

Registration Number SC149117

Inverness Thistle and Caledonian F. C. plc

Directors' Report and Financial Statements

for the year ended 31 May 2002



SCT S716JGHM Q452
COMPANIES HOUSE 05/12/02

Inverness Thistle and Caledonian F. C. plc

Company Information

Directors	Ken Mackie Roy G McLennan Ian A MacDonald Graeme Bennett Alexander G Catto Ken Cameron	(Appointed 11 February 2002) (Appointed 17 September 2002)
Secretary	K Mackie	
Company Number	SC149117	
Registered Office	Caledonian Stadium Stadium Road Inverness IV1 1FF	
Auditors	Johnston Carmichael Nevis House Beechwood Business Park Inverness IV2 3BW	
Business Address	Caledonian Stadium Stadium Road Inverness IV1 1FF	
Bankers	Bank of Scotland P O Box No 9 9 High Street Inverness IV1 1JB	
Solicitors	MacArthur & Co 7 Ardross Street Inverness IV3 5PL	

Inverness Thistle and Caledonian F. C. plc

Contents

	Page
Chairman's Report	1
Directors' Report	2 - 3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 21

Inverness Thistle and Caledonian F. C. plc

Chairman's Report for the year ended 31 May 2002

This year has seen changes in the Board and progress on the financial front.

In April David Sutherland and Ken Thomson stepped down from the Board and in February Roy McLennan rejoined the Board. Roy is directing the Company's commercial activities and we wish him well in his efforts to increase our net revenue from these sources. David and Ken have both served the Company well as Directors, David over the past two and a half years and Ken since the Company's inception. Our grateful thanks go to both for their valued input to the Board and for their continued support of the Club.

David, more than anyone, recognised the ongoing financial problems facing the Company and having engineered the major debt out of the Company's Accounts (completed in July 2001 and recorded in these accounts) he, through Tulloch plc, has injected £500,000 cash into the Company post the Balance Sheet date. This is reported elsewhere in these Accounts and although the transactions will be more fully reported in next years Accounts I wish to record this valued support at this time.

Turning to the financial issues, the Accounts for the year ended 31 May 2002 show an overall loss of £272,099 against a loss of £513,424 for the previous year. Although turnover held up well it did reduce by approximately £13,000 and hence the increased activity in commercial projects to improve this area. Expenditure fell on the prior year by £148,123 and interest charges fell by £144,629 following on from the transfer of the debt and the Stadium lease to Inverness Caledonian Thistle Properties Limited/Inverness Caledonian Trust Ltd. Wage costs remained constant at 85% of turnover but will show a reduction in 2002/03. Overall we continue to look at cost control and improvements in income to balance the financial position.

Our objectives remain to have a team competing at the highest level whilst taking all steps to "balance the books". Sometimes these seem like competing objectives rather than complementary and a careful balance requires to be struck by your Directors. With stabilised annual results greater progress can be achieved on the field and longer-term views taken.



K Mackie
Chairman

5 November 2002

Inverness Thistle and Caledonian F. C. plc

Directors' Report for the year ended 31 May 2002

The directors present their report and the financial statements for the year ended 31 May 2002.

Principal Activity 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.

Post Balance Sheet Events

On the 12 September 2002 the members accepted an offer from Tulloch plc to acquire 480,000 £1 shares, giving that company a 29.9% voting right. In addition an interest free loan of £20,000 is to be provided with repayment terms over 20 years. A further 49,100 £1 ordinary shares were also issued at par to other parties.

Payments 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 148 creditor days.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31 May '02	1 Jun '01
		or date of
		appointment
David F Sutherland (Resigned 27 April 2002)	99,500	79,750
Ken Mackie	250	250
Roy G McLennan (Appointed 11 February 2002)	45,000	45,000
Ian A MacDonald	1,000	1,000
Kenneth A Thomson (Resigned 27 April 2002)	8,000	8,000
Graeme Bennett	750	750
Alexander G Catto	9,000	9,000
Ken Cameron (Appointed 17 September 2002)	-	-

Included in the above shareholdings of David F Sutherland and Roy G McLennan are shares owned by companies in which they have a controlling interest. No director has an interest in the company's "A", "B" or "C" ordinary shares.

Inverness Thistle and Caledonian F. C. plc

Directors' Report for the year ended 31 May 2002

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.

Ordinary £1 shares: Tulloch plc (including David F Sutherland), 34.8%; Ian Fraser, 24.0%; D McGilvray, 6.3%; Roderick Ross, 4.0%; Roy McLennan, 2.7%.

"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%.

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 year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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.

This report was approved by the Board on 5 November 2002 and signed on its behalf by



K Mackie
Secretary

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 for the year ended 31 May 2002 as detailed on pages 5 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1 the company's directors are responsible for the preparation of 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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Johnston Carmichael

**Nevis House
Beechwood Business Park
Inverness
IV2 3BW**

**Chartered Accountants and
Registered Auditor**

5 November 2002

Inverness Thistle and Caledonian F. C. plc

**Profit and Loss Account
for the year ended 31 May 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	986,549	998,608
Administrative expenses		(1,292,742)	(1,440,865)
Other operating income		18,995	40,865
Operating loss	3	(287,198)	(401,392)
Gain on sale of players' registrations		-	82,100
Profit/(loss) on sale of fixed assets		40,682	(19,901)
(Loss) on ordinary activities before interest		(246,516)	(339,193)
Diminution in value of fixed asset investments	4	-	(1,749)
Interest receivable and similar income	5	2,270	-
Interest payable and similar charges	6	(27,853)	(172,482)
Loss on ordinary activities before taxation		(272,099)	(513,424)
Tax on loss on ordinary activities		-	-
(Loss) for the year		(272,099)	(513,424)

There are no recognised gains or losses other than the profit or loss for the above two financial years except for the release of the revaluation reserve of £82,656 (2001 - £1,722) and the share issue costs of £22,246 charged to the share premium account.

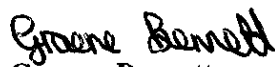
The notes on pages 8 to 21 form an integral part of these financial statements.


Inverness Thistle and Caledonian F. C. plc

**Balance Sheet
as at 31 May 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	8		-		9,801
Tangible assets	9		291,964		3,998,137
Investments	10		1		3
			<u>291,965</u>		<u>4,007,941</u>
Current Assets					
Stocks	11	7,843		7,405	
Debtors	12	99,651		112,882	
Cash at bank and in hand		27,531		10,650	
		<u>135,025</u>		<u>130,937</u>	
Creditors: amounts falling due within one year	13	<u>(293,008)</u>		<u>(2,634,125)</u>	
Net Current Liabilities			<u>(157,983)</u>		<u>(2,503,188)</u>
Total Assets Less Current Liabilities			133,982		1,504,753
Creditors: amounts falling due after more than one year	14		(32,352)		(36,425)
Accruals and deferred income	15		<u>(9,495)</u>		<u>(1,153,748)</u>
Net Assets			<u>92,135</u>		<u>314,580</u>
Capital and Reserves					
Called up share capital	16		2,035,881		1,963,981
Share premium account	17		69,406		91,652
Revaluation reserve	17		-		82,656
Profit and loss account	17		<u>(2,013,152)</u>		<u>(1,823,709)</u>
Equity Shareholders' Funds	18		<u>92,135</u>		<u>314,580</u>

The financial statements were approved by the Board on 5 November 2002 and signed on its behalf by


Graeme Bennett
Director


Ken Mackie
Director

The notes on pages 8 to 21 form an integral part of these financial statements.

Inverness Thistle and Caledonian F. C. plc

**Cash Flow Statement
for the year ended 31 May 2002**

	Notes	2002 £	2001 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(287,198)	(401,392)
Depreciation		76,027	103,715
(Increase) in stocks		(438)	3,611
Decrease in debtors		13,231	(39,340)
(Decrease) in creditors		(88,182)	(7,034)
Government grant released		(18,995)	(40,865)
Cost of fundamental reorganisation		40,682	(19,901)
Net cash outflow from operating activities		<u>(264,873)</u>	<u>(401,206)</u>

CASH FLOW STATEMENT

Net cash outflow from operating activities		(264,873)	(401,206)
Returns on investments and servicing of finance	22	(25,583)	(172,482)
Taxation	22	(6,910)	(26,000)
Capital expenditure and financial investment	22	2,514,689	112,617
Acquisitions and disposals	22	2	(2)
		<u>2,217,325</u>	<u>(487,073)</u>
Financing	22	34,275	(54,377)
Increase in cash in the year		<u>2,251,600</u>	<u>(541,450)</u>

Reconciliation of net cash flow to movement in net funds (Note 23)

Increase in cash in the year	2,251,600	(541,450)
Cash outflow from increase in debts and lease financing	15,379	54,377
Change in net funds resulting from cash flows	2,266,979	(487,073)
New finance leases and hire purchase contracts	-	(17,416)
Movement in net funds in the year	2,266,979	(504,489)
Net debt at 1 June 2001	<u>(2,330,881)</u>	<u>(1,826,392)</u>
Net debt at 31 May 2002	<u>(63,902)</u>	<u>(2,330,881)</u>

Inverness Thistle and Caledonian F. C. plc

Notes to the Financial Statements for the year ended 31 May 2002

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

1.3. Transfer fees 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' initial contracts.

Fees receivable from other Football Clubs on the transfer of players' registration are dealt with through 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

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight Line over 50 years
Leasehold properties	-	Straight Line over 50 years
Plant and machinery	-	20% - 33 1/3% 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 constant periodic rates of charge on the net obligations 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 of 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 purchased 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.

Inverness Thistle and Caledonian F. C. plc

Notes to the Financial Statements for the year ended 31 May 2002

..... continued

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

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.

1.10. Going Concern

In common with other football clubs the company is formulating a strategic plan to increase income and reduce expenditure, and negotiated an interim transitional financing facility with its bankers to ensure that the company can meet its liabilities as they fall due. As more detailed in note 21, subsequent to the year end shares of £529,100 and long term loans of £20,000 have been secured by the company. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

2. Turnover

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

3. Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Amortisation and other amounts written off intangible assets	9,801	16,004
Depreciation and other amounts written off tangible assets	25,544	87,711
Operating lease rentals		
- Plant and machinery	-	5,031
- Land and buildings	17,114	19,872
Auditors' remuneration	4,500	4,500
Auditors' remuneration from non-audit work	3,876	7,930
Exceptional items	-	22,129
	<u> </u>	<u> </u>
and after crediting:		
Profit/(loss) on disposal of tangible fixed assets	40,682	(19,901)
Government grants	18,995	40,865
	<u> </u>	<u> </u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

4. Dimunution in value of fixed asset investments	2002	2001
	£	£
Diminution in value of investments	-	(1,749)
	<u>-</u>	<u>(1,749)</u>
5. Interest receivable and similar income	2002	2001
	£	£
Bank interest	2,270	-
	<u>2,270</u>	<u>-</u>
6. Interest payable and similar charges	2002	2001
	£	£
On bank loans and overdrafts	25,793	168,220
On loans repayable in five years or more	1,814	1,754
Hire purchase interest	246	2,508
	<u>27,853</u>	<u>172,482</u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
Playing staff	26	27
Office and management	7	9
Directors	6	6
Ground and support	11	11
	<u>50</u>	<u>53</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	768,720	759,985
Social security costs	69,954	70,779
	<u>838,674</u>	<u>830,764</u>

No director received remuneration, for services as a director, during either the current or prior year.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

8. Intangible fixed assets

	Transfer fees	Total
	£	£
Cost		
At 1 June 2001	169,597	169,597
Disposals	(142,097)	(142,097)
At 31 May 2002	<u>27,500</u>	<u>27,500</u>
Provision for diminution in value		
At 1 June 2001	159,796	159,796
On disposals	(142,097)	(142,097)
Charge for year	9,801	9,801
At 31 May 2002	<u>27,500</u>	<u>27,500</u>
Net book values		
At 31 May 2002	<u>-</u>	<u>-</u>
At 31 May 2001	<u>9,801</u>	<u>9,801</u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

9. Tangible fixed assets

	Land and buildings freehold	Long leasehold property	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 June 2001	175,000	3,823,497	300,087	21,000	4,319,584
Disposals	-	(3,823,497)	-	-	(3,823,497)
At 31 May 2002	175,000	-	300,087	21,000	496,087
Depreciation					
At 1 June 2001	7,200	142,868	151,613	19,766	321,447
On disposals	-	(142,868)	-	-	(142,868)
Charge for the year	4,950	-	19,360	1,234	25,544
At 31 May 2002	12,150	-	170,973	21,000	204,123
Net book values					
At 31 May 2002	162,850	-	129,114	-	291,964
At 31 May 2001	167,800	3,680,629	148,474	1,234	3,998,137

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

Asset description	2002		2001	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Plant and machinery	13,098	3,274	16,372	2,229
Motor vehicles	-	634	634	5,384
	<u>13,098</u>	<u>3,908</u>	<u>17,006</u>	<u>7,613</u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

10. Fixed Asset Investments

	Subsidiary Undertakings Shares	Participating Interests Shares	Total
	£	£	£
Cost			
At 1 June 2001	2	40,000	40,002
Disposals	(2)	-	(2)
At 31 May 2002	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Provisions for diminution in value:			
Movement	-	39,999	39,999
At 31 May 2002	<u>-</u>	<u>39,999</u>	<u>39,999</u>
Net book values			
At 31 May 2002	<u>-</u>	<u>1</u>	<u>1</u>
At 31 May 2001	<u>2</u>	<u>40,000</u>	<u>40,002</u>

10.1. Holdings of 20% or more

During the year the company's former subsidiaries Inverness Caledonian Thistle FC Limited and Caledonian Thistle Inns Limited were struck off the register of companies.

Participating interests

Caledonian Thistle Properties Limited	Scotland	Non Trading	Ordinary	50%
---------------------------------------	----------	-------------	----------	-----

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year was as follows:

	Capital and reserves	Loss for the year
	£	£
Caledonian Thistle Properties Limited	(5,664)	(8,455)

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 2001.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

11. Stocks	2002	2001
	£	£
Consumables	2,862	2,060
Finished goods and goods for resale	4,981	5,345
	<u>7,843</u>	<u>7,405</u>
12. Debtors	2002	2001
	£	£
Trade debtors	89,605	75,940
Other debtors	-	36,942
Prepayments and accrued income	10,046	-
	<u>99,651</u>	<u>112,882</u>
13. Creditors: amounts falling due within one year	2002	2001
	£	£
Bank overdraft	48,287	2,283,006
Scottish Brewers loan	5,000	5,000
Net obligations under finance leases and hire purchase contracts	5,794	17,100
Trade creditors	78,796	44,212
Amounts owed to participating interest	-	1,271
Corporation tax	-	6,910
Other taxes and social security costs	34,124	31,535
Other creditors	109,477	175,077
Accruals and deferred income	11,530	70,014
	<u>293,008</u>	<u>2,634,125</u>

The bank overdraft is secured by a fixed charge over the company's properties and a floating charge over the company's assets. The loan from Scottish Brewers is secured by a second ranked security over the company's heritable property.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

14. Creditors: amounts falling due after more than one year	2002 £	2001 £
Scottish Brewers loan	22,500	27,500
Net obligations under finance leases and hire purchase contracts	9,852	8,925
	<u>32,352</u>	<u>36,425</u>
Loans		
Repayable in one year or less, or on demand (Note 13)	5,000	5,000
Repayable between one and two years	5,000	5,000
Repayable between two and five years	15,000	15,000
Repayable in five years or more	2,500	7,500
	<u>27,500</u>	<u>32,500</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	5,794	17,100
Repayable between one and five years	9,852	8,925
	<u>15,646</u>	<u>26,025</u>

The loan from Scottish Brewers is secured over part of the company's heritable property, is repayable in monthly installments of £417 and carries interest at 6% per annum (or such rate as may be fixed from time to time).

15. Accruals and deferred income	2002 £	2001 £
Government grants		
At 1 June 2001	1,153,748	1,194,613
Released in year	(1,144,253)	(40,865)
At 31 May 2002	<u>9,495</u>	<u>1,153,748</u>

Of the release in the year £1,125,258 relates to the sale of the company's leasehold property.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

16. Share capital	2002	2001
	£	£
3,063,978 Ordinary shares of £1 each	3,063,978	3,063,978
"A" Ordinary shares of £1 each	2,000,000	2,000,000
"B" Ordinary shares of £1 each	1,000,000	1,000,000
"C" Ordinary shares of £1 each	3	3
	<u>6,063,981</u>	<u>6,063,981</u>
1,135,878 Ordinary shares of £1 each	1,135,878	1,063,978
"A" Ordinary shares of £1 each	600,000	600,000
"B" Ordinary shares of £1 each	300,000	300,000
"C" Ordinary shares of £1 each	3	3
	<u>2,035,881</u>	<u>1,963,981</u>

The "A", "B" and "C" ordinary shares rank pari passu in all respects with the ordinary shares, with the exception of voting rights as follows:

(a) the holders of the "C" ordinary shares are entitled , as a class , to appoint up to three directors until 30 June 2002.

(b) 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 20% of the votes available. This is further reduced by 10% for each £100,000 invested to a minimum of 10%.

During the year 71,900 £1 Ordinary Shares were issued at par; of which £20,000 related to the conversion of a loan made to the company.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

17. Equity Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 June 2001	91,652	82,656	(1,823,709)	(1,649,401)
Transfer of realised profit	-	(82,656)	82,656	-
(Loss) for the year	-	-	(272,099)	(272,099)
Other movements	(22,246)	-	-	(22,246)
At 31 May 2002	69,406	-	(2,013,152)	(1,943,746)

The charge of £22,246 to the share premium account is in respect of share issue costs arising in the year.

18. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Loss for the year	(272,099)	(513,424)
Net proceeds of equity share issue	71,900	-
Other recognised gains or losses - share issue costs	(22,246)	-
Net addition to/deduction from shareholders' funds	(222,445)	(513,424)
Opening shareholders' funds	314,580	828,004
	<u>92,135</u>	<u>314,580</u>

19. Financial commitments

At 31 May 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	Land Buildings		Other	
	2002 £	2001 £	2002 £	2001 £
Expiry date:				
In over five years	<u>17,000</u>	<u>17,000</u>	<u>5,800</u>	<u>5,800</u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

20. Related party transactions

(a) During the year the company entered into transactions, on normal commercial terms, with businesses/entities in which certain directors and former directors have an interest.

Directors and related entities

Roy G McLennan - Highland Office Equipment Limited

Ken Mackie - HKM Consulting

Ken Mackie - Inverness and Nairn Enterprise Company Limited

David F Sutherland - Tulloch plc

Ian A MacDonald - MacArthur & Co

Graeme Bennett - Cairngorm Windows Limited

(b) In the previous year included within other creditors were interest free loans with no fixed terms of repayment from the following related parties: £20,000, Tulloch Limited; £5,000, Highland Office Equipment Limited.

During the year the loan from Tulloch Limited was converted into share capital and the loan from Highland Office Equipment Limited was repaid.

(c) During the year the company's stadium was sold to Inverness Caledonian Thistle Properties Limited and relevant deferred government grants re-assigned to that company. At the time of the transaction Ken Mackie, director and David F Sutherland, former director were also directors of that company.

21. Post Balance Sheet events

On the 12 September 2002 the members accepted an offer from Tulloch plc to acquire 480,000 £1 shares, giving that company a 29.9% voting right. In addition an interest free loan of £20,000 is to be provided with repayment terms over 20 years. A further 49,100 £1 ordinary shares were also issued at par to other parties.

At that time it was agreed to reduce the company's maximum number of directors from 12 to 6, three of whom are nominated by Tulloch plc.

A further 49,100 £1 ordinary shares were also issued at par to other parties in September 2002.

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

22. Gross Cash Flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	2,270	-
Interest paid	(27,853)	(172,482)
	<u>(25,583)</u>	<u>(172,482)</u>
Taxation		
Corporation tax paid	<u>(6,910)</u>	<u>(26,000)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	-	(53,951)
Receipts from sales of tangible assets	2,514,689	168,317
Receipts from sales of investments	-	(1,749)
	<u>2,514,689</u>	<u>112,617</u>
Acquisitions and disposals		
Receipts on disposal of group interests	2	-
Payments on acquisition of group interests	-	(2)
	<u>2</u>	<u>(2)</u>
Financing		
Issue of ordinary share capital (net)	49,654	-
Repayment of other short term loans	(5,000)	(35,000)
Capital element of finance leases and hire purchase contracts	(10,379)	(19,377)
	<u>34,275</u>	<u>(54,377)</u>

Inverness Thistle and Caledonian F. C. plc

**Notes to the Financial Statements
for the year ended 31 May 2002**

..... continued

23. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	10,650	16,881		27,531
Overdrafts	(2,283,006)	2,234,719		(48,287)
	<u>(2,272,356)</u>	<u>2,251,600</u>		<u>(20,756)</u>
Debt due within one year	(5,000)	5,000	(5,000)	(5,000)
Debt due after one year	(27,500)	-	5,000	(22,500)
Finance leases and hire purchase contracts	(26,025)	10,379	-	(15,646)
	<u>(58,525)</u>	<u>15,379</u>	<u>-</u>	<u>(43,146)</u>
Net funds	<u><u>(2,330,881)</u></u>	<u><u>2,266,979</u></u>	<u><u>-</u></u>	<u><u>(63,902)</u></u>