

This document is important and requires your immediate attention. When considering what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other professional adviser, authorised under the Financial Services Act 1986, immediately.

A copy of this document has been delivered for registration to the Registrar of Companies in Scotland as required by regulation 4(2) of the Public Offers of Securities Regulations 1995. This document has been prepared in accordance with those Regulations.

The Directors of the Company, whose names are set out on page 4, accept responsibility for the information contained in this document. To the best of the knowledge, information and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

INVERNESS THISTLE AND CALEDONIAN F.C. PLC

(Incorporated in Scotland under the Companies Acts – registered number 149117)

OFFER FOR SUBSCRIPTION

of up to 1,000,000 New Ordinary Shares
of £1 each at £1 per share payable in full on subscription

The latest time for receipt of applications is 12 noon on 30 March 2001 unless extended by the Directors before that date.

It is emphasised that the share capital of Inverness Thistle and Caledonian F.C. plc is not listed on the London Stock Exchange or any other Recognised Investment Exchange. No application has been made for listing on any Recognised Investment Exchange nor for the share capital to be dealt in on the Alternative Investment Market.

The whole text of this document should be read. Investment in unquoted companies is speculative and involves a significant degree of risk. Your attention is drawn to the section entitled "Risk Factors" set out on page 20 of this document.



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EXPECTED TIMETABLE OF EVENTS

Issue of Prospectus	31 January 2001
Opening of applications for New Ordinary Shares	1 February 2001
Provisional closing of applications for New Ordinary Shares	30 March 2001
EGM	1 March 2001

The arrangements during the period prior to despatch of the Share Certificates relating to monies received from applicants are detailed in the Terms and Conditions of Application.

DIRECTORS, SECRETARY AND ADVISERS

Directors

David Fraser Sutherland
Kenneth Alexander Thomson
Ian Alexander MacDonald
Kenneth George Mackie
Graeme Peter Bennett
Alexander George Munro Catto

Registered Office

Caledonian Stadium
East Longman
Inverness
IV1 1FF

Secretary

Kenneth George Mackie
Caledonian Stadium
East Longman
Inverness
IV1 1FF

Auditors

W D Johnston & Carmichael
Nevis House
Beechwood Park
Inverness
IV2 3BW

Solicitors to the Company

MacArthur & Co
7 Ardrross Street
Inverness
IV3 5PL

Solicitors to the Issue

Ledingham Chalmers
Kintail House
Beechwood Business Park
Inverness
IV2 3BW

Bankers and Receiving Bankers

Bank of Scotland
P O Box 9
9 High Street
Inverness
IV1 1JB

Bank of Scotland
35d Harbour Road
Longman South
Inverness
IV1 1UA

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"A Non-Voting Shares"	the 600,000 A non-voting Ordinary Shares of £1.00 each of the Company in issue at the date of this document
"B Non-Voting Shares"	the 300,000 B non-voting Ordinary Shares of £1.00 each of the Company in issue at the date of this document
"C Non-Voting Shares"	the 3 C non-voting Ordinary Shares of £1.00 each of the Company in issue at the date of this document registered in the name of INE
"Ancillary Activities"	revenue generating activities to include bars, conferences and functions
"Ancillary Areas"	the area of the Sub-Lease excluding the playing pitch
"Bank"	Bank of Scotland, The Mound, Edinburgh
"the Bell's League Championship"	the series of games organised by the League in which each club plays the other clubs in its division
"Caledonian Thistle Properties Limited"	a company registered in Scotland number 170031 owned by the Company and Tulloch plc in equal proportions
"Caledonian Stadium"	the football stadium at East Longman, Inverness
"Centenary Club"	a lottery club which makes donations to the Company
"Company" or "the Club"	Inverness Thistle and Caledonian F.C. plc
"Directors" or "Board"	the Directors of the Company
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held on 1 March 2001 inter alia to approve the Offer
"FIFA"	Federation of International Football Associations

"Grant Liabilities"	the contingent liabilities of the Company to repay grants as described at paragraph 4.17 of Part V of this document
"INE"	Inverness and Nairn Enterprise
"Inverness Caledonian Thistle Properties Limited"	a company registered in Scotland number 212228
"Inverness Caledonian Thistle Trust Limited" or "the Trust"	a company limited by guarantee not having a share capital and registered in Scotland number 211723 which company it is intended will operate as a charitable trust for the benefit of recreation and leisure of the inhabitants of Inverness and district and will control the trading subsidiary Inverness Caledonian Thistle Properties Limited
"the Lease"	lease of the site on which Caledonian Stadium is situated between the Inverness District Council and the Company dated second and fourteenth November 1995 and registered in the General Register of Sasines for the County of Inverness on 5 March 1996 (as amended)
"Lease Assignment"	assignment of the Lease to Inverness Caledonian Thistle Trust Limited or its subsidiary, Inverness Caledonian Thistle Properties Limited
"the London Stock Exchange"	London Stock Exchange Limited
"Material Contracts"	the contracts described in paragraph 5 of Part VIII of this document
"Maximum Offer "	the offer for subscription of 1,000,000 New Ordinary Shares described in this document
"Members Club"	Inverness Caledonian Thistle Members' Club Limited
"Minimum Offer"	the offer for subscription of 50,000 New Ordinary Shares described in this document
"New Ordinary Shares"	New Ordinary Shares of £1 each to be issued pursuant to the Offer

“Offer”	the offer for subscription described in this document
“Offer Price”	£1 per New Ordinary Share
“Ordinary Shares” or “Shares”	the ordinary shares of £1 each in the capital of the Company
“Receiving Bankers”	Bank of Scotland
“Remaining Areas”	the area of the Lease excluding the area of the Sub-Lease
“SFA”	the Scottish Football Association Limited, an association of clubs in playing terms divided into the SPL, the First Division, the Second Division, and the Third Division
“SFL” or “League”	the Scottish Football League
“SPL	the Scottish Premier League
“Social Club(s)”	the premises owned by the Company at 28 Greig Street and 34 Baron Taylor Street, Inverness being run as social clubs
“Sports Bar”	the premises at Church Street, Inverness to be leased by the Company for a period of up to 25 years and to be converted by the Company into a sports bar
“Sub-Lease	the lease of Caledonian Stadium back to the Company by Inverness Caledonian Thistle Trust Limited or its subsidiary, Inverness Caledonian Thistle Properties Limited
“Supporters Club”	the Club’s official supporters club
“UEFA”	Union of European Football Associations

Part I – Foreword from the Chairman

It was one year ago when the new Board set off down the road of re-construction of the Club business, following upon two seasons with a full-time team squad when, in simple terms, our gate receipts and associated income, did not begin to match our operating costs.

The end result is that we have operated with a £1.8-£2.0m overdraft.

The method of re-structuring the Club centres on two major initiatives:-

- The first initiative is that the stadium is transferred at net book value less contingent grant liabilities to a subsidiary of Inverness Caledonian Thistle Trust Limited ("The Trust") which in turn will raise equity from major shareholders and others to help its launch.

The reason we have not appealed to the general shareholder body to raise finance for The Trust's subsidiary is that property development and investment of this nature is very high risk. In terms of monies to be raised for this aspect, the investment will represent a long term exit. The property subsidiary will be the tenant under the Lease. Caledonian Stadium will be rented back to the footballing operation, run by the Football Club, on a rental reflecting the Lease rental with a review after three years geared to gate receipts. For the avoidance of doubt the footballing operation will also continue to benefit from all the revenues generated through gates, advertising boards, conferencing and hospitality. The Trust will own not less than 75% of the share capital of the subsidiary property company. The Trust's primary object is the provision of facilities for recreation or other leisure time activity, in the interests of social welfare of the inhabitants of Inverness and district.

Funding of the Trust's subsidiary will be available from Bank of Scotland, provided certain conditions are met.

- The second initiative is to raise money within the Company, Inverness Thistle and Caledonian F.C. plc, to help bolster the team, not by rash acquisition of players, more a combination of moves designed to secure the existing squad where possible and add depth where practical. This will assist us to continue to compete as a team at the highest level possible within the league set-up in Scotland.

In common with other clubs within the First Division, we are currently exploring opportunities throughout the game in Scotland and in particular with a view to optimising our commercial income. Dialogue with the SFL is ongoing on this subject matter.

We signalled in our document issued to shareholders and entitled "The Road to Premier League Football", that we should try to ensure that the business at the Caledonian Stadium was sound. Whilst it has been said that football could not be run as a business, I am afraid that, at the end of the day, the whole system within Scotland is now facing up to this, with evidence of even Premier League clubs now cutting wage bills to match gate receipts. The new Board were ahead of the game here! Our Director of Football, Graeme Bennett has made significant inroads into reducing avoidable wage and associated costs the full effect of which will be felt in the financial year to 31 May 2002

Your Board at the Club continue to strive to achieve our aims on the park. To support this, we are initiating commercial activities such as the opening of the first licensed premises outwith a stadium controlled by a football club in the form of a **Sports Bar** in Church Street, Inverness, hopefully coming on-stream in April, together with a bar at the stadium for match-days only, also in final stages of the design and consent process.

The raising of money in the form of ordinary shares issued at £1 each, with the issue available to all participants who signal support whether an existing shareholder or not is, we think, a viable method of securing our team, and also ensuring that **Inverness Caledonian Thistle FC** has the resources to continue to compete at the highest level.

Also, as part of our initiative, we are proposing to build a covered area opposite the main stand which in turn can be seated at a later date. We are also designing a "wrap-around" for Caledonian Stadium at low level to meet the criteria of other leagues, in particular the Scottish Premier League, should the day come when we are promoted. An enclosure area, on a temporary basis is also under review behind the north goal mouth.

A lot of work has been put into the Club by your current Board and other individuals involved. I am pleased to report that our income from non-football activities has increased. The football output on the field has resulted in the higher echelon league position attained but we must not rest on our laurels, we need to move forward.

We have promoted dialogue with the Members Club on their voting entitlement which is currently around 20%, with agreement sought, as part of this process, to reduce and fix the Members Club voting entitlement at 10%.

Regrettably, we are on track financially for a similar level of loss as last year leaving aside any Scottish Cup bonus income last year but, of course, this is largely attributable to the delay in implementation of our plans unfortunately outwith Board control. Losses continuing this financial year at a similar level to last financial year have a knock on effect to the Club's cashflow which is constantly under pressure and will continue to be so until the intended reorganisation is completed balancing income against expenditure.

We now believe we have a positive support mechanism in place and with your continued support we can get on with repositioning the business of our Club.

In connection with this share raising issue, you should consult your professional advisers.

We have enjoyed a great deal of support from Highland Council, Inverness and Nairn Enterprise and other bodies within the area, and I would urge everyone in the area to support the team, support the Board, and support the continuation of football at the highest level possible, in the Inverness area.

David F Sutherland
Chairman

Part II – Information about the Company

1. Introduction

The Company's principal activity is the operation of a professional football club based at Caledonian Stadium. The Club operates a first team which plays in the First Division of the Scottish Football League. The Club also runs a reserve team and various youth teams.

2. History

The Company was incorporated on 17 February 1994 and commenced trading on 1 June 1994. The Club was founded when the town teams of Caledonian Football Club and Inverness Thistle Football Club (both of which teams played in the Highland League) were amalgamated and started playing as one team. The first season of football played by the Club was 1994/5 when the Club competed in the Third Division. The original teams had a long pedigree and history.

3. Vision

The vision is that the team maintain momentum to compete and challenge within the league structure and that the Board, where appropriate, run the business unit at the Caledonian Stadium on a basis which sees commercial activities cross subsidise football.

Football is a community sport and the Board intend to be at the centre of initiatives which will see the Club, for the future, continue to bring through youth talent from local communities, and to assist these youngsters to make the grade at as high a level as possible within the game. The Board are therefore considering a partnership with Ross County FC, whereby the Club will assist the creation of a Highland Football Academy with potential support from sportscotland (and others) and create a multi-site facility shared between the teams with its objective of helping youth talent and providing players with training for life outwith football. This initiative is highly dependent on funding from a variety of sources and seeks to create balance in investment terms between Inverness and Dingwall.

4. Business

The main business of the Company is the operation of a professional football club, the onfield and related activities of which are currently regulated principally by the SFA. The success of the Company's business is closely linked with the first team's performance in the First Division, the Tennents Scottish Cup and the CIS Insurance Cup. The Company's income is derived from match receipts, broadcasting revenue, hospitality and catering, sponsorship and advertising and other commercial income.

All the gate receipts arise from first team games, the majority of which are League games, where the home team retains all the gate receipts. In Cup competitions, the SFA and the SFL provide that a proportion of the receipts accrue to the away team and the SFA and SFL respectively.

Gate receipts comprise season and match ticket sales. Season tickets entitle holders to admission to all home games in the Bell's League Championship during a season. The League recommends minimum prices for admission to the stadium for League games. The Club currently charges admission prices ranging from £9 to £11 (concessions £3 to £6) in line with the current minimum recommended admission charges.

During the season there is a programme of reserve team fixtures which are an important part of the Club's development programme. Admission to these games is currently free of charge.

Caledonian Stadium accommodates approximately 6,000 spectators with approximately 1700 seats being under cover.

The Club derives a significant part of its income from commercial activities and donations (including donations from the Centenary Club). The Club's shirt sponsor is **ScotRail** with whom the Club has an agreement until the end of this current season. The Club has an agreement with **Errea** for the supply of football kit which runs until 30 June 2002.

The Company's expenditure comprises principally staff costs (particularly of the Club's football players) match expenses and the costs of commercial activities on match days and the operation and maintenance of Caledonian Stadium.

5. Income

The Club's turnover over the last three financial years as shown in the Accountants' Report can be analysed as follows:-

Year to 31 May	2000	1999	1998
Match Receipts	412,211	180,855	210,553
Sponsorship and Advertising	147,389	140,672	118,141
Hospitality and Catering	180,025	205,296	90,313
Royalties, Promotions and Other	<u>517,801</u>	<u>402,368</u>	<u>402,424</u>
	<u>1,257,426</u>	<u>929,191</u>	<u>821,431</u>

The 2000 figures reflect the exceptional Cup run last season

6. Expenditure

Operating Costs

Expenditure is incurred primarily in operating the Club's football teams. Other costs are incurred in match expenses, operating and maintaining Caledonian Stadium and commercial activities.

The Club's operating costs over the last three years as shown in the Accountants' Report, including exceptional costs, have been:-

Year to 31 May	2000	1999	1998
Staff Costs - Recurring	770,876	573,706	480,455
Depreciation	50,456	41,384	37,169
Other Operating Charges	1,459,703	1,152,004	961,996
Other Operating Income	31,908	64,132	42,870

7. Directors

David F Sutherland 51, was appointed Chairman in January 2000. A Chartered Accountant, Mr Sutherland is also Chairman of Tulloch plc.

Kenneth A Thomson 47, was elected Deputy Chairman in January 2000 having been appointed a Director in January 1995. He is primarily involved in asset finance and leasing and is a Director of Moray Firth Vehicle Contracts Limited and Kentay Catering Sales Limited. He is a former president of the Camanachd Association.

Ian A MacDonald 52, was appointed a Director in December 1997. He is Senior Partner of MacArthur & Co, Solicitors and is also a Director of Cape Wrath Hotel Company Limited, Chapman of Inverness Limited and New Inverness Laundry Company Limited.

Kenneth G Mackie 55, appointed Finance Director in December 1999. A Chartered Accountant by profession, is self employed as a

Management Consultant. Chairman of Inverness and Nairn Enterprise and Vice-Chairman of Inverness College.

Graeme P Bennett

35, former player and first signing of the Club. Former Manager of Clachnacuddin FC and also played for both Caledonian FC and Inverness Thistle FC. Appointed Director of Football in April 2000. He is a Director of Inverness Glass Co Limited and Cairngorm Windows Limited.

Alexander G M Catto

62, was appointed to the Board in December 2000. Mr Catto is the controlling shareholder in a number of companies based in Inverness area operating in the spheres of transport, shipping and bark production.

9. Management and Employees

Employees

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

	2000	1999	1998
Playing and Coaching Staff	38	39	28
Office and management	4	4	4
Directors	6	11	9
	<u>48</u>	<u>54</u>	<u>41</u>

No Director received any remuneration for services as a Director during the last three financial years.

Football Management

Steven William Paterson, 45 was appointed manager in June 1995 having commenced his managerial career with Forres Mechanics before moving to Elgin City in 1988 and then moving to Huntly in 1990. His playing career took him to England and then Japan. In England he played for Manchester United and Sheffield United. He was an Under 21 Scottish International.

Duncan Shearer, 38 was appointed assistant manager in March 2000. Born in Fort William his career started with Inverness Clachnacuddin progressing to the highest level in Scotland and England with clubs including Blackburn Rovers and Aberdeen. He finished his playing career with the Club. He is a former Scottish International player.

Other Management

Catriona Bisset, 35, joined the Club in June 2000 acting as Chief Executive (non-Board member appointment) until January 2000. She is at present working with the Club on a part time basis. A graduate from Dundee University Catriona was formerly Managing Director of Littlejohns Restaurant UK Limited.

Gary Thompson, 49, is the General Manager of the Club. He formerly worked in Sales and Marketing with a national company.

David MacRae, 23, joined the Club in 1997 as a General Assistant. He is currently the Conference and Functions Manager.

John Sutherland, 48, formerly General Manager until December 2000, joined the Club in 1997 and has part time responsibility for health and safety and general stadium safety.

Playing Staff

The Club's professional squad of players is set out at Part VI of this document.

Player's contracts with the Club are governed by the rules of the SFA and the SFL and are typically for periods of up to three years.

10. Caledonian Stadium and other facilities

The Company leased for 99 years the site at East Longman, Inverness from Inverness District Council on which was constructed Caledonian Stadium.

11. Financial

The results of the Company for the three years ended 31 May 2000 are shown in the Accountant's Report as Part V below.

The Company has traded at a loss for the three years ended 31 May 2000. Its overdraft with the Bank has steadily increased to its present level (see below paragraph 16 "Banking").

12. Strategy and Reasons for the Offer

The Board believe that the survival of the Club in its current form is in jeopardy because of its financial position. The level of debt is not sustainable in view of the continuing losses partly due to the high interest cost. The Directors are of the view that the Club's best interests are served if it can eliminate the Bank overdraft and return the Company to a more secure position with the prospect of building a profitable business based on gate receipts and other commercial income including income from Ancillary Activities within

the Ancillary Areas, the Sports Bar and the Social Clubs. The Board intends to eliminate the Bank debt of the Company by assigning the Lease to Inverness Caledonian Thistle Properties Limited (a subsidiary of the charitable trust Inverness Caledonian Thistle Trust Limited) for a consideration equivalent to the net book value of the long leasehold property less the Grant Liabilities as at the date of the Lease Assignment. The Company will enter into the Sub-Lease.

The Bank has been approached (along with a limited number of private investors) to provide finance to Inverness Caledonian Thistle Properties Limited to raise the sums required to purchase the Lease Assignment with the assumption of the Grant Liabilities. Inverness Caledonian Thistle Properties Limited will seek to develop the Remaining Areas.

Caledonian Stadium has been valued within the balance sheet of the Company on a depreciated historic cost basis which in the opinion of the Directors is substantially in excess of the market value.

The Club will follow a strategy of:-

- (i) Investing in the professional squad and related infrastructure;
- (ii) Growing both match-related and commercial income; and
- (iii) Exercising prudent cost control;

so as to be in the position where football and commercial success allows the Club to generate the necessary resources for reinvestment in the business. This offer for subscription is being carried out in order to provide working capital and to maintain a full time professional squad.

13. Capital Base

The Directors consider that raising new funds by public issue of shares and thus increasing the capital base of the Company is in the best interests of the Club at this time.

The Offer, if fully subscribed, will raise £1,000,000 and, after expenses, net proceeds of approximately £980,000. The funds raised will be used for working capital and to augment the player pool and commercial resources.

14. Current Trading

The prospects for the Company as signalled previously to shareholders, without a restructuring package are uncertain. The Board believes the Company will not survive in its current form. The current losses cannot be sustained and the Company will find it difficult to continue to trade at its current level given the current rate of loss.

15. Dividend Policy

The Directors do not expect, for the foreseeable future, to be recommending payment of dividends as any profits of the Company will be re-invested in the development of the Club and its squad of players.

16. Banking

The Company has an agreed overdraft with the Bank of £1.8m with temporary extensions agreed as necessary. Following completion of the Lease Assignment the Company will be cash positive with a strategy to remain so. The Sports Bar development will seek loan facilities from a brewery in connection with the project.

17. Risk Factors

An investment in the Company may be regarded as speculative and carries a degree of risk in common with investments in other professional football clubs. Accordingly, an investment, or further investment, in the Company may not be suitable for all recipients of this document. The attention of investors is drawn to Part IV of this document entitled "Risk Factors".

18. Prospects and Future

In common with most football clubs in Scotland, the Club has an imbalance between income generated through gate receipts and costs, primarily, labour/salaries. As a consequence of this, the Company needs to address methods of generating income outwith football, to help close the gap and to meet its obligations.

With the removal of the Bank debt via the Trust initiative, largely associated with the Lease being transferred to Inverness Caledonian Thistle Trust Limited or its subsidiary, Inverness Caledonian Thistle Properties Limited, the Club can start the process of moving towards trading on a breakeven basis in the short term. In simple terms, the interest burden via the Trust arrangement is removed thus assisting the Club in the aim of balancing the books.

The aim is to endeavour to remain without debt, as a business, but at the same time the Directors do not wish to lose sight of the objective which is movement towards the top

flight of Scottish football. Given that the Club now enjoys its highest league position ever, it is capable of moving ahead if resources are bolstered when necessary.

The Board are examining, with others, the prospects of commercial and associated income increasing, and again this should help the Club to achieve the Club's objectives.

In terms of prospects for the future, the Directors intend to progress with the initiative with Ross County FC in terms of a Highland Football Academy. Looking ahead, the position for football post Bosman is that the Club must concentrate on its youth, particularly its youth who are generated from within our base area, who are ambitious in terms of playing football at a high level within the Scottish system, and hopefully with Inverness Caledonian Thistle FC. Success in this field is evidenced by the fact that six youth system individuals have played in the first team over the past 12 months.

In terms of how the Club closes the gap, commercially this hinges on success in a number of related fields, viz:

- Enhanced media income (currently being researched)
- Increased gates with a strategic review of pricing linked to value (now underway)
- The town centre Sports Bar will give the Club a new income stream
- A match day Caledonian Stadium Bar will provide an additional source of revenue and contribution
- The revamped Kingsmills suite is producing excellent conferencing results
- The disposal of Baron Taylor's Street social club and full integration with Greig Street with a new focus, will enhance revenues.
- Continuing to play attractive and competitive football,

As the Club moves closer to its playing goal, the awareness factor will increase dramatically and it is hoped to encourage the shirt sponsors to take a role commensurate with ScotRail's national coverage.

Part III – Details of the Offer for Subscription

1. Terms of the Offer for Subscription

Subject to the fulfilment of the conditions referred to in paragraph 2 of this Part III by 30 June 2001, the Company is proposing to offer for subscription up to 1,000,000 New Ordinary Shares at the Offer Price payable in full on acceptance, to raise up to approximately £980,000 net of expenses:

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing ordinary shares.

2. Conditions of the Offer for Subscription

The Offer is conditional upon the following conditions being satisfied before 30 June 2001:

- (a) The approval by the shareholders of the Company of the Offer and related matters set out in this document at the Extraordinary General Meeting.
- (b) Completion of the Lease Assignment (with the assumption of the Grant Liabilities by the assignee) and the Sub-Lease.

The above conditions are not capable of waiver by the Company or applicants for New Ordinary Shares.

No New Ordinary Shares will be issued if the above conditions have not been satisfied before 30 June 2001 and in that event applicants' subscription monies will be returned.

3. Procedure for acceptance and payment

You will find enclosed with this document an Application Form for the New Ordinary Shares you wish to subscribe.

If you wish to apply for shares, you should return the Application form and a remittance for the full amount payable on acceptance in accordance with the instructions printed thereon.

The latest time for receipt of acceptances and payment in full will be 12 noon on 31 March 2001, unless extended by the Directors before that date, or as soon as £1,000,000 (being the purchase price of 1,000,000 New Ordinary Shares) has been received if earlier.

Part IV – Risk Factors

Your attention is drawn to the following risk factors when considering whether to invest in the Company.

- The financial performance of the Company is significantly influenced by the playing success of the Club's first team.
- The Club has no insurance cover over the value of its players in the event of injury because of the high level of premiums for such cover.
- An investment in the Company may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities before making any investment decisions.
- No application has been made for the New Ordinary Shares to be listed on the London Stock Exchange or any other Recognised Investment Exchange nor for the New Ordinary Shares to be dealt in on the Alternative Investment Market. The New Ordinary Shares are likely to be less realisable and carry a higher risk than investment in shares listed on a Recognised Investment Exchange.
- Investment in unquoted companies is speculative and involves a significant degree of risk. The value of shares may go down as well as up so subscribers may realise less than the original amount invested.

Part V – Accountants' Report

The following is the text of a report from W D Johnston & Carmichael, Chartered Accountants and Registered Auditors.

31 January 2001

The Directors
Inverness Thistle and Caledonian F.C. plc
Caledonian Stadium
Stadium Road
Inverness IV1 1FF

W D Johnston & Carmichael
Nevis House
Beechwood Park
Inverness IV2 3BW

INVERNESS THISTLE AND CALEDONIAN F.C. plc

We report on the financial information set out in paragraphs 1 to 4.20. This financial information has been prepared for inclusion in the Prospectus dated 31 January 2000 relating to the Offer for Subscription of up to 1,000,000 ordinary £1 shares in the company.

Basis of preparation

The financial information set out in paragraphs 1 to 4.20 is based on the audited financial statements of the Company for the three years ended 31 May 2000, to which no adjustments were considered necessary. These financial statements were audited by ourselves.

Responsibility

Such financial statements are the responsibility of the directors of the Company who approved their issue.

The Directors of the Company are responsible for the contents of the prospectus dated 31 January 2001 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

In our opinion, the financial information set out below gives, for the purposes of the prospectus dated 31 January 2001, a true and fair view of the state of affairs of the company as at the dates stated and of its losses, cash flows and recognised gains and losses for the years then ended.

We consent to the inclusion in the prospectus dated 31 January 2001 of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

W D Johnston & Carmichael
Chartered Accountants
and Registered Auditors.

1. Profit and Loss Accounts

Year Ended 31 May

	2000	1999	1998
Turnover	1,257,426	929,191	821,431
Net operating expenses	(1,510,159)	(1,193,388)	(999,165)
Other operating income	31,132	33,908	19,370
Operating loss	<u>(221,601)</u>	<u>(230,289)</u>	<u>(158,364)</u>
Gain/(loss) on sale of players registrations	33,000	(2,000)	23,500
(Loss) on ordinary activities before interest	<u>(188,601)</u>	<u>(232,289)</u>	<u>(134,864)</u>
Interest payable and similar charges	(142,650)	(148,660)	(149,794)
(Loss) for the year	<u>(331,251)</u>	<u>(380,949)</u>	<u>(284,658)</u>
Statement of total recognised gains and losses			
Loss on ordinary activities after taxation	(331,251)	(380,949)	(284,658)
Settlement of former Clubs' liabilities	-	(55,364)	(17,732)
Unrealised movement on revaluation of property	-	86,100	-
Total recognised losses relating to the year	<u>(331,251)</u>	<u>(350,213)</u>	<u>(302,390)</u>
Prior year adjustment	-	435,750	-
Total recognised losses since last annual report	<u>(331,251)</u>	<u>85,537</u>	<u>(302,390)</u>

2. Balance Sheets

Year Ended 31 May

	2000	1999	1998
Fixed Assets			
Intangible assets	25,805	39,712	44,350
Tangible assets	4,100,698	4,179,837	4,128,733
Investments	40,000	40,000	40,000
	<u>4,166,503</u>	<u>4,259,549</u>	<u>4,213,083</u>
Current Assets			
Stocks	11,016	4,719	5,130
Debtors	73,542	253,039	196,913
Cash at bank and in hand	-	6,636	6
	<u>84,558</u>	<u>264,394</u>	<u>202,049</u>
Creditors: amounts falling due within one year	(2,188,659)	(2,043,459)	(1,553,629)
Net Current Liabilities	(2,104,101)	(1,779,065)	(1,351,580)
Total assets Less Current Liabilities	<u>2,062,402</u>	<u>2,480,484</u>	<u>2,861,503</u>
Creditors: amounts falling due after more than one year	(39,785)	(95,485)	(146,863)
Deferred grants	<u>(1,194,613)</u>	<u>(1,225,745)</u>	<u>(1,640,923)</u>
Net Assets	<u>828,004</u>	<u>1,159,254</u>	<u>1,073,717</u>
Capital and Reserves			
Called up share capital	1,963,981	1,963,981	1,963,981
Share Premium account	91,652	91,652	147,016
Revaluation reserve	84,378	86,100	-
Profit and loss account	<u>(1,312,007)</u>	<u>(982,479)</u>	<u>(1,037,280)</u>
Equity Shareholders' Funds	<u>828,004</u>	<u>1,159,254</u>	<u>1,073,717</u>

3. Cashflow Statements

	Year ended 31 May		
	2000	1999	1998
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss	(221,601)	(230,289)	(158,364)
Depreciation	93,740	84,384	61,669
(Increase)/ decrease in stocks	(6,296)	411	870
Decrease/(increase) in debtors	179,497	(83,425)	(55,262)
Decrease in creditors	19,243	52,191	(41,555)
Government grant released	(31,132)	(33,908)	(19,370)
Amortisation of transfer fees	26,407	35,685	55,450
Fixed assets donated in return for hospitality	-	(23,598)	-
Net cash inflow/(outflow) from operating activities	<u>59,858</u>	<u>(198,549)</u>	<u>(156,562)</u>

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities	59,858	(198,549)	(156,562)
Returns on investments and servicing of finance	(140,490)	(156,590)	(161,695)
Taxation	(36,000)	-	-
Capital expenditure	(27,101)	(36,462)	71,904
Acquisitions and disposals	-	(16,500)	(2,824)
	<u>(143,733)</u>	<u>(408,101)</u>	<u>(249,177)</u>
Financing	<u>(45,051)</u>	<u>(33,718)</u>	<u>481,570</u>
(Decrease)/increase in cash	<u>(188,784)</u>	<u>(441,819)</u>	<u>232,393</u>

Reconciliation of Net Cash Flow to movement in Net Debt

	Year ended 31 May		
	2000	1999	1998
(Decrease)/increase in cash in the year	(188,784)	(441,819)	232,393
Cash outflow/(inflow) from decrease/(increase) in debt and hire purchase financing	14,801	13,718	14,680
Change in net debt	<u>(173,983)</u>	<u>(428,101)</u>	<u>247,073</u>
New finance leases	-	(10,487)	(32,595)
Hire purchase agreement settled by contra	-	4,386	-
	<u>(173,983)</u>	<u>(434,202)</u>	<u>214,478</u>
Opening net debt	<u>(1,584,909)</u>	<u>(1,150,707)</u>	<u>(1,365,185)</u>
Closing net debt	<u>(1,758,892)</u>	<u>(1,584,909)</u>	<u>(1,150,707)</u>

4. Notes to the financial information

4.1 Accounting Policies

4.1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets

The company has consistently applied all relevant accounting standards.

4.1.2. Turnover

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

4.1.3. 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' registrations 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.

4.1.4. Tangible fixed assets and depreciation

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

Land and buildings	-	2% Straight Line
Leasehold properties	-	2% Straight Line
Plant and machinery	-	20% - 33 1/3% Straight Line
Motor vehicles	-	25% Straight Line

4.1.5. 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.

4.1.6. Investments

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

4.1.7. 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.

4.1.8. 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. No deferred taxation has been provided on previous revaluation surpluses as the availability of tax losses are expected to cover any potential gains arising.

4.1.9. Government grants

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

4.1.10. Going Concern

The company meets its day to day working capital requirements through a bank overdraft from the Bank of Scotland. The directors have ensured sufficient funding arrangements are in place to ensure all third party liabilities are met as they fall due. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The board is progressing with a financial restructuring package designed to remove bank debt and provide working capital.

4.1.11 Turnover

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

4.2 Operating Loss

	2000	1999	1998
Operating loss is stated after charging:			
Amortisation of intangible assets	26,407	35,685	55,450
Depreciation of tangible assets	93,740	84,384	61,669
Expenses on termination of player's contracts	-	12,200	-
Operating lease rentals:			
- Plant and machinery	5,425	2,558	-
- Land and buildings	21,659	14,380	13,400
Auditors' remuneration	4,500	4,500	6,500
Auditors' remuneration from non-audit work	<u>5,250</u>	<u>6,900</u>	<u>12,582</u>
and after crediting:			
Profit on disposal of tangible fixed assets	-	4,982	-
Deferred income release	<u>31,132</u>	<u>33,908</u>	<u>19,370</u>

4.3 Interest Payable and Similar Charges

	2000	1999	1998
On bank loans and overdrafts	136,179	141,088	138,409
On loans repayable in five years or more	1,979	2,717	1,704
Hire purchase interest	4,492	4,855	6,643
On overdue tax	-	-	3,038
	<u>142,650</u>	<u>148,660</u>	<u>149,794</u>

4.4 Intangible Fixed Assets

	Transfer Fees	Total
Cost		
At 1 June 1998	126,050	126,050
Additions	31,047	31,047
At 31 May 1999	<u>157,097</u>	<u>157,097</u>
Additions	12,500	12,500
At 31 May 2000	<u>169,597</u>	<u>169,597</u>
Amortisation		
At 1 June 1998	81,700	81,700
Charge for year	35,685	35,685
At 31 May 1999	<u>117,385</u>	<u>117,385</u>
Charge for year	26,407	26,407
At 31 May 2000	<u>143,792</u>	<u>143,792</u>
Net book values		
At 31 May 1998	<u>44,350</u>	<u>44,350</u>
At 31 May 1999	<u>39,712</u>	<u>39,712</u>
At 31 May 2000	<u>25,805</u>	<u>25,805</u>

4.5 Fixed Assets

Tangible fixed assets

	Land and buildings freehold	Long leasehold property	Plant and equipment	Motor Vehicles	Total
Cost/revaluation					
At 1 June 1998	242,324	3,809,931	129,666	28,600	4,210,521
Additions	-	74,847	23,172	10,487	108,506
Revaluation	75,000	-	-	-	75,000
Disposals	(57,324)	-	-	(7,600)	(64,924)
At 31 May 1999	<u>260,000</u>	<u>3,884,778</u>	<u>152,838</u>	<u>31,487</u>	<u>4,329,103</u>
Additions	-	14,601	-	-	14,601
Transfers	-	(147,249)	147,249	-	-
At 31 May 2000	<u>260,000</u>	<u>(3,752,130)</u>	<u>300,087</u>	<u>31,487</u>	<u>4,343,704</u>
Depreciation					
At 1 June 1998	8,546	24,500	39,692	9,050	81,788
Revaluation	(11,100)	-	-	-	(11,100)
On disposals	(2,006)	-	-	(3,800)	(5,806)
Charge for the year	4,560	43,000	28,670	8,154	84,384
At 31 May 1999	-	67,500	68,362	13,404	149,266
On transfers	-	(11,201)	11,201	-	-
Charge for the year	5,400	43,285	40,555	4,500	93,740
At 31 May 2000	<u>5,400</u>	<u>99,584</u>	<u>120,118</u>	<u>17,904</u>	<u>243,006</u>
Net book values					
At 31 May 1998	<u>233,778</u>	<u>3,785,431</u>	<u>89,974</u>	<u>19,550</u>	<u>4,128,733</u>
At 31 May 1999	<u>260,000</u>	<u>3,817,278</u>	<u>84,476</u>	<u>18,083</u>	<u>4,179,837</u>
At 31 May 2000	<u>254,600</u>	<u>3,652,546</u>	<u>179,969</u>	<u>13,583</u>	<u>4,100,698</u>

Land with a value of £1.710 million has not been depreciated.

The net book value of tangible fixed assets includes (1998, £44,092; 1999, £34,445; and 2000, £21,765) held in respect of assets held under hire purchase contracts. The related depreciation charge was (1998, £17,621; 1999, £16,052; and 2000, £12,680)

During 1999 the company's freehold property was revalued on an open market existing use basis by Graham & Sibbald, chartered surveyors. If they had not been revalued freehold land and buildings would have been carried at historic cost figures of £168,194 for 31 May 2000 (1999, £171,894)

4.6 Investments

Fixed Asset Investments

Cost	Participating Interest Shares	Total
At 31 May 1998, 1999 & 2000	<u>40,000</u>	<u>40,000</u>
Net book amounts		
At 31 May 1998	<u>40,000</u>	<u>40,000</u>
At 31 May 1999	<u>40,000</u>	<u>40,000</u>
At 31 May 2000	<u>40,000</u>	<u>40,000</u>

Holdings of 20% or more

The Company holds 20% or more of the share capital of the following companies:-

Company	Country of Registration or Incorporation	Shares Held Class	Holding
Participating interests and nature of trade			
Caledonian Thistle Properties Limited (property development company)	Scotland	Ordinary	50%

The aggregate amount of capital and reserves and the results of this undertaking for the financial year ending 31 December 1999 were as follows:

	Capital and Reserves	Loss for Year	
Caledonian Thistle Properties Limited	<u>29,315</u>	<u>(12,331)</u>	
4.7 Stocks	2000	1999	1998
Raw materials and consumables	<u>11,016</u>	<u>4,719</u>	<u>5,130</u>

4.8 Debtors

	2000	1999	1998
Trade debtors	50,623	111,292	64,511
Amount owed by participating interest	-	25,182	16,058
Other debtors	22,919	79,158	101,608
Prepayments and accrued income	-	37,407	14,736
	<u>73,542</u>	<u>253,039</u>	<u>196,913</u>

4.9 Creditors: Amounts Falling Due Within One Year

	2000	1999	1998
Bank overdraft	1,730,906	1,548,758	1,100,309
Scottish Brewers loan	5,000	5,000	5,000
Football Foundation loan	30,000	40,000	40,000
Net obligations under finance leases			
And hire purchase contracts	20,701	14,802	16,041
Trade creditors	113,116	173,362	98,345
Corporation tax	32,910	68,910	39,908
Other taxes and social security costs	92,387	49,035	72,637
Other creditors	138,139	73,319	136,420
Accruals and deferred income	25,500	70,273	44,969
	<u>2,188,659</u>	<u>2,043,459</u>	<u>1,553,629</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 property.

4.10 Creditors: Amounts Falling Due in More Than One Year

	2000	1999	1998
Scottish Brewers loan	32,500	37,500	42,500
Football Foundation loan	-	30,000	70,000
Net obligations under finance leases			
And hire purchase contracts	7,285	27,985	34,363
	<u>39,785</u>	<u>95,485</u>	<u>146,863</u>

4.11 Bank Term Loan

Loans	2000	1999	1998
Repayable in one year or less, or on demand	35,000	45,000	45,000
Repayable between one and two years	5,000	35,000	45,000
Repayable between two and five years	15,000	15,000	45,000
	<u>55,000</u>	<u>95,000</u>	<u>45,000</u>
Repayable for five years or more:			
Scottish Brewers loan	<u>12,500</u>	<u>17,500</u>	<u>22,500</u>
Net obligations under finance leases And hire purchase contracts			
Repayable within one year	20,701	14,802	16,041
Repayable between one and five years	7,285	27,985	34,363
	<u>27,986</u>	<u>42,787</u>	<u>50,404</u>

The loan from the Football Foundation is interest free and repayable in quarterly installments of £10,000.

The loan from Scottish Brewers is secured over part of the company's heritable property, is repayable in monthly installments of £416.67 and carries interest at 6% per annum (or such rate as may be fixed from time to time).

4.12 Deferred Income

Accruals and deferred income	2000	1999	1998
Opening balance	1,225,745	1,640,923	1,688,581
Increase / (decrease) in year	-	54,480	(28,288)
Prior year adjustment	-	(435,750)	-
	<u>1,225,745</u>	<u>1,259,653</u>	<u>1,660,293</u>
Released in year	(31,132)	(33,908)	(19,370)
Closing balance	<u>1,194,613</u>	<u>1,225,745</u>	<u>1,640,923</u>

The 1999 prior year adjustment represents a revision in respect of the amount of grants attributable to the Eastern access road handed over to the Highland Council, and originally reflected in the profit and loss account for the year ended 31 May 1997.

The unamortised balance of grants at 31 May 2000 include: Football Foundation, £558,337; The Highland Council, £424,888; and Inverness & Nairn Enterprise, £195,573.

4.13 Share Capital

	2000	1999	1998
Authorised equity			
Ordinary shares of £1 each	3,063,978	1,063,978	1,063,978
"A" Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000
"B" Ordinary shares of 1 each	1,000,000	1,000,000	1,000,000
"C" Ordinary shares of 1 each	3	3	3
	<u>6,063,981</u>	<u>4,063,981</u>	<u>4,063,981</u>
Allotted, called up and fully paid equity			
1,063,978 Ordinary shares of £1 each	1,063,978	1,063,978	1,063,978
600,000 "A" Ordinary shares of £1 each	600,000	600,000	600,000
300,000 "B" Ordinary shares of 1 each	300,000	300,000	300,000
3 "C" Ordinary shares of 1 each	3	3	3
	<u>1,963,981</u>	<u>1,963,981</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" 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 shareholder 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 108 ordinary shares held by the Caledonian Thistle Members Club have enhanced rights for as long as they are held by the Members Club they shall hold 20% of the votes available; this was amended from 49% on 16 April 1998.

At the company's AGM, on 29 December 1999, an ordinary resolution was passed which increased the authorised ordinary shares of £1 each, by 2,000,000, from 1,063,978 to 3,063,978.

4.14 Share Premium Account

Equity Reserves	Share premium account	Revaluation reserve	Profit and loss account	Total
At 31 May 1998 as previously stated			(1,037,280)	(1,037,280)
Prior year adjustment			435,750	435,750
At 1 June 1998	147,016	-	(601,530)	(454,514)
Revaluation of property		86,100		86,100
Loss for the year			(380,949)	(380,949)
Other movements	(55,364)	-	-	(55,364)
At 31 May 1999	91,652	86,100	(982,479)	(804,727)
Transfer from revaluation reserve	-	(1,722)	1,722	-
Loss for the year	-	-	(331,250)	(331,250)
	<u>91,652</u>	<u>84,378</u>	<u>(1,312,007)</u>	<u>(1,135,977)</u>

4.15 Reconciliation of Movement in Shareholders' Funds

	2000	1999	1998
Loss for the year	(331,251)	(380,949)	(284,658)
Net proceeds of Equity share issue	-	-	500,000
Other recognised gains and losses	-	30,736	(17,732)
Net reduction in Shareholders Funds	(331,251)	(350,213)	197,610
Opening shareholders funds as previously Reported	1,159,255	1,073,718	876,108
Prior year adjustment	-	435,750	-
Opening shareholders funds as restated	1,159,255	1,509,468	876,108
Closing balance	<u>828,004</u>	<u>1,159,255</u>	<u>1,073,718</u>

4.16 Financial Commitments

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

	Land and Buildings			Other		
	2000	1999	1998	2000	1999	1998
Expiry date:						
In over five years	<u>17,000</u>	<u>14,000</u>	<u>12,500</u>	<u>5,776</u>	<u>5,776</u>	<u>3,070</u>

4.17 Contingent Liabilities

Grants received from the Football Foundation, Inverness and Nairn Enterprise, the European Development Fund and The Highland Council, totalling £1,622,648 are repayable in whole or part in the event of the company being in default of the terms of the agreements with the respective authorities.

4.18 Related Party Transactions

Director & Related Entity

Dugald McGilvary – Weldex (International) Offshore Limited

Roy McLennan – Highland Office Equipment Limited

Kenneth Thomson – Ness Leasing Limited and Kentay Catering Sales Limited

Alan Nelson - Scott Oswald CA

Ian MacDonald – MacArthur & Co

Ken Mackie - HKM Consulting

David F Sutherland – Tulloch plc

- (b) During the year to 31 May 2000 the company has written off the balance due at 31 May 1999 from Caledonian Thistle Properties Limited, totaling £25,182. This balance relates to recharged bank interest which the directors believe should be charged to the profit and loss account as incurred. Caledonian Thistle Properties Limited is a company jointly controlled by the football Club and Tulloch plc.
- (c) Included in other creditors are interest free loans with no fixed term for repayment from the following related parties: £20,000, Tulloch Limited; £14,750, Weldex (International) Offshore Limited; £5,000, Highland Office Equipment Limited.
- (d) Included at 31 May 2000 are balances due by/to related parties as follows. Due by: Tulloch Limited, £3,918 and Weldex (International) Offshore Limited, £17,607. £2,000; Tulloch Limited, £6,994; Weldex (International) Offshore Limited, £38,339.

4.19 Post Balance Sheet Events

The Board is progressing a financial restructuring package designed to remove bank debt, provide working capital, and to finance cover facilities for the standing areas in the ground.

In June 2000 the Board appointed a Chief Executive, Catriona Bisset, with a view to providing a clear executive direction and encouraging income generation from commercial activities.

4.20 Notes to the Cash Flow Statement

	2000	1999	1998
Returns on Investments and servicing of Finance			
Interest Paid	(135,998)	(151,735)	(155,052)
Interest element of finance lease rental payments	(4,492)	(4,855)	(6,643)
	<u>(140,490)</u>	<u>(156,590)</u>	<u>(161,695)</u>
Capital Expenditure			
Payments to acquire intangible assets	(12,500)	(23,547)	(63,250)
Payments to acquire tangible assets	(14,601)	(160,068)	(499,945)
Receipts from sales of intangible assets	-	6,000	23,500
Receipts from sales of tangible assets	-	58,300	-
Receipt of grant	-	82,853	611,599
	<u>(27,101)</u>	<u>(36,462)</u>	<u>71,904</u>
Acquisitions and Disposals			
Settlement of former Clubs liabilities	-	(16,500)	(2,824)
Financing			
Issue of ordinary share capital	-	-	500,000
Other new short term loans	14,750	25,000	50,000
Repayment of other short term loans	(45,000)	(45,000)	(53,750)
Capital element of hire purchase contracts	(14,801)	(13,718)	(14,680)
	<u>(45,051)</u>	<u>(33,718)</u>	<u>481,570</u>
Analysis of changes in net funds	1998		1999
	Opening Balance	Cash Flows	Other Changes
Cash at bank and in hand	6	6,630	6,636
Overdrafts	(1,100,309)	(448,449)	(1,548,758)
	(1,100,303)	(441,819)	(1,542,122)
Finance leases	(50,404)	13,718	(6,101)
Net debt	<u>(1,150,707)</u>	<u>(428,101)</u>	<u>(1,584,909)</u>
Analysis of changes in net funds	1999		2000
	Opening Balance	Cash Flows	Other Changes
Cash at bank and in hand	6,636	(6,636)	-
Overdrafts	(1,548,758)	(182,148)	(1,730,906)
	(1,542,122)	(188,784)	(1,730,906)
Finance leases	(42,787)	14,801	(27,986)
Net debt	<u>(1,584,909)</u>	<u>(173,983)</u>	<u>(1,758,892)</u>

Part VI- Professional Squad

NAME	AGE	FORMER CLUB
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GOALKEEPERS

Jim Calder	40	Inverness Thistle
Les Fridge	32	Dundalk
Alley Ridgers	18	Youth

DEFENDERS

Mike Teasdale	31	Dundee
Ross Tokely	21	Huntly
Bobby Mann	26	Forfar
David Hinds	18	Youth
Richard Hastings	23	Youth
Stuart Golabeek	26	Ross County
Grant Munro	19	Youth
Stuart McAffrey	21	Aberdeen
Andrew Allan	19	Youth

MIDFIELDERS

David Bagan	23	Kilmarnock
Paul Sheerin	26	Southampton
Charlie Christie	34	Celtic
Barry Robson	22	Rangers
Kevin Byers	21	Raith Rovers
Roy McBain	24	Ross County
David Craig	20	Youth
Gary Farquhar	26	St Johnstone

FORWARDS

Dennis Wyness	23	Aberdeen
Davide Xausa	24	St Johnstone
Martin Bavidge	20	Lewis United
David Graham		
(on loan from Dunfermline F.C.)		

Part VII – The Organisation of Professional Football in Scotland

1. Organisation

Professional football in Scotland is regulated by the SFA, whose members are responsible for enacting rules, regulations and bye-laws. Full membership of the SFA is conditional upon a club being able to meet certain conditions stipulated in the SFA's articles of association.

The League is an association of member clubs of the SFA. The general meeting, or any special general meeting, of members of the League has power to amend its rules and a Management Committee is responsible for its administration, finance and discipline.

The rules and regulations of the SFA and the League cover a wide range of matters affecting football, including the transfer of players, the holding of competitions and finance.

2. The Bell's League Championship

The Bell's League Championship competition consists of each club in its relevant division playing two matches at home and two matches away with each of the other clubs in its division. Points are awarded to the teams on the basis of a win or a draw. At the end of the Season the club securing the highest number of points in its division is declared the champion club of its division.

3. Domestic Cup Competitions

Membership of the SFL entitles member clubs to take part annually in the CIS Insurance Cup and in the Tennents Scottish Cup. The Challenge Cup is a knockout competition open to eligible clubs which belong to the First, Second and Third Divisions of the SFL.

4. Employment and Transfer of Players

Players, other than trialists, are eligible to play in League matches if they are registered with the League as playing for the particular club. Contracts may be for any period but must not be less than four weeks. Players may receive signing on fees which will be paid according to an agreement between club and players.

At the end of his contract, a player is free to seek registration with another club. However, subject to the Bosman case, his former club is entitled to a compensation fee provided that it offers to extend his old contract on no less favourable monetary terms. The compensation fee is agreed between the two clubs or, in default, by either the International Football League Board Compensation Commission or UEFA or FIFA, where two separate football Leagues in membership of either The International Football League Board or UEFA or FIFA, respectively, are involved. In the case of two Scottish

clubs, the matter is referred to a Scottish Compensation Tribunal. The registration of a player may also be transferred during the term of his contract with his agreement and the agreement of the two clubs involved. Such a transfer would normally also involve payment of a transfer fee to his old club.

In the Bosman case the European Court of Justice ruled that any regulations restricting the transfer of out of contract players between member states would be prohibited. This means the clubs cannot levy any transfer fees on out of contract players if a player moves to another member state. In addition the Court decided that clubs are no longer restricted in the number of nationals from other members states which they can field.

Although the ruling does not prohibit transfer fees for domestic transfer within the UK or to countries outwith the European Community, it is questionable how long the present domestic transfer system will survive.

Any transfer of a player's registration must be approved by the League and the SFA. No player registered or transferred after 31 March in each year, shall be eligible to play in the current season's competitions unless with the permission of the Management Committee of the SFL.

5. Match Gate Receipts

The home club retains all of its home gate receipts from the League Championship matches.

Receipts from the CIS Insurance Cup and the Challenge Cup matches are divided between the home club, the visiting club and the SFL in accordance with the rules of the SFL.

Receipts from the Tennents Scottish Cup matches are divided between the home club, the visiting club and the SFA in accordance with the rules of the SFA.

6. Restriction on Share Ownership

The Articles of Association of the SFA ("the SFA Articles") prohibit any unauthorised, direct or indirect, acquisition, holding of or dealing in shares or securities in more than one club by the same person. For these purposes, "club" is defined in the SFA Articles as including any club which is a member of the SFA, SPL, SFL, UEFA, FIFA or of a league represented on the International Football League Board and "person" is defined as including any body corporate or partnership. A holding or dealing in shares or securities is unauthorised where the prior written consent of the Council of the SFA, has not been granted.

Accordingly, holders (whether they hold in trust or in common with others) of shares or securities in other clubs (as defined above) may not apply for or acquire Shares without the prior written consent of the SFA.

Part VIII – Additional Information

1. Incorporation

- 1.1 The Company, whose principal place of business and registered office is at Caledonian Stadium, East Longman, Inverness, IV1 1FF was incorporated in Scotland under the Companies Act 1985-1989 on 17th February 1994 with registered number SC 149117 as a private limited company with the name Inverness Thistle and Caledonian F.C. Limited.
- 1.2 The Company was re-registered as a public limited company and its name was changed to its present name of Inverness Thistle and Caledonian F.C. plc on 9 September 1996.

2. Share Capital

- 2.1 The authorised share capital of the Company as at 30 January 2001 (being the last practicable date prior to the publication of this document) was £6,063,981 divided into 2,000,000 A Non-Voting Shares, 1,000,000 B Non-Voting Shares, 3 C Non-Voting Shares and 3,063,978 Ordinary Shares of £1.00 each of which 600,000 A Non-Voting Shares, 300,000 B Non-Voting Shares, 3 C Non-Voting Shares and 1,063,978 Ordinary Shares of £ 1.00 each were in issue as fully paid or credited as fully paid.
- 2.2 The Company has no founders, management or deferred shares.
- 2.3 A Director of the Company is required to hold at least 250 shares in the Company.
- 2.4 The Company is a public limited company and as such the liability of the members is limited.
- 2.5 All of the issued ordinary shares in the capital of the Company are fully paid up or credited as fully paid up.

3. Memorandum and Articles of Association

- 3.1 The principal objects of the Company, as set out in Clause IV of its memorandum of association, are the promotion and development of Association Football in all its branches for the benefit of the Town of Inverness and its environs, without distinction of political, religious or other opinions.

The objects of the Company are set out in full in Clause IV of the memorandum of association of the Company which is available for inspection at the address specified in paragraph 10 below.

- 3.2 The articles of association of the Company contain provisions to the following effect:

Share Capital

The unissued shares are at the disposal of the Directors;

- 3.2.1 The Company may by ordinary resolution increase its authorised share capital and consolidate, cancel or subdivide its share capital;

Transfer of Shares

- 3.2.2 There are no restrictions on the transfer of fully paid shares. The Directors may refuse to register the transfer of any share which is not fully paid up;

Voting Rights

- 3.2.3 Subject to any special rights or restrictions as to voting upon which any shares may be issued, or may for the time being be held, upon a show of hands every member present in person at a general meeting shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him;

- 3.2.4 By Special Resolution passed on 29th December 1999 the Article 75 of the Articles of Association was substituted by the following:-

So long as the Members Club is the holder of Ordinary Shares in the Company then each share held by the Members Club shall have voting rights calculated in accordance with the following formula;

$$\text{Voting rights per share} = \frac{A - B}{B} \times \frac{C}{D}$$

Where A = the number of Ordinary Issued Shares in the Company carrying voting rights

Where B = the number of Ordinary Issued Shares in the Company carrying voting rights held by the Members Club

Where C = 20 reducing to 5 by 1 for every 100,000 Ordinary Shares in the Company issued fully paid up in excess of 1,063,981

Where D = 80 increasing to 95 by 1 for every 100,000 Ordinary Shares in the Company issued fully paid up in excess of 1,063,981.

Dividends

- 3.2.5 The Company in general meeting may from time to time declare dividends, but no such dividend shall (except as the Companies Acts expressly authorise) be payable otherwise than out of the profits of the Company. No higher dividend is to be paid than is recommended by the Directors, and the declaration of the Directors as to the amount of the profits from time to time available for dividends is to be conclusive. The Directors may from time to time declare and pay to the members such interim dividends as appear to the Directors to be justified by the position of the Company;

Return of Capital on Winding Up

- 3.2.6 If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution, divide among the members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the members, but so that if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to Section 110 of the Insolvency Act 1986. A special resolution sanctioning a transfer or sale to another company duly passed pursuant to the said Section may in like manner authorise the distribution of any shares or other consideration receivable by the liquidator amongst the members otherwise than in accordance with their existing rights, and any such determination shall be binding upon all the members, subject to the right of dissent and consequential rights conferred by the said Section;

Variation of rights

- 3.2.7 Subject to Section 127 of the Act, all or any of the special rights and privileges attached to any different class of shares may, either with the consent in writing of the holders of three fourths of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders, be modified, varied or abrogated;

Borrowing powers

- 3.2.8 The Directors may from time to time exercise all the powers of the Company to borrow or raise money and to mortgage or charge all or any part of its undertaking, property, assets and uncalled capital;

Directors

- 3.2.9 The holders of "C" non-voting Ordinary Shares shall be entitled to appoint three Directors until 30 June 2002;
- 3.2.10 The holders of Ordinary Shares shall be entitled to elect one Director to the Board without the Members' Club being entitled to vote in that election;
- 3.2.11 At the EGM a resolution will be proposed as a special resolution to amend the Articles of Association of the Company to reduce the maximum number of Directors permitted by the substitution of the word "six" for the word "twelve" where it appears in Article 86 of the Articles of Association of the Company.

These and other provisions are set out in full in the articles of association of the Company which are available for inspection at the address specified in paragraph 10 below.

4. Directors' and Other Interests

- 4.1 Save as disclosed in this document, none of the Directors is interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company, being transactions which were entered into during the two years before the date of this document and which remain in any respect outstanding or unperformed.
- 4.2 None of the Directors has a service contract with the Company.
- 4.3 None of the Directors receive any remuneration or benefits in kind from the Company other than Kenneth Mackie as Company Secretary.
- 4.4 At the EGM a resolution will be proposed as an ordinary resolution to note and approve the proposed involvement of the Company's Directors David Sutherland and Kenneth Mackie with Inverness Caledonian Thistle Trust Limited and Inverness Caledonian Thistle Properties Limited (both as Members and Directors as appropriate) which companies will transact with the Company in the manner set out in the Prospectus.

5. Material Contracts

There are no contracts entered into other than in the ordinary course of business, within the two years immediately preceding the date of this document which are or may be material.

6. Subsidiaries

- 6.1 The Company is the beneficial owner of 50% of the issued share capital in Caledonian Thistle Properties Limited ("the Subsidiary") with the other 50% owned by Tulloch plc. The Subsidiary was incorporated on 20th November 1996. The Subsidiary is in the process of selling the property in its ownership known as Grant Street Park to Highland Council at a price of £280,000 which will pay off the Subsidiary borrowings and leave a small surplus. It is proposed the Company will retain ownership of the stand, flood lights and other fixtures.
- 6.2 The Company has two wholly owned subsidiaries which are dormant namely "Inverness Caledonian Thistle Football Club Limited" and "Caledonian Thistle Inns limited".

7. Working Capital

The Directors consider that, taking into account the strategy set out at paragraph 12 of Part II of this document and the proceeds of the Minimum Offer the Company will have sufficient working capital for its immediate requirements.

8. Litigation

The Directors are not aware of any legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company which are having or may have significant effect on the financial position of the Company.

9. General

- 9.1 The expenses of the offer for subscription are estimated to amount to £20,000. The net proceeds of the Offer, if fully subscribed, are estimated to amount to £980,000, which will be used for the purposes set out at paragraph 12 of Part II of this document.
- 9.2 The amount of the proceeds of the Minimum Offer which, in the opinion of the Directors, must be applied in relation to the matters specified in paragraph 21 of Part IV of Schedule 1 to the Public Offers of Securities Regulations 1995 is as follows:
- 9.2.1 Purchase price of property – nil;
 - 9.2.2 Offer expenses (estimated) -£20,000;
 - 9.2.3 Repayment of monies borrowed in respect of 9.2.1 and 9.2.2 above – nil;
 - 9.2.4 Working capital - £30,000.

- 9.3 There have been no amounts paid within the two years before the date of this document, or payable, as commission for subscribing or agreement to subscribe, or procuring or agreeing to procure subscriptions, for any Shares in or debentures of the Company.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Ledingham Chalmers, Kintail House, Beechwood Business Park Inverness, IV2 3BW during usual business hours on any weekdays (Saturdays and public holidays excepted) up to and including 12 noon on 30 March 2001 or any later date to which the Offer may be extended by the Directors before that date.

- (i) The Memorandum and Articles of Association of the Company
- (ii) Audited accounts for the three financial years ended 31 May 2000
- (iii) The consent letter of W D Johnston & Carmichael

Dated 31 January 2001

TERMS AND CONDITIONS OF APPLICATION

- (1) The contract created by the acceptance of applications in the manner set out in this document will be conditional on applications being received for the minimum offer of 50,000 New Ordinary Shares and the other conditions set out at paragraph 2 of Part III of this document.
- (2) Applications may be for any number of Shares (subject to a minimum of 250 Shares), provided that they are for multiples of 50.
- (3) If any application is invalid or is not accepted, or if any contract created by acceptance does not become unconditional by 30 June 2001, the application money will be returned without interest as soon as practicable and at the risk of the applicant. Irrespective of whether an application is successful or not all interest shall accrue to the benefit of the Company.
- (4) The right is reserved to present all cheques and bankers' drafts for payment and lodge all cash on receipt of Bank of Scotland ("the Bank"), to retain surplus application money pending clearance of the successful applicants' cheques or bankers' drafts and to reject any application in whole or in part. Where an application is not accepted in whole or in part surplus application money shall be despatched to applicants as soon as practicable. The Bank shall control all application monies received until the Offer closes.
- (5) By completing and delivering the application form, you (as the applicant(s)):
 - (a) offer to subscribe for the number of New Ordinary Shares specified in your application form (or any smaller number for which the application is accepted) at the application price and subject to this document (including in particular these terms and conditions) and the memorandum and articles of association of the Company;
 - (b) authorise the Company to send a share certificate for the number of ordinary shares for which your application is accepted, and a crossed cheque for any money returnable, by post to your address (or that of the first-named applicant) as set out in your application form and to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed on the register of members of the Company in respect of such ordinary shares;
 - (c) agree that your application may not be revoked and that these terms and conditions constitute a collateral contract between you and the Company which will become binding upon receipt of the application form by the Company or Bank of Scotland duly completed;

- (d) warrant that any cheque or banker's draft accompanying the application will be honoured on first presentation;
- (e) agree that any money returnable to you may be retained by Bank of Scotland in a separate account pending clearance of your remittance;
- (f) agree to pay subscription monies falling due in terms of your application upon application;
- (g) agree that all applications, acceptance of applications and contracts resulting from the acceptance of applications under this offer for subscription will be governed by and construed in accordance with Scottish law and agree to submit to the jurisdiction of the Scottish courts;
- (h) warrant that, if you sign the application form on behalf of somebody else or on behalf of a corporation, you have due authority to do so;
- (i) confirm that in making such application you are not relying on any information or representation in relation to the Company other than that information contained in this document and you accordingly agree that no person responsible solely or jointly for this document or any part of such document will have any liability for any such other information or representation;
- (j) agree to provide on demand such information as the Company may request in connection with your application;
- (k) warrant that you are not, and are not applying as nominee or agent for, a person who is or may be liable to stamp duty reserve tax under sections 67, 70, 93 or 96 of the Finance Act 1986;
- (l) warrant that you are over 16 years of age or if making the application on behalf of a person who is under 16 years of age warrant that you are that person's guardian; and
- (m) warrant that, whether absolutely or as a trustee either alone or with one or more associates, and whether directly or indirectly, (i) you do not hold or deal in the securities or shares of another club in membership of The Scottish Football Association Limited or any club in membership of an association in membership of UEFA or FIFA, or of another club in membership of the Scottish Football League or of a league represented on The International Football Board ("a Club") and (ii) you are not a member of another Club and (iii) you are not involved in any capacity whatsoever in the management or administration of another Club and (iv) you do not have any power whatsoever to influence the management or administration of another Club, in terms of Article 13 of the Articles of

Association of The Scottish Football Association limited and Rule 88 (Dual Interests in Clubs) of the Scottish Football League Rules, to which your attention is drawn.

- (6) Applications may not be made by a person who is under 16 years of age although a guardian of a person who is under 16 years of age may make an application on that person's behalf. In the event that an application on behalf of a person who is under 16 years of age is accepted, the New Ordinary Shares shall be registered and the share certificate shall be issued in the name of the guardian as guardian of that person.
- (7) In the event that applications are received for more than the number of New Ordinary Shares available for subscription under the Offer, it is intended that all applications will be scaled down pro-rata.
- (8) All documents, cheques and bankers' drafts sent by post will be at risk of the person(s) entitled to such documents, cheques and bankers' drafts.
- (9) No person receiving a copy of this document or an application form, in any territory other than the United Kingdom, may treat the same as constituting an invitation or offer to him, nor should he in any event use such application form unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such application form could be lawfully be used without contravention of any registration or other legal requirement. It is the responsibility of any person outside the United Kingdom wishing to make an application under this offer to satisfy himself as to full observance of the laws of the relevant territory in connection with this offer, including obtaining any requisite governmental or other consents or observing any other formalities needing to be observed in such territory and pay any issue, transfer or other taxes required to be paid in such territories. All payments must be made in pounds Sterling.
- (10) The New Ordinary Shares will not be registered under the US Securities Act 1933. The New Ordinary Shares may not be offered, sold, renounced, transferred or delivered directly or indirectly in the United States or to US persons. Persons undertaking to subscribe for New Ordinary Shares shall be deemed to represent and warrant that they are not US persons and that they are not undertaking to subscribe for such New Ordinary Shares for the account of any US persons and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares in the United States or to US Persons. As used herein, "the United States" means the United States of America (including the States and the District of Columbia) its territories or possessions, or other areas subject to its jurisdiction and "US person" means any person who is a citizen or resident of the United States, a corporation, a partnership or other entity created or organised in or under the laws of the United States and an estate or trust which is subject to the United States Federal Income Taxation, regardless of its source of income.

- (11) The subscription price for the New Ordinary Shares shall be £1 payable in full on application.
- (12) You should use the attached application form for your application for New Ordinary Shares.
- (13) The minimum number of New Ordinary Shares for which you may apply is 250.
- (14) If the value of the application exceeds £10,000 (or is one of a series of linked applications, the aggregate value of which exceeds that amount), the verification of identity requirements of the Money Laundering Regulations 1993 will apply;

Under the provisions of the Money Laundering Regulations 1993:

- (a) any applicant may be required to produce satisfactory evidence of his identity or any person on whose behalf he is applying under the offer. A failure to provide the necessary evidence of identity may result in the rejection of your application at any time or in delays in the despatch of a share certificate or monies returnable. In order to avoid this, you should ideally make payment by means of a cheque drawn by the person named in the application. If this is not practicable, and you use a cheque, building society cheque or bankers' draft drawn by a third party, you should:
 - (i) write the name and address of the person named in the application form on the back of the cheque, building society or bankers' draft and record the date of birth of that person in the application form;
 - (ii) if a building society cheque or bankers' draft is used, ask the building society or bank to endorse on the cheque the name and account number of the person whose building society or bank account is being used; and
 - (iii) if you are making the application as agent for one or more persons, indicate in the application form whether you are an UK or EC regulated person or institution (e.g., a bank or broker), and specify your status.
- (b) whenever (i) two persons form or resolve to form a business relationship, or (ii) in respect of any one-off transaction, the provisions of Regulation 7 of the Money Laundering Regulations 1993 so provide, the applicant must produce satisfactory evidence of the applicant's identity. Where payment is made by cheque bearing the applicant's name, that will in most cases be capable of constituting the required evidence of identity; and

- (c) where verification is required pursuant to the Money Laundering Regulations 1993 and verification is not provided in accordance with these terms and conditions, monies to be returned will be sent by cheque in favour of the drawer to the office of the bank or building society shown on the remittance.

PROCEDURE FOR APPLICATION – PAYMENT IN FULL UPON APPLICATION

You are advised not to complete and lodge the application form enclosed with this document until you have read the offer for subscription relating to the Company dated 31 January 2001.

The application list for the New Ordinary Shares now being offered for subscription will open at 12 noon on 1 February 2001 and will close at 12 noon on 30 March 2001 unless extended by the Directors to a date no later than 30 June 2001.

- (1) Insert in Box 1 (in figures) the number of Ordinary Shares for which you are applying.

Applications may be for any number of shares (subject to a minimum of 250), provided that they are for multiples of 50.

- (2) Insert in Box 2 (in figures) the amount of your cheque, banker's draft or cash. The amount inserted in Box 2 should be the full subscription price.

- (3) Sign and date the application form in Box 3. The application form may be signed by someone else on your behalf (and/or on behalf of any joint applicants) if duly authorised to do so but the power(s) of attorney (or a copy certified by a solicitor) must be enclosed for inspection unless the form is signed by a guardian of a person who is under 16 years of age in which case the signatory must state the capacity in which he signs. A corporation should sign by a duly authorised official whose representative capacity must be stated. Applications may not be made by a person who is under 16 years of age although a guardian of a person who is under 16 years of age may make an application on that person's behalf in which case the full name and address of that person should be inserted in BLOCK CAPITALS in Box 7. Normally, either of the parents or the sole parent of a person who is under 16 years of age can make an application as that person's guardian.

- (4) Insert your full name and address in BLOCK CAPITALS in Box 4.

- (5) Payment may be made in cash or by cheque or banker's draft or under the loan scheme.

Cash, cheque or banker's draft

You must enclose cash or pin a single cheque or banker's draft. Your cheque or banker's draft must be made payable to **Bank of Scotland account Inverness Caledonian Thistle FC plc – Share Receiving Account** for the amount payable inserted in Box 2 and should be crossed 'a/c payee'. Payment in cash may only be made by the applicant attending in person with the application form.

No receipt will be issued for payment, which must be solely in respect of this application.

Your cheque or banker's draft must be drawn in Sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish clearing houses or which has arranged for its cheques and banker's drafts to be presented for payment through the clearing facilities provided for the members of those clearing houses, and it must bear the appropriate sorting code number in the top right hand corner.

Applications may be accompanied by a cheque drawn by someone other than the applicant(s), but any money to be returned will be sent by crossed cheque in favour of the person(s) named in Box(es) 4 (and 5).

A separate cheque or banker's draft must accompany each application.

Note

An application form may be rejected if the conditions specified in this paragraph (5) are not fulfilled.

- (6) You may apply jointly with other persons. If a joint application is made you must arrange for the application form to be completed by or on behalf of each joint applicant (up to a maximum of 3 other persons). Their full names and addresses should be inserted in BLOCK CAPITALS in Box 5.

- (7) Box 6 must be signed by or on behalf of each joint applicant (other than the first applicant who should complete Box 4 and sign in Box 3).

If anyone is signing on behalf of any joint applicant(s), the original power(s) of attorney (or a copy certified by a solicitor) must be enclosed for inspection unless the form is signed on behalf of a joint applicant by a guardian of a person who is under 16 years of age, in which case the signatory must state the capacity in which he signs.

- (8) Where payment is made by cheque or banker's draft, you must send the completed application form by post, or deliver it by hand, to (or where payment is to be made in cash you must attend in person with the completed form at) (a) Bank of Scotland, Inverness Caledonian Thistle FC Share Issue, Inverness Branch, 9 High Street, Inverness IV1 1JB, or (b) Bank of Scotland, Inverness Caledonian Thistle FC Share Issue, Longman Branch, 35d Harbour Road, Inverness, or (c) Inverness Caledonian Thistle FC Share Issue, Caledonian Stadium, East Longman, Inverness IV1 1FF so as to be received not later than 12 noon on 30 March 2001 or such later date if the offer for subscription is extended by the Directors.

BASIS OF ACCEPTANCE

The basis on which the applications have been accepted will be announced as soon as possible after the application list closes subject always to the conditions referred to at Paragraph 2 of Part III of this document.