

(Company Number - 158371)

NAIRN COUNTY FOOTBALL CLUB LIMITED

DIRECTORS REPORT

AND

FINANCIAL STATEMENTS

For the Year ended 31 May 1999



NAIRN COUNTY FOOTBALL CLUB LIMITED

CHAIRMAN'S REPORT

In reviewing the Club's performance over the past 12 months, we can take satisfaction that steady progress is being made, albeit there is still a long way to go for the Club - both on and off the Park - to attain its full potential.

In taking on the role as Chairman at the end of March 1999, the Club Executive set itself clear objectives of restructuring the overall management of the Club with the firm resolve to return solid profits in the years ahead - whilst at the same time, not losing sight of the main purpose of the Club in terms of returning the Club to a more prominent position on the field of play within the Highland League and other competitions undertaken over each season.

Addressing the issue of management and by reviewing the financial performance of the Club over 1998/99 the decision to dispense with the full time post of Commercial Manager became necessary - as did the operational expenses to reflect a reward for win performance to provide a greater incentive for the team.

The experiment of employing a full-time Commercial Manager was indeed a bold initiative and no criticism whatsoever is made of the concept or the person who carried out the duties with great personal commitment and dedication. The realisation that the small economic base of the area and the ability to grow the business sufficiently, left the Board with no alternative and consequently the fund-raising efforts of the Club have returned to voluntary effort and support to which I and the Club acknowledge with great appreciation.

Simultaneous to restructuring the Club's finances, it became evident that it was essential to broaden and strengthen the Board of Directors to introduce a greater element of business acumen and community support for the activities of the Club.

Attracting 14 new Directors and special advisor assistance to the Board has allowed the Club to establish a portfolio-based financial management structure to the overall operation concerning the four main activities of the Team; Youth Development; the Park; and Commercial Developments - all reporting directly through the Financial Adviser to the Main Board.

Targeting the performance on the field of play led the Executive in April 1999 to the appointment of a new Player/Manager and the Club are indeed privileged to have retained the services of Ronnie Sharp whose footballing skills, personal appetite for success and boundless energy will shape and lead the Team into the new Millenium.

The task ahead to build a new Team and achieve success is not an easy one, therefore Ronnie's success can only be realised with the committed support of myself, the supporters - whom it is pleasing to note in the short period of Ronnie's management are beginning to return to home games in increasing numbers.

To complement the fiscal and playing aspects of the Club's activities, it proved necessary over the closed period in the lead-up to the 1999/2000 season, to completely gut out and refurbish the stand and grounds at Station Park.

I have to acknowledge that without the magnificent support in direct and indirect assistance in kind from our main sponsors Narden, the local business community and voluntary efforts of the Directors, friends and youngsters, the task would simply have proved impossible.

Within the span of eight short weeks, the complete refurbishment programme was achieved and finished some three hours before the Club hosted Dunfermline to a pre-season friendly on 15th July 1999.

NAIRN COUNTY FOOTBALL CLUB LIMITED

CHAIRMAN'S REPORT (Continued)

The contribution in kind to complete the refurbishment programme represents a financial commitment of some £35,000 which by any standard has to be acknowledged as simply outstanding.

Looking to the future and in the knowledge of what has taken place since April 1999, the Directors in association with the Team Manager and our main Sponsors Narden - who have committed themselves to a further two year package of financial support - intend to target their combined resources towards further developing the undoubted playing skills of the already signed professional and amateur players, whilst at the same time expanding and strengthening the squad through our Youth Development Policy and the introduction of new and experienced talent to allow Nairn County to compete competitively and consistently at the highest level over the following season and beyond.

In conclusion, the message is clear to all. **Nairn County means business both on and off the Park.**

Peter Mackintosh
Chairman

24 August 1999

NAIRN COUNTY FOOTBALL CLUB LIMITED

COMPANY INFORMATION

DIRECTORS

Peter MacKintosh (Chairman)
Stanley G Brown
Donald C S Mackintosh
Ronald D Gordon
William L Young
Steven Bain
Alexander J Mackintosh
Alexander I Finlayson
John McNeill
Michael J Mitchell
Michael J MacPherson
Mansel M Craib
Kenneth Grant
John C Robertson
Hamish Clark
Alexander Kemp
Gregor Munro
Kevin Reid
William Geddes
Henry Wylie
Michael MacKinnon
Michael A Jack

HONORARY PRESIDENT

Ronald I MacKenzie

COMPANY SECRETARY

William L Young

COMPANY NUMBER

158371

REGISTERED OFFICE

28 High Street
Nairn
IV12 4AU

COMPANY BANKERS

Clydesdale Bank plc
Nairn

COMPANY AUDITORS

MacKenzie Kerr
Chartered Accountants
& Registered Auditors
19 Culduthel Road
Inverness

NAIRN COUNTY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

*The directors present their report and the financial statements
of the company for the year ended 31 May 1999.*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- *select suitable accounting policies and then apply them consistently;*
- *make judgements and estimates that are reasonable and prudent;*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business*

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

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

PRINCIPAL ACTIVITY

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year (1998 - £nil).

CONTROLLING PARTIES

The company is not controlled by any one shareholder, however the Trustees of the Nairn County Golden Share Trust can exercise their right to veto any motion which is not in the best interests of Nairn County Football Club Limited.

DIRECTORS/

NAIRN COUNTY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS

The directors who held office during the year ended 31 May 1999 and their beneficial interests in the company's issued share capital were:

	Ordinary Shares
	<u>1999 & 1998</u>
Stanley G Brown	128
Donald C S Mackintosh	1
Ronald D Gordon	150
William L Young	50
Steven Bain	65
Alexander J Mackintosh	-
Ronald Henderson (resigned 23 March 1999)	56
Alexander I Finlayson	1
John McNeill	1
Michael J Mitchell	11
Derek Cochrane (resigned 23 March 1999)	51
Michael J MacPherson	1
Mansel M Craib	11
Kenneth Grant (appointed 8 December 1998)	120
John C Robertson (appointed 8 December 1998)	100
Peter MacKintosh (appointed 23 March 1999)	-
Hamish Clark (appointed 27 April 1999)	2
Alexander Kemp (appointed 27 April 1999)	-
Gregor Munro (appointed 27 April 1999)	100
Kevin Reid (appointed 27 April 1999)	-
William Geddes (appointed 27 April 1999)	100
Henry Wylie (appointed 27 April 1999)	-
Michael MacKinnon (appointed 2 June 1999)	1
Michael A Jack (appointed 2 June 1999)	-

In accordance with the articles of association John McNeill, Michael J MacPherson and Mansel M Craib retire in rotation, and being eligible, offer themselves for re-election. Michael J Mitchell will retire at the forthcoming annual general meeting.

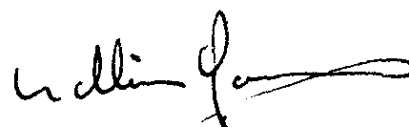
AUDITORS

A resolution proposing the re-appointment of MacKenzie Kerr CA as auditors will be put to the Annual General Meeting.

EXEMPTIONS

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

On behalf of the board of directors



William L Young
Director

NAIRN COUNTY FOOTBALL CLUB LIMITED

AUDITORS REPORT

To the Members of Nairn County Football Club Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amount and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**MacKenzie Kerr
Chartered Accountants
and Registered Auditors**

19 Culduthel Road
Inverness

NAIRN COUNTY FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

For the Year ended 31 May 1999

	<u>Note</u>	1999 £	1998 £
<u>TURNOVER</u>	1 (b) + 2	78,435	75,644
Net Operating Expenses	3	(94,125)	(83,654)
<u>TRADING LOSS</u>	4	<u>(15,690)</u>	<u>(8,010)</u>
Other Income	5	19,432	10,710
Interest Receivable		92	220
Interest Payable	6	(2,463)	(2,284)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		<u>1,371</u>	<u>636</u>
Taxation	7	(3)	-
<u>PROFIT FOR THE YEAR</u>	14	<u>1,368</u>	<u>636</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses in 1999 and 1998 other than the result for each year.

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

NAIRN COUNTY FOOTBALL CLUB LIMITED

BALANCE SHEET


As at 31 May 1999

	Note	1999 £	1998 £
<u>FIXED ASSETS</u>			
Tangible Assets	8	<u>103,752</u>	<u>94,095</u>
<u>CURRENT ASSETS</u>			
Stock		1,500	2,259
Debtors	9	28,253	20,079
Cash at Bank and in hand		<u>6,336</u>	<u>5,279</u>
		<u>36,089</u>	<u>27,617</u>
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	10	(46,566)	(30,569)
<u>NET CURRENT LIABILITIES</u>		<u>(10,477)</u>	<u>(2,952)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		93,275	91,143
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	11	(25,500)	(23,250)
<u>ACCRUALS AND DEFERRED INCOME</u>	12	(20,703)	(22,189)
<u>NET ASSETS</u>		<u>47,072</u>	<u>45,704</u>
<u>CAPITAL AND RESERVES</u>			
Called - Up Share Capital	13	43,140	43,140
Profit and Loss Account	14	3,932	2,564
<u>EQUITY SHAREHOLDERS' FUNDS</u>	15	<u>47,072</u>	<u>45,704</u>

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

The financial statements were approved by the board on 24 August 1999.

 Director
P MacKintosh

 Director
M J Mitchell

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

NAIRN COUNTY FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 May 1999

1. ACCOUNTING POLICIES

a) Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention.

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

b) Turnover

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

c) Depreciation

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

Heritable Property	2% Straight Line Basis
Fixtures, Fittings and Equipment	10% - 25% Straight Line Basis

d) Stocks

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

e) Taxation

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

f) Advance Discount

Advance discounts are treated as deferred credits and credited to the profit and loss account over the period the company is "tied" for specific purchases of certain ales in Nairn County FC Social Club.

g) Grants

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

2. TURNOVER /

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1999

2. **TURNOVER**

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

3. **NET OPERATING EXPENSES**

	1999 £	1998 £
Highland Lottery Expenditure	-	14,192
Wages and Expenses	44,720	25,144
Other Footballing Expenses	38,772	32,874
Administration Expenses	10,633	11,444
	<u>94,125</u>	<u>83,654</u>

4. **TRADING LOSS**

Trading loss is stated after charging:

	1999 £	1998 £
Directors Remuneration	23,038	7,780
Depreciation of Owned Tangible Fixed Assets	4,642	4,515
Auditors Remuneration	880	840
	<u> </u>	<u> </u>
And after crediting:		
SFA Youth Development Release	<u>5,000</u>	<u>3,000</u>

5. **OTHER INCOME**

Community Donations	3,540	-
Social Club Donations	11,892	8,826
Rent Received	4,000	1,884
	<u>19,432</u>	<u>10,710</u>

6. **INTEREST PAYABLE**

Bank Overdraft and Other Loans Repayable Within 5 Years	<u>2,463</u>	<u>2,284</u>
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7. **TAXATION**

Based on the Profit for the Year

Corporation Tax @ 20% and 21%	-	-
Underprovision in previous year	<u>3</u>	<u>-</u>
	<u>3</u>	<u>-</u>

8. **TANGIBLE ASSETS /**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1999

8. **TANGIBLE ASSETS**

	Heritable Property	Fixtures, Fittings and Equipment	Total
<u>Cost</u>	£	£	£
At 31 May 1998	75,755	30,000	105,755
Additions in Year	-	14,299	14,299
At 31 May 1999	<u>75,755</u>	<u>44,299</u>	<u>120,054</u>
<u>Accumulated Depreciation</u>			
As at 31 May 1998	3,910	7,750	11,660
Charge for Year	1,515	3,127	4,642
At 31 May 1999	<u>5,425</u>	<u>10,877</u>	<u>16,302</u>
<u>Net Book Value</u>			
At 31 May 1999	<u>70,330</u>	<u>33,422</u>	<u>103,752</u>
At 31 May 1998	<u>71,845</u>	<u>22,250</u>	<u>94,095</u>

9. **DEBTORS**

<u>Due Within One Year</u>	1999	1998
	£	£
Trade Debtors	7,292	8,264
Other Debtors	20,961	11,815
	<u>28,253</u>	<u>20,079</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999	1998
	£	£
Bank Overdraft	32,447	21,449
Trade Creditors	2,168	13
Other Creditors	8,651	9,107
Director's Loan	3,300	-
	<u>46,566</u>	<u>30,569</u>

The bank overdraft facility is secured by standard security over the company's heritable property with a bond and floating charge over the assets of the company.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1999

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
<u>Wholly Repayable Within Five Years</u>		
Loans	<u>8,000</u>	<u>6,500</u>

The loans are from the general public in the Nairn area and interest is charged at 5% annually. There are no fixed terms of repayment, however it is the opinion of the directors' no loans will be repaid in the next 12 months.

	1999 £	1998 £
<u>Not Wholly Repayable Within Five Years</u>		
Loan	<u>17,500</u>	<u>16,750</u>

The loan is from the Highland Council (formerly Nairn District Council) which carries interest at 5% deferred until 2001. Repayments commence in 2007 with the loan being repaid by 2011.

	1999 £	1998 £
<u>Amounts Repayable:</u>		
Within 5 Years	8,000	6,500
After 5 Years	17,500	16,750
	<u>25,500</u>	<u>23,250</u>

12. **ACCRUALS AND DEFERRED INCOME**

	<u>SFA Youth Development</u>	<u>Advance Discount</u>	<u>Total</u>
At 31 May 1998	7,000	15,189	22,189
Received During the Year	5,000	-	5,000
Released to Nairn County Social Club in Year	-	(1,486)	(1,486)
Released to Profit and Loss Account in Year	(5,000)	-	(5,000)
At 31 May 1999	<u>7,000</u>	<u>13,703</u>	<u>20,703</u>

The advance discount is from Scottish Brewers and is secured over part of the company's heritable property. The discount is repayable on demand if the company is in breach of the Tied Agreement with the brewers.

13. **CALLED UP SHARE CAPITAL /**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year ended 31 May 1999

13. **CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<i>Authorised</i>		
19,999 Ordinary Shares of £10 Each	199,990	199,990
1 Ordinary "Golden" Share of £10 Each	10	10
	<u>200,000</u>	<u>200,000</u>
<i>Issued and Fully Paid</i>		
4,313 Ordinary Shares of £10 Each	43,130	43,130
1 Ordinary "Golden" Share of £10 Each	10	10
	<u>43,140</u>	<u>43,140</u>

14. **RESERVES**

	Profit and Loss Account £
At 31 May 1998	2,564
Retained Profit for the Year	1,368
At 31 May 1999	<u>3,932</u>

15. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the Financial Year	1,368	636
Opening Equity Shareholders' Funds	45,704	45,068
Closing Equity Shareholders' Funds	<u>47,072</u>	<u>45,704</u>