133

These financial statements were approved by the board of directors on 5 October 2012 and signed on its behalf by:

R M Petrie
Director

Consolidated cash flow statement

for the year ended 31 July 2012

	Notes	2012 £	2012 £	2011 £	2011 £
Cash flow statement					
Cash flow from operating activities	*20*		**(311,305)**		(1,789,152)
Returns on investments and servicing of finance					
Interest received		**13,858**		27,627	
Interest paid		**(158,279)**		(153,664)	
			(144,421)		(126,037)
Taxation			**(18)**		3,114
Capital expenditure and financial investment					
Related party loan advanced		**-**		(2,272,305)	
Purchase of tangible fixed assets		**(96,035)**		(2,147,057)	
Adjustment to tangible fixed assets		**52**		19,100	
Payments relating to intangible fixed assets		**(111,918)**		(273,714)	
Receipts from sale of intangible fixed assets		**81,937**		1,191,780	
			(125,964)		(3,482,196)
Cash outflow before financing			**(581,708)**		(5,394,271)
Financing					
Repayment of bank loan		**(606,848)**		(338,393)	
New bank loan		**-**		1,967,850	
Finance lease payments		**(26,315)**		(34,004)	
New finance leases		**29,530**		65,016	
			(603,633)		1,660,469
Decrease in cash in the period			**(1,185,341)**		(3,733,802)

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period			**(1,185,341)**		(3,733,802)
Cash inflow from financing			**603,633**		(1,660,469)
Change in net debt arising from cash flows			**(581,708)**		(5,394,271)
Net debt at the start of the year (restated)			**(5,521,142)**		(126,871)
Net debt at end of year	*21*		**(6,102,850)**		(5,521,142)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, modified to include the revaluation of investment properties.

The net debt disclosed in note 21 has been restated to remove the impact of related party debtors. This has had no impact on either profit or net assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 July 2012 using merger accounting.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Going concern

The accounts have been prepared on a going concern basis.

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:

Buildings	2%
Plant and equipment	10-33%
Fixtures and fittings	10-20%
Motor vehicles	20-33%

No depreciation is provided on freehold land.

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 Group 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.

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.

Stocks

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

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Group

Following the adoption of FRS 25, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Signing-on fees

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

Taxation

The charge or credit for taxation is based on the profit/loss 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 in respect of all timing differences between the treatment of certain items for taxation and accounting purposes but not reversed by the balance sheet date except as otherwise required by FRS19.

Pension costs

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

Investments

In the Company's financial statements, investments in subsidiary undertakings, are stated at cost less amounts written off.

Leases

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 period of the lease.

2 Turnover

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

Notes *(continued)*

3 Operating expenses

	2012 £	2011 £
Staff costs	**4,121,981**	4,803,537
Other operating charges	**3,857,849**	4,060,552
	7,979,830	8,864,089

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:	2012 £	2011 £
Depreciation	**455,204**	391,347
Amortisation of intangible fixed assets	**94,164**	195,480

Auditors' remuneration:

	2012 £	2011 £
Audit of these financial statements	**2,500**	2,500
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**12,250**	12,250
Other services, including taxation	**11,500**	11,500

5 Net interest payable and similar charges

	2012 £	2011 £
Interest payable:		
Bank overdraft	**-**	(4,232)
Stadium mortgages	**(148,138)**	(144,770)
Finance leases	**(4,063)**	(4,151)
	(152,201)	(153,153)
Interest receivable		
Bank deposits	**8,823**	22,523
Net interest payable	**(143,378)**	(130,630)

Notes *(continued)*

6 Employees

The average number of employees in the Group during the year was 90 *(2011: 102)*. The company has no employees other than the director.

	2012 £	2011 £
Staff costs:		
Salaries and wages	**3,673,396**	4,265,824
Social security costs	**432,293**	502,254
Other pension costs	**16,292**	35,459
	4,121,981	4,803,537

The directors received no emoluments from the group during the current year *(2011: £nil)*.

7 Taxation

	2012 £	2011 £
Analysis of tax (credit)/charge:		
UK corporation tax		
Current income tax for the year	**-**	-
Adjustment in respect of prior periods	**(18)**	(1,704)
Tax (credit)/charge on (loss)/profit on ordinary activities	**(18)**	(1,704)

The current tax credit for the period is lower *(2011: lower)* than the standard rate of corporation tax in the UK of 24% *(2011: 26%)*. The differences are explained below.

	2012 £	2011 £
Current tax reconciliation		
Loss on ordinary activities before tax	**(1,140,069)**	(965,490)
Current tax at 25.3% *(2011: 27.3%)*	**(288,497)**	(263,579)
Effects of:		
Expenses not deductible for tax purposes	**2,709**	4,237
Timing differences	**(4,878)**	(63,863)
Adjustment in respect of prior periods	**(18)**	(1,704)
Tax losses carried forward	**290,666**	323,205
Total current tax credit (see above)	**(18)**	(1,704)

Notes *(continued)*

7 Taxation *(continued)*

Factors that may affect future tax charges

The Group has an unrecorded deferred tax asset at 31 July 2012 of approximately £600,000 *(2011: £445,000)*. The deferred tax asset has not been recognised due to uncertainty over the timing of its recovery.

The 2012 budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future tax charge accordingly.

8 Dividends

The director does not recommend the payment of a dividend for the period *(2011: £nil)*.

9 Intangible fixed assets

Group	Players £	Other £	Total £
Cost			
At 31 July 2011	367,177	25,000	392,177
Additions	62,140	-	62,140
Disposals	(235,263)	-	(235,263)
At 31 July 2012	194,054	25,000	219,054
Amortisation			
At 31 July 2011	138,487	9,583	148,070
Charge for year	89,164	5,000	94,164
Disposals	(146,005)	-	(146,005)
At 31 July 2012	81,646	14,583	96,229
Net book value			
At 31 July 2012	**112,408**	**10,417**	**122,825**
At 31 July 2011	228,690	15,417	244,107

Notes *(continued)*

10 Tangible assets

Group

	Land & Buildings £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation					
At beginning of year	22,373,829	4,872,263	2,136,606	124,805	29,507,503
Additions	-	10,661	21,357	32,790	64,808
Adjustment	(52)	-	-	-	(52)
At end of period	22,373,777	4,882,924	2,157,963	157,595	29,572,259
Depreciation					
At beginning of year	77,984	3,028,894	1,641,236	26,064	4,774,178
Charge for year	6,514	305,713	114,225	28,752	455,204
At end of year	84,498	3,334,607	1,755,461	54,816	5,229,382
Net book value					
At 31 July 2012	**22,289,279**	**1,548,317**	**402,502**	**102,779**	**24,342,877**
Net book value					
At 31 July 2011	22,295,845	1,843,369	495,370	98,741	24,733,325

Tangible fixed assets include Easter Road Stadium which was valued at 31 July 2011 by Jones Lang LaSalle, International Property Consultants, at £18,500,000 on the basis of its depreciated replacement cost. This valuation was included in the accounts at that date. The value attached by the Directors to Plant & Equipment and Fixtures & Fittings was equal to the net book value of those assets.

The Hibernian Football Club Limited also has a training facility in East Lothian. At 31 July 2011 the Hibernian Training Centre was valued by Jones Lang LaSalle, International Property Consultants, at £5,450,000 on the basis of its depreciated replacement cost. This valuation was included in the accounts at that date. The value attached by the directors to Plant & Equipment and Fixtures & Fittings was equal to the net book value of those assets.

Included in the Net Book Value of tangible fixed assets is £84,646 (*2011: £74,811*) in respect of assets acquired under Finance Leases. Depreciation for the year on those assets was £22,954 (*2011: £14,621*).

Notes *(continued)*

11 Investments

	Subsidiaries £
Company	
Cost and net book value	
At beginning and end of year	1,687,652

The principal undertakings in which the Group holds more than 50% of the share capital are as follow:

Subsidiary undertaking	Country of Incorporation	Shares held		Principal activity
		Class	%	
Maidencraig Investments (No.2) Limited	Scotland	Ordinary	75	Holding company
Maidencraig Investments (No.3) Limited	Scotland	Ordinary	75	Holding company
Infocus Investments Limited	England	Ordinary	75	Holding company
HFC Holdings Limited	Scotland	Ordinary	67	Holding company
The Hibernian Football Club Limited	Scotland	Ordinary	66	Football Club

12 Stocks

Group	2012 £	2011 £
Goods for resale	**239,801**	204,431

13 Debtors

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Trade debtors	**362,887**	**-**	400,536	-
Prepayments and accrued income	**123,674**	**-**	614,487	-
Amounts due from related parties	**2,272,305**	**2,272,305**	2,272,305	2,272,305
	2,758,866	**2,272,305**	3,287,328	2,272,305

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Stadium mortgage (a)	**240,000**	-	240,000	-
Stadium mortgage (b)	**131,190**	-	366,834	-
Trade creditors	**561,227**	-	691,590	-
Other taxes and social security costs	**204,823**	-	316,386	-
Other creditors and accruals	**2,747,193**	**14,820**	3,008,045	6,300
Amounts owed to subsidiary companies	-	**2,261,528**	-	2,261,528
Amounts owed to related parties	**56,300**	**6,300**	-	-
Finance lease creditor	**33,781**	-	21,113	-
	3,974,514	**2,282,648**	4,643,968	2,267,828

15 Creditors: amounts falling due in more than one year

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
Stadium mortgage (a)	**2,800,000**	-	3,040,000	-
Stadium mortgage (b)	**1,371,419**	-	1,502,623	-
Stadium mortgage (c)	**2,500,000**	-	2,500,000	-
Finance lease creditor	**32,017**	-	41,471	-
	6,703,436	-	7,084,094	-

(a) The stadium mortgage is secured. The loan bears a variable interest rate. Repayments of £20,000 per month commenced in August 2008, with a final instalment of £1,600,000 in August 2018.

(b) The stadium mortgage is secured. The loan bears a variable interest rate. The loan is repayable in quarterly instalments ending in October 2023.

(c) The stadium mortgage is secured. The loan bears a variable interest rate. The loan is repayable in one instalment in July 2020.

Notes *(continued)*

16 Called up share capital

Group and Company	2012 £	2011 £
Authorised		
3,000,000 Ordinary shares of £1 each	**3,000,000**	3,000,000
	3,000,000	3,000,000
Allotted, called up and fully paid		
1,687,752 Ordinary shares of £1 each	**1,687,752**	1,687,752
Analysis of allotted, called up and fully paid share capital		
Shares classified as shareholder funds	**1,687,752**	1,687,752

17 Reserves

Group	Merger reserve £	Revaluation £	Profit and loss £
At beginning of period as stated using merger accounting	2,859,091	5,889,891	7,506,925
Loss for the financial year	-	-	(1,104,101)
At end of period	**2,859,091**	**5,889,891**	**6,402,824**

Company	Profit and loss £
At beginning of year	5,381
Loss for the financial year	(14,857)
At end of year	**(9,476)**

18 Equity minority interests

Group	£
At beginning of year	988,369
Share of loss on ordinary activities after taxation	(35,950)
Share of revaluation of properties during the period	-
At end of year	**952,419**

Notes *(continued)*

19 Reconciliation of movement in shareholders' funds

	2012 Group £	2012 Company £	2011 Group £	2011 Company £
(Loss)/profit for the financial year	**(1,104,101)**	**(14,857)**	(938,836)	(5,256)
Revaluation in year	-	-	269,135	-
Transfer to minority interests	-	-	(5,383)	-
Net (reduction)/addition to shareholders' funds	**(1,104,101)**	**(14,857)**	(675,084)	(5,256)
Opening shareholders' funds	**17,943,659**	**1,693,133**	18,618,743	1,698,389
Closing shareholders' funds	**16,839,558**	**1,678,276**	17,943,659	1,693,133

20 Reconciliation of operating loss to operating net cash flow

	2012 £	2011 £
Group operating loss	**(1,094,888)**	(1,832,871)
Depreciation charges	**455,204**	391,347
Amortisation of intangible assets	**94,164**	195,480
Gain on sale of fixed assets	**-**	(240)
Increase in stocks	**(35,376)**	(31,361)
Decrease/(increase) in debtors	**553,463**	(38,350)
Decrease in creditors	**(283,872)**	(473,157)
Cash outflow from operating activities	**(311,305)**	(1,789,152)

21 Analysis of net debt

	At 31 July 2011 £	Cash flow £	At 31 July 2012 £
Cash at bank and in hand	2,190,899	(1,185,341)	**1,005,558**
Stadium mortgage (a)	(3,280,000)	240,000	**(3,040,000)**
Stadium mortgage (b)	(1,869,457)	366,848	**(1,502,609)**
Stadium mortgage (c)	(2,500,000)	-	**(2,500,000)**
Finance leases	(62,584)	(3,215)	**(65,799)**
	(5,521,142)	(581,708)	**(6,102,850)**

Notes *(continued)*

22 Related party transactions

At 31 July 2012 the Group had £2,216,005 *(2011: £2,272,305)* receivable from Halecrest Investments (No.2) Limited, a company under the common control of one of the directors, Sir Tom Farmer. These amounts are non-interest bearing and have no fixed repayment date. These amounts are included in amounts due from related parties.

At the year end the company owes £2,261,428 *(2011: £2,261,428)* to Maidencraig Investments (No.3) Limited, a company in which it holds 75% of the share capital. In addition, £100 *(2011: £100)* is due to Maidencraig Investments (No.2) Limited, a company in which it holds 75% of the share capital. Both loans are non-interest bearing and have no fixed repayment date, and are included within amounts owed to subsidiary companies.

23 Financial commitments and contingent liabilities

a) Capital commitments

At 31 July 2012 the amount authorised and contracted for future expenditure was £nil *(2011: £nil)*.

b) Lease commitments

	Other 2012 £	Other 2011 £
Operating leases which expire:		
Within one year	**2,131**	1,065
In the second to fifth year inclusive	**6,180**	24,248
At 31 July 2012	**8,311**	25,313

c) Contingent liabilities

The Hibernian Football Club Limited has provided a bond and floating charge in relation to all sums payable by it to the Bank of Scotland.

24 Ultimate controlling party

The company's ultimate controlling party is Sir Tom Farmer CVO CBE KCSG DL.