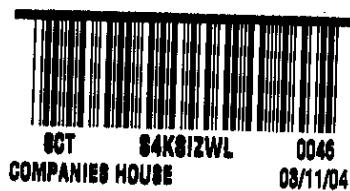


Company Registration No. SC149117 (Scotland)

Inverness Thistle and Caledonian F. C. plc

Directors' Report and Financial Statements

For The Year Ended 31 May 2004



INVERNESS THISTLE AND CALEDONIAN F. C. PLC

COMPANY INFORMATION

Directors	Ken Mackie Ian A MacDonald Graeme Bennett Alexander G M Catto Nigel P Spiller (Appointed 10 October 2003)
Secretary	Ian A MacDonald
Company number	SC149117
Registered office	Caledonian Stadium Stadium Road Inverness IV1 1FF
Auditors	Johnston Carmichael Nevis House Beechwood Park Inverness IV2 3BW
Business address	Caledonian Stadium Stadium Road Inverness IV1 1FF
Bankers	Bank of Scotland 9 High Street Inverness IV1 1JB
Solicitors	MacArthur & Co 7 Ardrross Street Inverness IV3 5PL

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

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INVERNESS THISTLE AND CALEDONIAN F.C. P.L.C

CHAIRMAN'S REPORT FOR THE YEAR TO 31 MAY 2004

The financial year to 31 May 2004 must go down on record as a very successful year in the Club's short history.

The final league match of the season when the 1st Division Title was won was a fantastic occasion enjoyed by everyone attending and involved, as well as by our many passive supporters in Inverness and the Highlands. A huge thank you to John and Donald, the squad and our faithful support for a great season. It is a shame that the level of interest expressed throughout the Highlands in the Club and its successes do not translate into larger attendance at our home games. The larger and more vocal the support, the better in encouraging the team and also in improving revenue streams.

The spectacle which subsequently engulfed Scottish football did no one in football any good but perhaps brought to the fore a number of running ills which may now be addressed by the Authorities. The outcome, not achieved until August, saw us promoted to the Bank of Scotland Premier League albeit playing our "home" games at Pittodrie for season 2004/05.

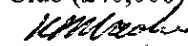
On the Cup front we won the Bell's Challenge Cup defeating Airdrie United in the final and we reached the semi-final of the Tennents Scottish Cup losing only after a replay to Dunfermline. The only down side was an early exit from the CIS League Cup but this was compensated for by the successes in the other Cups.

This season has seen the Club take a massive step forward in its Community and Youth Development Department. Danny MacDonald's enthusiasm and energy has not only taken us forward but his funding arrangements have provided the Club with programmes which do not impact on the financial health of the Club. This is the future of the Club and grateful thanks to all those Companies and Individuals who have contributed to the success of this development.

From the attached accounts you will see that a profit of £129,711 last year has turned to a loss of £238,152 for this year. Main contributors to the loss were a fall in SFL dividends to £74,000 (budgeted at £100,000), bonuses paid for winning the 1st Division Championship (There are no inward receipts for this), no player transfer receipts in this year (£133,000 in previous year) and the early exit from the CIS League Cup.

As a public limited company (PLC) the Club requires to ensure that at any time our net assets are not less than half of the paid up share capital. In the past two years an Extraordinary General Meeting (EGM) has been called to advise shareholders of this and of the action being taken to address this position. It is understood that the Directors do not require to annually hold an EGM for this purpose but I will take the opportunity of this report to set out the position as at 31st May 2004. The company's net assets are £513,094 and the share capital £2,565,281. The required net asset position is £1,282,640 leaving a shortfall of £769,546. The Directors continue to work towards achieving the required net asset position.

Could I take this occasion to thank all the Directors for their very considerable input to the running of the Club, to all our dedicated supporters and to the Inverness Caledonian Social Club (£40,000) and the Centenary Club (£56,000) for their financial and other support.


Ken Mackie

Chairman
14 October 2004

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2004

The directors present their report and financial statements for the year ended 31 May 2004.

Principal activities and review of the business

The principal activity of the company during the year was the running and promotion of a professional football club. A review of the year is contained in the Chairman's report.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Payment of creditors

It is the company's policy to pay creditors in line with terms and conditions agreed with individual suppliers. At the year end trade creditors outstanding represented 10 creditor days.

Directors

The following directors have held office since 1 June 2003:

Ken Mackie

Ian A MacDonald

Graeme Bennett

Alexander G M Catto

Nigel P Spiller

Ken Cameron

(Appointed 10 October 2003)

(Resigned 24 June 2004)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 May 2004	1 June 2003
Ken Mackie	250	250
Ian A MacDonald	1,000	1,000
Graeme Bennett	3,850	3,850
Alexander G M Catto	10,000	30,000
Ken Cameron	-	-
Nigel P Spiller	-	-

Ken Cameron is a director of Tulloch Limited which owns 34.8% of the ordinary share capital. No director has an interest in the company's "A", "B" or "C" ordinary shares.

Major interests in shares

In accordance with sections 198 to 208 of the Companies Act 1985 the company has been notified of the following interests in shares at 31 May 2004. Ordinary £1 shares: Tulloch Limited 34.8% (with 29.98% voting rights); Ian Fraser 22.76%; D McGilivray 6.2%, Roderick Ross 4.2%. "A" Ordinary £1 shares: Caledonian Football Club, 100%. "B" Ordinary £1 shares: Inverness Thistle Football Club, 100%. "C" Ordinary £1 shares: Inverness & Nairn Enterprise, 100%. All shares are held directly and indirectly by the noted individuals/organisations.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Johnston Carmichael be reappointed as auditors of the company will be put to the Annual General Meeting.

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

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 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.

On behalf of the board



Ian A MacDonald
Secretary
14 October 2004

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF INVERNESS THISTLE AND CALEDONIAN F. C. PLC

We have audited the financial statements of Inverness Thistle and Caledonian F. C. plc on pages 5 to 18 for the year ended 31 May 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

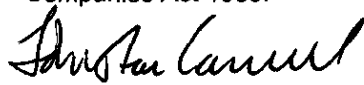
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Johnston Carmichael

Chartered Accountants and
Registered Auditor

14 October 2004
.....
Nevis House
Beechwood Park
Inverness
IV2 3BW

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover	2	1,327,762	1,567,142
Administrative expenses		(1,574,551)	(1,448,910)
Other operating income		3,715	5,780
Operating (loss)/profit	3	(243,074)	124,012
Other interest receivable and similar income		5,186	7,513
Interest payable and similar charges	4	(264)	(1,814)
(Loss)/profit on ordinary activities before taxation		(238,152)	129,711
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation	15	(238,152)	129,711

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

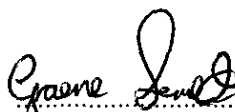
INVERNESS THISTLE AND CALEDONIAN F. C. PLC

BALANCE SHEET AS AT 31 MAY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	6		3,334		9,667
Tangible assets	7		252,101		273,437
Investments	8		1		1
			<u>255,436</u>		<u>283,105</u>
Current assets					
Stocks	9	9,694		9,373	
Debtors	10	312,919		430,196	
Cash at bank and in hand		156,216		275,162	
		<u>478,829</u>		<u>714,731</u>	
Creditors: amounts falling due within one year	11	<u>(201,171)</u>		<u>(219,117)</u>	
Net current assets			<u>277,658</u>		<u>495,614</u>
Total assets less current liabilities			<u>533,094</u>		<u>778,719</u>
Creditors: amounts falling due after more than one year	12		(20,000)		(24,058)
Accruals and deferred income	13		-		(3,715)
			<u>513,094</u>		<u>750,946</u>
Capital and reserves					
Called up share capital	14	2,565,281		2,564,981	
Share premium account	15	69,406		69,406	
Profit and loss account	15	(2,121,593)		(1,883,441)	
Shareholders' funds - equity interests	16	<u>513,094</u>		<u>750,946</u>	

The financial statements were approved by the Board on 14 October 2004


Ken Mackie
Director


Graeme Bennett
Director

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2004

	2004		2003	
	£	£	£	£
Net cash outflow from operating activities		(116,287)		(207,944)
Returns on investments and servicing of finance				
Interest received	5,186		7,513	
Interest paid	(264)		(1,814)	
Net cash inflow for returns on investments and servicing of finance		4,922		5,699
Capital expenditure				
Payments to acquire intangible assets	-		(16,000)	
Payments to acquire tangible assets	(1,834)		(4,643)	
Receipts from sales of tangible assets	-		3,000	
Net cash outflow for capital expenditure		(1,834)		(17,643)
Net cash outflow before management of liquid resources and financing		(113,199)		(219,888)
Financing				
Issue of ordinary share capital	300		529,100	
Other new long term loans	-		20,000	
Repayment of other long term loans	-		(27,500)	
Capital element of hire purchase contracts	(6,047)		(5,794)	
Net cash (outflow)/inflow from financing		(5,747)		515,806
(Decrease)/increase in cash in the year		(118,946)		295,918

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2004

1	Reconciliation of operating (loss)/profit to net cash outflow from operating activities	2004	2003
		£	£
	Operating (loss)/profit	(243,074)	124,012
	Depreciation of tangible assets	23,170	23,170
	Amortisation of intangible assets	6,333	6,333
	Profit on disposal of tangible assets	-	(3,000)
	Increase in stocks	(321)	(1,530)
	Decrease/(increase) in debtors	117,277	(330,545)
	Decrease in creditors within one year	(15,957)	(20,604)
	Movement on grant provision	(3,715)	(5,780)
	Net cash outflow from operating activities	(116,287)	(207,944)

2	Analysis of net funds	1 June 2003	Cash flow	Other non-cash changes	31 May 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	275,162	(118,946)	-	156,216
	Debt:				
	Finance leases	(9,852)	6,047	-	(3,805)
	Debts falling due after one year	(20,000)	-	-	(20,000)
		(29,852)	6,047	-	(23,805)
	Net funds	245,310	(112,899)	-	132,411

3	Reconciliation of net cash flow to movement in net funds	2004	2003
		£	£
	(Decrease)/increase in cash in the year	(118,946)	295,918
	Cash outflow from decrease in debt and lease financing	6,047	13,294
	Movement in net funds in the year	(112,899)	309,212
	Opening net funds/(debt)	245,310	(63,902)
	Closing net funds	132,411	245,310

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The company has consistently applied all relevant accounting standards.

1.2 Turnover

Turnover consists of revenue from footballing activities and associated commercial activities excluding the transfer of players' registrations, stated net of VAT.

1.3 Transfer and signing on fees

Fees payable to other Football Clubs on the transfer of players' registrations are capitalised and amortised over the period of the respective players'/managers' initial contracts. Fees receivable from other Football Clubs on the transfer of players'/managers' registration are reflected in the profit and loss account in the accounting period in which the transfer takes place. Signing on fees are charged to the profit and loss account in the accounting period in which they are payable.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over 50 years
Plant and equipment	20% - 33.3% reducing balance
Motor vehicles	25% Straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchases on a first in first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

1 Accounting policies

(continued)

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating (loss)/profit	2004 £	2003 £
	Operating (loss)/profit is stated after charging:		
	Amortisation of intangible assets	6,333	6,333
	Depreciation of tangible assets	23,170	23,170
	Operating lease rentals	17,000	13,999
	Auditors' remuneration	4,500	4,500
	Remuneration of auditors for non-audit work	7,332	5,636
	and after crediting:		
	Government grants	3,715	5,780
	Profit on disposal of tangible assets	-	3,000
	Net transfer fees	(18,000)	133,403

4	Interest payable	2004 £	2003 £
	On bank loans and overdrafts	10	561
	On loans repayable after 5 years	-	1,253
	Hire purchase interest	254	-
		264	1,814

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MAY 2004**

5	Taxation	2004	2003
		£	£
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(238,152)	129,711
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	(45,249)	24,645
	Effects of:		
	Non deductible expenses	50	1,466
	Depreciation and amortisation	5,606	4,402
	Capital allowances	-	(5,425)
	Tax losses utilised	-	(23,091)
	Other tax adjustments	(1,691)	(1,997)
	Losses carried forward	41,284	-
		45,249	(24,645)
	Current tax charge	-	-
6	Intangible fixed assets		Transfer and signing on fees
			£
	Cost		
	At 1 June 2003 & at 31 May 2004		43,500
	Amortisation		
	At 1 June 2003		33,833
	Charge for the year		6,333
	At 31 May 2004		40,166
	Net book value		
	At 31 May 2004		3,334
	At 31 May 2003		9,667

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MAY 2004**

7 Tangible fixed assets

	Land and buildings Freehold	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2003	175,000	304,730	5,250	484,980
Additions	-	1,834	-	1,834
At 31 May 2004	175,000	306,564	5,250	486,814
Depreciation				
At 1 June 2003	14,200	192,093	5,250	211,543
Charge for the year	2,050	21,120	-	23,170
At 31 May 2004	16,250	213,213	5,250	234,713
Net book value				
At 31 May 2004	158,750	93,351	-	252,101
At 31 May 2003	160,800	112,637	-	273,437

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and equipment £
Net book values	
At 31 May 2004	8,282
At 31 May 2003	10,478
Depreciation charge for the year	
31 May 2004	2,096
31 May 2003	2,620

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MAY 2004**

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 June 2003 & at 31 May 2004	1

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Participating interests			
Caledonian Thistle Properties Limited	Scotland	Ordinary	50

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Caledonian Thistle Properties Limited	(6,919)	(656)

The share of assets and result for the year are based on the most recent set of accounts available, covering the year to 31 December 2003. The company is non trading.

9 Stocks	2004 £	2003 £
Consumables	3,459	3,988
Goods for resale	6,235	5,385
	<u>9,694</u>	<u>9,373</u>

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MAY 2004**

10 Debtors	2004	2003
	£	£
Trade debtors	86,553	79,829
Other debtors	222,197	343,798
Prepayments and accrued income	4,169	6,569
	<u>312,919</u>	<u>430,196</u>
	<u><u>312,919</u></u>	<u><u>430,196</u></u>
 11 Creditors: amounts falling due within one year	 2004	 2003
	£	£
Net obligations under hire purchase contracts	3,805	5,794
Trade creditors	14,590	42,401
Taxes and social security costs	114,980	44,296
Other creditors	5,754	111,100
Accruals and deferred income	62,042	15,526
	<u>201,171</u>	<u>219,117</u>
	<u><u>201,171</u></u>	<u><u>219,117</u></u>

The bank overdraft is secured by a fixed charge over the company's properties and a floating charge over the company's assets.

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

12 Creditors: amounts falling due after more than one year	2004 £	2003 £
Other loans	20,000	20,000
Net obligations under hire purchase contracts	-	4,058
	<u>20,000</u>	<u>24,058</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:		
Other loans	-	20,000
Wholly repayable within five years	20,000	-
	<u>20,000</u>	<u>20,000</u>
Loan maturity analysis		
In more than five years	-	20,000
	<u>-</u>	<u>20,000</u>
Net obligations under hire purchase contracts		
Included in liabilities falling due within one year	(3,805)	(5,794)
	<u>(3,805)</u>	<u>(5,794)</u>

Other loans represent an interest free loan from Tulloch Limited which is due for repayment by 30 June 2022.

13 Accruals and deferred income

	Government grants £
Balance at 1 June 2003	3,715
Amortisation in the year	(3,715)
	<u>-</u>
Balance at 31 May 2004	<u>-</u>

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MAY 2004**

14 Share capital	2004	2003
	£	£
Authorised		
3,063,978 Ordinary shares of £1 each	3,063,978	3,063,978
2,000,000 "A" Ordinary shares of £1 each	2,000,000	2,000,000
1,000,000 "B" Ordinary shares of £1 each	1,000,000	1,000,000
3 Ordinary "C" shares of £1 each	3	3
	<u>6,063,978</u>	<u>6,063,978</u>
Allotted, called up and fully paid		
1,665,281 Ordinary shares of £1 each	1,665,278	1,664,978
600,000 "A" Ordinary shares of £1 each	600,000	600,000
300,000 "B" Ordinary shares of £1 each	300,000	300,000
3 "C" Ordinary shares of £1 each	3	3
	<u>2,565,281</u>	<u>2,564,981</u>

The "A", "B" and "C" ordinary shares rank pari passu in all respects with the ordinary shares, except that the holders of the "A", "B" and "C" shares have the right to receive notice of, attend and speak at shareholders meetings but do not have the right to vote at such meetings, save in relation to the appointment of representative directors. With regard to voting rights the ordinary shares held by the Caledonian Thistle Members Club have enhanced rights for as long as they are held by the members club. In December 2000 the rights were reduced to 15% of the votes available. This is further reduced by 1% for each £100,000 invested to a minimum of 10%.

During the year 300 £1 Ordinary Shares were issued at par.

15 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 June 2003	69,406	(1,883,441)
Retained loss for the year	-	(238,152)
Balance at 31 May 2004	<u>69,406</u>	<u>(2,121,593)</u>

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

16 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
(Loss)/Profit for the financial year	(238,152)	129,711
Proceeds from issue of shares	300	529,100
Net (depletion in)/addition to shareholders' funds	(237,852)	658,811
Opening shareholders' funds	750,946	92,135
Closing shareholders' funds	513,094	750,946

17 Financial commitments

At 31 May 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In over five years	17,000	14,000

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004	2003
	Number	Number
Playing staff	28	27
Office and management	5	5
Directors	6	6
Ground and support	19	16
	58	54

Employment costs

	£	£
Wages and salaries	916,753	817,460
Social security costs	98,628	77,338
	1,015,381	894,798

INVERNESS THISTLE AND CALEDONIAN F. C. PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

19 Related party transactions

During the year the company entered into transactions, on normal commercial terms, with entities in which certain directors have an interest, namely: Ken Mackie - HKM Consulting; Graeme Bennett - Cairngorm Windows Limited; Iain A MacDonald - MacArthur & Co; Alexander G M Catto - Scotlog Sales Limited and Highland Haulage Limited; Ken Cameron - Tulloch Limited and Corrie Plumbing & Heating Limited; Nigel P Spiller - Lifescan Scotland Limited.

In the course of the year rent and management charges were paid to Inverness Caledonian Thistle Properties Limited, a company in which Ken Mackie is a director.