

(Company Number – 149117)

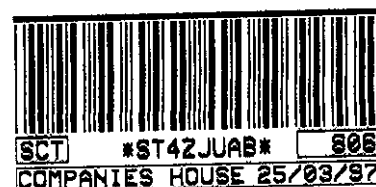
INVERNESS THISTLE AND
CALEDONIAN FOOTBALL CLUB LIMITED

(TRADING AS)
(CALEDONIAN THISTLE FOOTBALL CLUB)

DIRECTORS REPORT
AND
FINANCIAL STATEMENTS

For the Year ended 31 May 1996

W D JOHNSTON & CARMICHAEL
CHARTERED ACCOUNTANTS
13 LOMBARD STREET
INVERNESS



INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

COMPANY INFORMATION

DIRECTORS

John Price
Alister I MacKenzie
Craig R MacLean
Norman H Miller
Dugald M McGilvray
Ian Gordon
Roy G McLennan
Douglas Riach
Kenneth A Thomson
James A Jarvie

COMPANY SECRETARY

James Falconer

COMPANY NUMBER

149117

REGISTERED OFFICE

28 Greig Street
Inverness
IV3 5BR

COMPANY BANKERS

Clydesdale Bank PLC
Inverness

COMPANY AUDITORS

W D Johnston & Carmichael
Chartered Accountants
& Registered Auditors
13 Lombard Street
Inverness
IV1 1QQ

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of the company for the year ended 31 May 1996.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those 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;*
- *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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The directors consider that the company has adequate resources to continue its operational existence for the foreseeable future. In coming to this conclusion, the directors have paid particular attention to the period of one year from the date of approval of the financial statements.

PRINCIPAL ACTIVITY

The principal activity of the company is the running and promotion of a Football Club.

DIRECTORS

The directors who held office during the year ended 31 May 1996 and their beneficial interests in the company's issued share capital were:

	Ordinary Shares 1996	Ordinary Shares 1995
John Price	-	-
Alister I MacKenzie	-	-
Craig R MacLean	-	-
Norman H Miller	-	-
Dugald M McGilvray	-	-
Ian Gordon	-	-
Roy G McLennan	-	-
Douglas Riach	-	-
Kenneth A Thomson	-	-
James A Jarvie	-	-
David MacDonald (<i>resigned 15 February 1996</i>)	-	-
John S MacDonald (<i>resigned 28 June 1995</i>)	-	-
Norman Cordiner (<i>resigned 1 December 1995</i>)	-	-

In accordance with the articles of association the directors are not required to retire by rotation.

POLITICAL AND CHARITABLE CONTRIBUTIONS /

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

DIRECTORS REPORT (Continued)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year (1995 – £nil).

AUDITORS

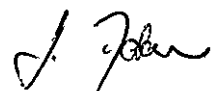
The Auditors, W D Johnston & Carmichael, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985 .

EXEMPTIONS

In preparing the above report the directors have taken advantage of the special exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

Approved by the Board on 30 July 1996

and signed on its behalf by



James Falconer
Secretary

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

AUDITORS REPORT

To the Shareholders of Inverness Thistle and Caledonian Football Club Limited

We have audited the financial statements set out on pages five to eleven which have been prepared following the accounting policies set out on page seven.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are 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.

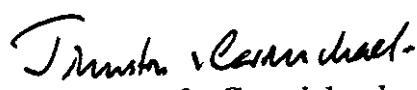
BASIS OF OPINION

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 amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors 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 31 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


W D Johnston & Carmichael
Chartered Accountants
and Registered Auditors

13 Lombard Street
Inverness

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

For the Year ended 31 May 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>INCOME</u>	1(b)+2	467,437	216,600
Net Operating Expenses		(470,586)	(367,666)
<u>TRADING LOSS</u>	3	(3,149)	(151,066)
Other Income	4	251,087	-
Interest Receivable		-	6
Interest Payable	5	(11,226)	(5,867)
Exceptional Item	6	(29,104)	-
<u>PROFIT / (LOSS) ON ORDINARY ACTIVITIES</u>			
<u>BEFORE TAXATION</u>		207,608	(156,927)
Taxation	7	-	-
<u>PROFIT / (LOSS) FOR THE YEAR / PERIOD</u>		<u>207,608</u>	<u>(156,927)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the two financial years highlighted.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses in 1996 and 1995 other than the result of each year.

The notes on pages seven to eleven form part of the financial statements.

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

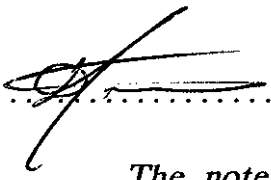
BALANCE SHEET

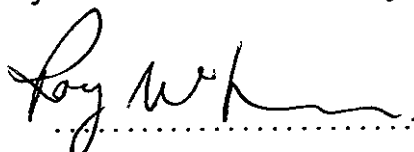
As at 31 May 1996

	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
<u>FIXED ASSETS</u>			
Intangible Assets	8	70,500	-
Tangible Assets	9	2,062,832	91,238
		<u>2,133,332</u>	<u>91,238</u>
<u>CURRENT ASSETS</u>			
Stock		5,962	2,379
Debtors	10	877,986	28,923
Cash at Bank and in Hand		225,631	-
		<u>1,109,579</u>	<u>31,302</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	11	1,269,583	(226,156)
<u>NET CURRENT LIABILITIES</u>		<u>(160,004)</u>	<u>(194,854)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,973,328	(103,616)
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	12	(150,000)	-
<u>ACCRUALS AND DEFERRED INCOME</u>	13	(530,568)	(53,300)
<u>NET ASSETS/(LIABILITIES)</u>		<u><u>1,292,760</u></u>	<u><u>(156,916)</u></u>
<u>CAPITAL AND RESERVES</u>			
Called - Up Share Capital	14	900,111	11
Share Premium	15	341,968	-
Profit and Loss Account	15	50,681	(156,927)
<u>EQUITY SHAREHOLDERS FUNDS</u>	16	<u><u>1,292,760</u></u>	<u><u>(156,916)</u></u>

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those special exemptions as a small company.

The financial statements were approved by the board on 30 July 1996

 Chairman

 Finance Director

The notes on pages seven to eleven form part of the financial statements.

INVERNESS THISTLE AND CALEDONIAN FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 May 1996

1. ACCOUNTING POLICIES

a) Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention. They have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

b) Income

Income comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts. Income also comprises all other revenue sources pertaining to that of a football club.

c) Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Plant and Equipment	10 % – 25 % Straight Line Basis
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The property of the company will not be depreciated until the completion of the Club's football stadium.

d) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

e) Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

f) Government Grants/

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1996

f) Government Grants

Government grants received of a capital nature are treated as deferred credits and credited to the profit and loss account over the estimated useful life of the relevant fixed assets. Revenue grants are credited to the profit and loss account in the year in which the expenditure is incurred.

g) Transfer Fees

Transfer fees are capitalised in the company's balance sheet and are written off to the profit and loss account over the period of the players contracts.

2.. INCOME

Income is attributable to one continuing activity within the United Kingdom.

3. TRADING LOSS

Trading loss is stated after charging :

	<u>1996</u>	<u>1995</u>
	£	£
Directors Remuneration	-	-
Depreciation of Owned Tangible Fixed Assets	1,628	16,459
Amortisation of Intangible Fixed Assets	37,000	-
Auditors Remuneration	6,000	2,000
	=====	=====

4. OTHER INCOME

Gain on Sale of Property

251,087	-
=====	=====

5. INTEREST PAYABLE

Bank Overdraft

11,226	5,867
=====	=====

6. EXCEPTIONAL ITEM

Costs Attributable to Establishment of New Stadium

29,104	-
=====	=====

7. TAXATION

No provision for corporation tax is considered necessary due to the availability of trading losses. No provision has been made for taxation on capital gains arising within the company or on transfers of properties to the company from the Clubs, on the basis that the rollover and holdover reliefs will be available. These reliefs have yet to be agreed with the Inland Revenue.

8. INTANGIBLE ASSETS

Players Purchased in Year	107,500
Released to Profit and Loss Account	(37,000)

Cost as at 31 May 1996	70,500
	=====

9. TANGIBLE ASSETS/

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1996

9. TANGIBLE ASSETS

<u>Cost</u>	<u>Heritable Property £</u>	<u>Long Leasehold Property £</u>	<u>Plant and Equipment £</u>	<u>Total £</u>
At 1 June 1995	-	72,560	35,137	107,697
Transfer of Founder Clubs Assets	1,391,560	-	-	1,391,560
Additions	-	1,783,031	21,987	1,805,018
Disposals	(1,206,560)	-	(32,784)	(1,239,344)
At 31 May 1996	185,000	1,855,591	24,340	2,064,931
<u>Accumulated Depreciation</u>				
At 1 June 1995	-	-	16,459	16,459
Charge for Period	-	-	1,628	1,628
Disposals			(15,988)	(15,988)
At 31 May 1996	-	-	2,099	2,099
<u>Net Book Value</u>				
At 31 May 1996	185,000	1,855,591	22,241	2,062,832
At 31 May 1995	-	72,560	18,678	91,238

10. DEBTORS

<u>Due Within One Year</u>	<u>1996 £</u>	<u>1995 £</u>
Trade Debtors	82,121	8,531
Other Debtors	795,865	20,392
	877,986	28,923

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995 £</u>	<u>1995 £</u>
Bank Overdraft	-	170,827
Loan (Note 12)	40,000	-
Trade Creditors	2,902	13,696
Other Creditors	1,207,931	41,633
Other Short Term Loan	18,750	-
	1,269,583	226,156

The bank overdraft facility is secured by standard security over the company's heritable property along with third party security. The short term loan is secured over part of the company's heritable property and is interest free.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR /

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1996

12. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1996</u>	<u>1995</u>
	£	£
<u>Wholly Repayable Within Five Years</u>		
Loan	150,000	-
	<u>150,000</u>	<u>-</u>

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

13. ACCRUALS AND DEFERRED INCOME

	<u>Government Grants</u>
	£
At 1 June 1995	53,300
Received During the Year	477,268
	<u>530,568</u>
At 31 May 1996	<u>530,568</u>

The grants received are in relation to the costs of the new football stadium and will not to be released to the profit and loss account until completion .

14. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	£	£
<u>Authorised</u>		
1,000 Voting Ordinary Shares of £1 Each	1,000	1,000
2,000,000 Non-Voting "A" Ordinary Shares of £1 Each	2,000,000	-
1,000,000 Non-Voting "B" Ordinary Shares of £1 Each	1,000,000	-
3 Non-Voting "C" Ordinary Shares of £1 Each	3	-
	<u>3,001,003</u>	<u>1,000</u>
<u>Issued and Fully Paid</u>		
108 Voting Ordinary Shares of £1 Each	108	11
600,000 Non-Voting "A" Ordinary Shares of £1 Each	600,000	
300,000 Non-Voting "B" Ordinary Shares of £1 Each	300,000	
3 Non-Voting "C" Ordinary Shares of £1 Each	3	
	<u>900,111</u>	<u>11</u>

15. RESERVES/

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1996

15. RESERVES

	Profit and Loss <u>Account</u> £	Share Premium £
At 1 June 1995	(156,927)	-
Retained Profit for the Year	207,608	-
Transfer of Assets from Inverness Thistle and Caledonian Thistle Football Clubs	-	341,968
At 31 May 1996	<u>50,681</u>	<u>341,968</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit/(Loss) for the Financial Year / Period	207,608	(156,927)
Issued Ordinary Share Capital	900,100	11
Share Premium	341,968	-
	<u>1,449,676</u>	<u>(156,916)</u>
Opening Equity Shareholders Funds	(156,916)	-
Closing Equity Shareholders Funds	<u>1,292,760</u>	<u>(156,916)</u>

17. CAPITAL COMMITMENTS

At the company's year end the Club was in the process of constructing a new football stadium in Inverness. Contracted capital commitments at the end of the financial year for which no provision has been made amounted to £1,660,000 (1995 – £nil).

18. CONTINGENT LIABILITIES

There is a contingent liability to repay all or part of the grants received from Highlands and Islands Enterprise, the Highland Council and the Football Trust in the event of the company being in default of the terms of the agreement with the respective authorities.

There is a potential liability towards litigation in which the company is involved in. The directors are confident the liability will not crystallise .