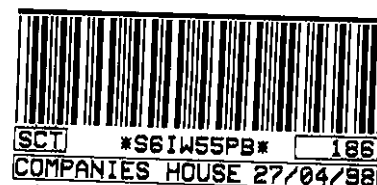


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**HAMILTON ACADEMICAL FOOTBALL CLUB
LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997**

WILLIAM DUNCAN & CO.
Chartered Accountants
Silverwells House
114 Cadzow Street
Hamilton ML3 6HP



HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997**

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INFORMATION FOR THE DIRECTORS ONLY

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Director	William Sherry
Secretary	Scott A. Struthers
Company number	SC005420
Registered office	Enable Building Prospect House New Park Street Hamilton ML3 0BN
Auditors	William Duncan & Co. Chartered Accountants Registered Auditor Silverwells House 114 Cadzow Street Hamilton ML3 6HP
Solicitors	Kerr & Co. 23 Nelson Mandela Place Glasgow G2 1QB
Bankers	Clydesdale Bank plc 135 Almada Street Hamilton ML3 0EX

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

DIRECTOR'S REPORT

The director submits his report and the financial statements for the year ended 30 June 1997.

1. Director's responsibilities

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

2. Principal activity

The company's principal activity continues to be that of a member of the Scottish Football League.

3. Directors and their interests

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	At 30 June 1997	At 1 July 1996
	No.	No.
David Campbell	100	100
David Campbell Jnr	100	100
Alistair Duguid	100	100
William Whitelaw (resigned 28 January 1997)	-	100

David Campbell, David Campbell Jnr. and Alistair Duguid resigned on 11 July 1997. On the same date, William Sherry and David Gebbie were appointed directors. David Gebbie subsequently resigned on 31 March 1998.

4. Parent company

The company is a subsidiary of Deeka Limited, incorporated in Scotland.

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

DIRECTOR'S REPORT (continued)

5. Close company status

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

6. Auditors

The auditors, William Duncan & Co., have indicated their willingness to accept reappointment under Section 385(2) of the Companies Act 1985.

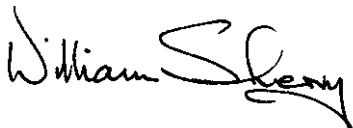
7. Small company exemptions

The report of the director has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD

WILLIAM SHERRY

DIRECTOR

A handwritten signature in black ink, appearing to read 'William Sherry', written over the printed name.

22 April 1998



**AUDITORS' REPORT TO THE MEMBERS
OF
HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of the director and auditors

As described on page 2 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

WILLIAM DUNCAN & CO.

Chartered Accountants
Registered Auditor
Silverwells House
114 Cadzow Street
Hamilton ML3 6HP

22 April 1998

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
Turnover	2	728,395	430,421
Staff costs		443,338	435,704
Gross profit/(loss)		285,057	(5,283)
Net operating expenses		379,063	413,009
Operating loss	3	(94,006)	(418,292)
Gain on sale of fixed assets		-	342,372
Loss on ordinary activities before interest		(94,006)	(75,920)
Other interest receivable and similar income	4	6,032	4,615
Interest payable and similar charges	5	(151,108)	(21,136)
Loss on ordinary activities before taxation		(145,076)	(16,521)
		(239,082)	(92,441)
Taxation on loss on ordinary activities	6	-	-
Retained loss for the financial year	14	£(239,082)	£(92,441)

There were no recognised gains or losses other than those included in the profit and loss account.

There were no acquisitions and no discontinued operations in the year.

The notes on pages 7 to 13 form part of these financial statements.

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

BALANCE SHEET AT 30 JUNE 1997

	Notes	£	1997 £	1996 £
Fixed assets				
Tangible assets	7		2,282,568	1,591,386

Current assets				
Debtors	8	372,974		1,205,412
Cash at bank and in hand		298,234		54
		-----		-----
		671,208		1,205,466
Creditors: amounts falling due within one year	9	2,676,854		2,278,206
		-----		-----
Net current (liabilities)/assets			(2,005,646)	(1,072,740)
			-----	-----
Total assets less current liabilities			276,922	518,646
Creditors: amounts falling due after more than one year	10		-	2,642
			-----	-----
Net assets			£ 276,922	£ 516,004
			=====	=====
Capital and reserves				
Called up share capital	13		568,960	568,960
Profit and loss account	14		(292,038)	(52,956)
			-----	-----
Shareholders' funds	15		£ 276,922	£ 516,004
			=====	=====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Director on 22 April 1998.

ON BEHALF OF THE BOARD

†

WILLIAM SHERRY


DIRECTOR

22 April 1998

The notes on pages 7 to 13 form part of these financial statements.

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same accounts.

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The effect of events relating to the year ended 30 June 1997 which occurred before the date of approval of the financial statements by the Director, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 June 1997 and of the results for the year ended on that date.

The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cashflow statement on the grounds that it is a small company.

The 1996 comparative figures have been restated to reflect the more correct nature of the transaction with Standforth Limited. This transaction was reversed in the current year.

The effect is to eliminate a sale of land for £1,200,000 and show the amount due as a secured mortgage, to include the land owned by the Club at its cost, and to reduce the gain on sale of land by £813,200.

(b) Depreciation

Depreciation has been calculated to write off the cost of tangible fixed assets evenly over their expected useful lives using the following rates:

Land	- not depreciated
Motor vehicles	- 25% per annum of cost

(c) Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997 (continued)

1. Accounting policies (continued)

(d) Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. The interest element of the rental obligations is charged to the profit and loss account on a straight line basis over the period of the lease.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

(e) Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

The company's turnover represents the value, excluding value added tax, of goods and services supplied. All turnover relates to the principal activity of the company.

3. Operating loss	1997 £	1996 £
-------------------	-----------	-----------

This is stated after charging:

Auditors' remuneration	3,675	3,400
Depreciation of tangible fixed assets		
- held under hire purchase agreements		
and finance leases	2,444	3,819
	=====	=====

4. Other interest receivable and similar income

Bank interest	£ 6,032	£ 4,615
	=====	=====

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997 (continued)

	1997	1996
	£	£

5. Interest payable and similar charges

Included in this category are:

Finance charges payable - finance leases and hire purchase contracts	£ 518	£ 893
	=====	=====

6. Taxation on profit on ordinary activities

No provision for taxation is required. Trading losses are carried forward and are available for offset against future profits.

7. Tangible fixed assets

	Land £	Motor vehicles £	Total £
Cost or revaluation			
At 1 July 1996	1,586,500	32,959	1,619,459
Additions during year	693,626	-	693,626
	-----	-----	-----
At 30 June 1997	2,280,126	32,959	2,313,085
	-----	-----	-----
Depreciation			
At 1 July 1996	-	28,073	28,073
Charge for year	-	2,444	2,444
	-----	-----	-----
At 30 June 1997	-	30,517	30,517
	-----	-----	-----
Net book value			
At 30 June 1997	£2,280,126	£ 2,442	£2,282,568
	=====	=====	=====
At 1 July 1996	£1,586,500	£ 4,886	£1,591,386
	=====	=====	=====

Included in the total net book value of tangible fixed assets held at 30 June 1997 was £2,442 in respect of assets held under finance lease and hire purchase contracts. (1996 - £4,886).

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997 (continued)

	1997	1996
8. Debtors	£	£
Trade debtors	256,806	11,531
Other debtors	116,168	1,193,881
	-----	-----
	£ 372,974	£1,205,412
	=====	=====

There are no amounts due after more than one year included in debtors.

9. Creditors: amounts falling due within one year	£	£
Bank overdraft (secured)	-	923
Trade creditors	41,527	78,136
Taxation and Social Security costs	141,295	173,981
Obligations under finance leases and hire purchase contracts (Secured) (See note 11)	2,638	2,821
Accrued charges and deferred income	887,356	263,810
Other creditors	404,038	1,758,535
Secured mortgages	1,200,000	-
	-----	-----
	£2,676,854	£2,278,206
	=====	=====

10. Creditors: amounts falling due after more than one year		
Obligations under finance leases and hire purchase contracts (Secured) (See note 11)	£ -	£ 2,642
	=====	=====

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997 (continued)

	1997	1996
11. Obligations under finance leases and hire purchase contracts	£	£
The maturity of these amounts is as follows:		
Amounts payable:		
Within one year	3,060	3,337
Within two to five years	-	2,786
	-----	-----
	3,060	6,123
Less: finance charges allocated to future periods	422	660
	-----	-----
	£ 2,638	£ 5,463
	=====	=====

Finance leases and hire purchase contracts are disclosed as follows:

	£	£
Current obligations	2,638	2,821
Non-current obligations	-	2,642
	-----	-----
	£ 2,638	£ 5,463
	=====	=====

12. Deferred taxation

The company had no liability to deferred taxation, either actual or potential, at the balance sheet date.

	1997	1996
13. Share capital	No.	No.
Authorised		
Ordinary shares of £1 each	10,000,000	10,000,000
	=====	=====
Allotted issued and fully paid		
Ordinary shares of £1 each	£ 568,960	£ 568,960
	=====	=====

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997 (continued)

	1997 £	1996 £
14. Reserves		
Profit and loss account		
At 1 July 1996	(52,956)	39,485
Retained loss for the financial year	(239,082)	(92,441)
	-----	-----
At 30 June 1997	£ (292,038)	£ (52,956)
	=====	=====
15. Reconciliation of movement in shareholders' funds	£	£
At 1 July 1996	516,004	1,107,845
Retained loss for the financial year	(239,082)	(92,441)
Issue of share capital	-	600
Revaluation reserve written off	-	(500,000)
	-----	-----
At 30 June 1997	£ 276,922	£ 516,004
	=====	=====

16. Pension costs

The company operates a contributory pension scheme. It is a defined contribution scheme and the contributions are charged in the profit and loss account as they accrue.

The charge for the year was £1,201 (1996 - £1,201)

HAMILTON ACADEMICAL FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997
(continued)**

17. Capital commitments

At 30 June 1997 the Club had capital commitments amounting to £4,350,000 (1996 - £nil).

18. Contingent liabilities

In terms of the unconditional missives with one vendor to purchase land, the Club is obliged to devote the whole of the net proceeds of the subsequent sale towards the construction of a new stadium, failing which the Club must account for the profit arising on sale to that vendor.

In addition the Club undertakes to indemnify a second vendor against any design fees for the new stadium for which that vendor may be liable. That vendor has a Standard Security over part of the site for the new stadium.

19. Subsequent events

In July 1997 the club entered into Missives for the sale of some 6.4 acres conditional upon detailed planning consent. The Missives provide for initial stage payments totalling £3,250,000. At date, detailed planning consent has not been received.