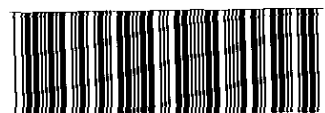


Registration Number 149117

Inverness Thistle & Caledonian Football Club plc

Directors' Report and Financial Statements

for the year ended 31 May 2000



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Inverness Thistle & Caledonian Football Club plc

Company Information

Directors	David F Sutherland (Chairman) Ken Mackie Roy G McLennan Ian MacDonald Kenneth A Thomson Graeme Bennett	(Appointed 29/12/99) (Appointed 29/12/99) (Appointed 06/04/00)
Secretaries	Innes & Mackay	
Company Number	149117	
Registered Office and Business Address	Caledonian Stadium Stadium Road Inverness IV1 1FF	
Auditors	W D Johnston & Carmichael Nevis House Beechwood Business Park Inverness IV2 3BW	
Bankers	Bank of Scotland P O Box No 9 9 High Street Inverness IV1 1JB	
Solicitors	Ledingham Chalmers 5 Melville Crescent Edinburgh EH3 7JA	
Solicitors and Company Share Registrars	MacArthur & Co 7 Ardross Street Inverness IV3 5PL	

Inverness Thistle & Caledonian Football Club plc

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Inverness Thistle & Caledonian Football Club plc

**Chairman's Report
for the year ended 31 May 2000**

The company's financial year ended 31 May 2000 saw considerable change off the field, and league consolidation and exciting cup runs on the field. Early in the season a successful Challenge Cup run unfortunately saw us lose on penalties in the final. Later a Tennants Scottish Cup run took us to Celtic Park twice where we triumphed 3-1 followed by home and away games with Aberdeen which resulted in a 1-1 draw and a 2-1 defeat at the hands of the finalists. These games were a triumph for our players and manager and also provided the Club with much needed revenue. Gate receipts, television and radio rights and SFA dividends amounted to some £400,000 after allowing for additional expenses incurred.

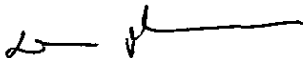
Our first year in the highly competitive First Division was negotiated successfully after a slow start. A creditable sixth place was achieved setting good foundations for the future.

Off the field, and following from the AGM held in December 1999, the Board of Directors changed substantially. Both Ken Mackie and myself joined the Board whilst a number of directors stood down reducing the total number to six. Subsequently, Graeme Bennett joined the Board as Director of Football and our former Chairman, Dugald McGilvray, resigned at the end of the football season. The new Board has been working hard in reviewing the club's operational arrangements and most importantly the financial structure. With expenditure exceeding income and a resultant growing bank overdraft, quick action is essential. At the 1999 AGM the company also increased its authorised Ordinary shares by 2,000,000, from 1,063,978 to 3,063,978.

The accounts show another loss, and whilst this has been a difficult year and a year of change, we can look forward to a brighter future both on and off the football park. Steve Paterson has signed a new contract and we look forward to further successes on the field. The organisation of the company and its commercial operations will improve with the appointment of Catriona Bisset as our Chief Executive. The finances of the company will be radically altered, enabling a break away from continuous debt problems and also enabling ground improvements and improved forward financial planning to meet our footballing visions.

I have made mention of the Manager and the team already, but would like to thank them for their skill and dedication, and for the entertainment they have provided for all of us this year.

I should also like to thank my Board and the Board which worked under Dugald McGilvray's leadership until December. Thanks to everyone and to all who will take the Club forward.



David F Sutherland
3 July 2000

Inverness Thistle & Caledonian Football Club plc

Directors' Report for the year ended 31 May 2000

The directors present their report and the financial statements for the year ended 31 May 2000.

Principal Activity and Review of the Business

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

Results And Dividends

The results for the year are set out on page 5. The directors do not recommend the payment of a dividend.

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. This is scheduled for completion in August 2000.

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

Payments of Creditors

It is the company's policy to pay creditors in line with terms and conditions agreed with individual suppliers. At the year end trade creditors outstanding represented 89 creditor days.

Directors and their Interests

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

		Ordinary shares	
		31 May 2000	1 June 1999 or date of appointment
David F Sutherland (Chairman)		80,000	80,000
(Appointed 29/12/99, resigned 03/04/00, re-appointed 27/04/00)			
Ken Mackie	(Appointed 29/12/99)	-	-
Roy G McLennan		35,000	35,000
Ian MacDonald		1,000	1,000
Kenneth A Thomson		6,000	6,000
Graeme Bennett	(Appointed 06/04/00)	750	750
Dugald M McGilvray	(Resigned 30/05/00)	103,850	93,850
Henry D P Brown	(Resigned 29/12/99)	-	-
Ian Gordon	(Resigned 29/12/99)	4,500	4,500
Alan A Nelson	(Resigned 07/07/99)	3,000	3,000
Douglas Riach	(Resigned 29/12/99)	4,500	4,500
Ronald A Shiels	(Resigned 10/01/00)	20,000	20,000
Alister I MacKenzie	(Resigned 29/12/99)	500	500
James A Jarvie	(Resigned 10/01/00)	1,500	1,500

Inverness Thistle & Caledonian Football Club plc

Directors' Report for the year ended 31 May 2000

None of the above directors have any interests in the "A", "B" or "C" Ordinary shares.

Included in the above shareholdings of David F Sutherland, Dugald M McGilvray and Roy G McLennan are shares owned by companies in which they have a controlling interest.

Major Interests In Shares

In accordance with sections 198 to 208 of the Companies Act 1985 the company has been notified of the following interests in shares. Ordinary shares: Ian Fraser, 35.6%; Dugald M McGilvray, 9.1%; David F Sutherland, 7.5%; John MacDonald, 3.8%; Roy G McLennan, 3.2%. Caledonian Football Club, 100% A shares; Inverness Thistle Football Club, 100% B shares; Inverness & Nairn Enterprise, 100% C shares.

Year 2000

Following a successful transition through to the year 2000, the company will continue to review all aspects of its information technology, appropriate to its operations, to ensure that they continue to be year 2000 compliant.

Directors' Responsibilities

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

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

This report was approved by the Board on 3 July 2000 and signed on its behalf by



Iones & Mackay
Secretaries

Inverness Thistle & Caledonian Football Club plc

Auditors' Report to the Shareholders of Inverness Thistle & Caledonian Football Club plc

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 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 amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



W D Johnston & Carmichael

**Chartered Accountants and
Registered Auditor**

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

10 July 2000

Inverness Thistle & Caledonian Football Club plc

**Profit and Loss Account
for the year ended 31 May 2000**

		Continuing operations	
		2000	1999
	Notes	£	£
Turnover	2	1,257,426	929,191
Net operating expenses		(1,510,159)	(1,193,388)
Other operating income		31,132	33,908
Operating loss	3	(221,601)	(230,289)
Gain/(loss) on sale of players' registrations		33,000	(2,000)
Loss on ordinary activities before interest		(188,601)	(232,289)
Interest payable and similar charges	4	(142,650)	(148,660)
Loss for the year		(331,251)	(380,949)
Statement of total recognised gains and losses			
Loss on ordinary activities after taxation		(331,251)	(380,949)
Settlement of former clubs' liabilities		-	(55,364)
Unrealised movement on revaluation of property		-	86,100
Total recognised losses relating to the year		(331,251)	(350,213)
Prior year adjustment	13	-	435,750
Total recognised (losses)/gains since last annual report		(331,251)	85,537

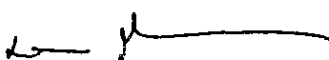
The notes on pages 8 to 21 form an integral part of these financial statements.

Inverness Thistle & Caledonian Football Club plc


**Balance Sheet
as at 31 May 2000**

		2000		1999	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	6		25,805		39,712
Tangible assets	7		4,100,698		4,179,837
Investments	8		40,000		40,000
			<u>4,166,503</u>		<u>4,259,549</u>
Current Assets					
Stocks	9	11,016		4,720	
Debtors	10	73,542		253,039	
Cash at bank and in hand		-		6,636	
		<u>84,558</u>		<u>264,395</u>	
Creditors: amounts falling due within one year	11	<u>(2,188,659)</u>		<u>(2,043,459)</u>	
Net Current Liabilities			<u>(2,104,101)</u>		<u>(1,779,064)</u>
Total Assets Less Current Liabilities			<u>2,062,402</u>		<u>2,480,485</u>
Creditors: amounts falling due after more than one year	12		(39,785)		(95,485)
Deferred grants	13		<u>(1,194,613)</u>		<u>(1,225,745)</u>
Net Assets			<u><u>828,004</u></u>		<u><u>1,159,255</u></u>
Capital and Reserves					
Called up share capital	14		1,963,981		1,963,981
Share premium account	15		91,652		91,652
Revaluation reserve	15		84,378		86,100
Profit and loss account	15		<u>(1,312,007)</u>		<u>(982,478)</u>
Equity Shareholders' Funds	16		<u><u>828,004</u></u>		<u><u>1,159,255</u></u>

The financial statements were approved by the Board on 3 July 2000 and signed on its behalf by



David F Sutherland
Director



Ken Mackie
Director

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

Inverness Thistle & Caledonian Football Club plc

**Cash Flow Statement
for the year ended 31 May 2000**

	Notes	2000 £	1999 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(221,601)	(230,289)
Depreciation		93,740	84,384
(Increase) / decrease in stocks		(6,296)	411
Decrease/(increase) in debtors		179,497	(83,425)
Decrease in creditors		19,243	52,191
Government grant released		(31,132)	(33,908)
Amortisation of transfer fees		26,407	35,685
Fixed assets donated in return for hospitality		-	(23,598)
Net cash inflow/(outflow) from operating activities		59,858	(198,549)
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		59,858	(198,549)
Returns on investments and servicing of finance	21	(140,490)	(156,590)
Taxation		(36,000)	-
Capital expenditure	21	(27,101)	(36,462)
Acquisitions and disposals	21	-	(16,500)
		(143,733)	(408,101)
Financing	21	(45,051)	(33,718)
(Decrease) in cash in the year		(188,784)	(441,819)
Reconciliation of net cash flow to movement in net debt (Note 22)			
(Decrease) in cash in the year		(188,784)	(441,819)
Cash outflow from decrease in debts and lease financing		14,801	13,718
Change in net debt resulting from cash flows		(173,983)	(428,101)
New finance leases		-	(10,487)
Hire purchase agreement settled by contra		-	4,386
Movement in net debt in the year		(173,983)	(434,202)
Net debt at 31 May 1999		(1,584,909)	(1,150,707)
Net debt at 31 May 2000		(1,758,892)	(1,584,909)

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

1. Accounting Policies

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.

1.2. Turnover

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

1.3. Transfer Fees and Signing On Fees

Fees payable to other Football Clubs on the transfer of players' registrations are capitalised and amortised over the period of the respective players' initial contracts.

Fees receivable from other Football Clubs on the transfer of players' 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.

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% Reducing balance
Motor vehicles	-	25% Straight line

1.5. Leasing and hire purchase commitments

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

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

1.6. Investments

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

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

..... continued

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.

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.

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.

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 are ensuring 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 a financial restructuring package designed to remove bank debt and provide working capital. This is scheduled for completion in August 2000.

2. Turnover

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

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

3. Operating loss	2000	1999
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	26,407	35,685
Depreciation of tangible assets	93,740	84,384
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
Auditors' remuneration	4,500	4,500
Auditors' remuneration from non-audit work	5,250	6,900
	<hr/>	<hr/>
and after crediting:		
Profit on disposal of tangible fixed assets	-	4,982
Deferred income release	31,132	33,908
	<hr/>	<hr/>
 4. Interest payable and similar charges	 2000	 1999
	£	£
On bank loans and overdrafts	136,179	141,088
On loans repayable in five years or more	1,979	2,717
Hire purchase interest	4,492	4,855
	<hr/>	<hr/>
	142,650	148,660
	<hr/>	<hr/>

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

5. Employees

Number of employees

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

	2000 Number	1999 Number
Playing staff	38	39
Office and management	4	4
Directors	6	11
	48	54

Employment costs

	2000 £	1999 £
Wages and salaries	770,876	612,306
Social security costs	67,837	47,822
	838,713	660,128

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

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

6. Intangible fixed assets	Transfer fees	Total
	£	£
Cost		
At 1 June 1999	157,097	157,097
Additions	12,500	12,500
At 31 May 2000	<u>169,597</u>	<u>169,597</u>
 Amortisation		
At 31 May 1999	117,385	117,385
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 2000	<u>25,805</u>	<u>25,805</u>
At 31 May 1999	<u>39,712</u>	<u>39,712</u>

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

..... continued

7. Tangible fixed assets

	Land and buildings freehold	Long leasehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost/revaluation					
At 31 May 1999	260,000	3,884,778	152,838	31,487	4,329,103
Additions	-	14,601	-	-	14,601
Transfers	-	(147,249)	147,249	-	-
At 31 May 2000	260,000	3,752,130	300,087	31,487	4,343,704
Depreciation					
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	5,400	99,584	120,118	17,904	243,006
Net book values					
At 31 May 2000	254,600	3,652,546	179,969	13,583	4,100,698
At 31 May 1999	260,000	3,817,278	84,476	18,083	4,179,837

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

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

Asset description	2000		1999	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and equipment	8,182	8,180	16,362	8,181
Motor vehicles	13,583	4,500	18,083	7,871
	21,765	12,680	34,445	16,052

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 (1999, £171,894).

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

8. Fixed Asset Investments

	Participating Interests Shares	Total
	£	£
Cost		
At 31 May 1999 and 2000	40,000	40,000
Net book amounts		
At 31 May 1999 and 2000	40,000	40,000

8.1. 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 these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit / (loss) for year
	£	£
Caledonian Thistle Properties Limited	29,315	(12,331)

The share of assets and result for the year are based on the most recent set of accounts available, covering the year to 31 December 1999.

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

9. Stocks	2000	1999
	£	£
Raw materials and consumables	<u>11,016</u>	<u>4,720</u>
10. Debtors	2000	1999
	£	£
Trade debtors	50,623	111,292
Amount owed by participating interest	-	25,182
Other debtors	22,919	79,158
Prepayments and accrued income	-	37,407
	<u>73,542</u>	<u>253,039</u>
11. Creditors: amounts falling due within one year	2000	1999
	£	£
Bank overdraft	1,730,906	1,548,758
Scottish Brewers loan	5,000	5,000
Football Foundation loan	30,000	40,000
Net obligations under finance leases and hire purchase contracts	20,701	14,802
Trade creditors	113,116	173,362
Corporation tax	32,910	68,910
Other taxes and social security costs	92,387	49,035
Other creditors	138,139	73,319
Accruals and deferred income	25,500	70,273
	<u>2,188,659</u>	<u>2,043,459</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.

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

12. Creditors: amounts falling due after more than one year	2000 £	1999 £
Scottish Brewers loan	32,500	37,500
Football Foundation loan	-	30,000
Net obligations under finance leases and hire purchase contracts	7,285	27,985
	<u>39,785</u>	<u>95,485</u>
Loans		
Repayable in one year or less, or on demand (Note 11)	35,000	45,000
Repayable between one and two years	5,000	35,000
Repayable between two and five years	15,000	15,000
	<u>55,000</u>	<u>95,000</u>
Repayable in five years or more:		
Scottish Brewers loan	12,500	17,500
	<u>12,500</u>	<u>17,500</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	20,701	14,802
Repayable between one and five years	7,285	27,985
	<u>27,986</u>	<u>42,787</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 £417 and carries interest at 6% per annum (or such rate as may be fixed from time to time).

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

..... continued

13. Deferred grants	2000 £	1999 £
Government grants		
At 31 May 1999	1,225,745	1,640,923
Increase in year	-	54,480
Prior year adjustment	-	(435,750)
	1,225,745	1,259,653
Released in year	(31,132)	(33,908)
At 31 May 2000	1,194,613	1,225,745

The 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 include : Football Foundation, £558,337; The Highland Council, £424,888; and Inverness & Nairn Enterprise, £195,573.

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

..... continued

14. Share capital	2000 £	1999 £
Authorised equity		
Ordinary shares of £1 each	3,063,978	1,063,978
"A" Ordinary shares of £1 each	2,000,000	2,000,000
"B" Ordinary shares of 1 each	1,000,000	1,000,000
"C" Ordinary shares of 1 each	3	3
	<u>6,063,981</u>	<u>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
600,000 "A" Ordinary shares of £1 each	600,000	600,000
300,000 "B" Ordinary shares of 1 each	300,000	300,000
3 "C" Ordinary shares of 1 each	3	3
	<u>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.

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

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15. Equity Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 31 May 1999	91,652	86,100	(982,478)	(804,726)
Transfer from revaluation reserve	-	(1,722)	1,722	-
Loss for the year	-	-	(331,251)	(331,251)
At 31 May 2000	<u>91,652</u>	<u>84,378</u>	<u>(1,312,007)</u>	<u>(1,135,977)</u>

16. Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the year	(331,251)	(380,949)
Other recognised gains or losses	-	30,736
Net reduction in shareholders' funds	<u>(331,251)</u>	<u>(350,213)</u>
Opening shareholders funds as previously reported	-	1,073,718
Prior year adjustment	-	435,750
Opening shareholders' funds as restated	<u>1,159,255</u>	<u>1,509,468</u>
Closing balance	<u>828,004</u>	<u>1,159,255</u>

17. Financial commitments

At 31 May 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Expiry date:				
In over five years	17,000	14,000	5,776	5,776

Inverness Thistle & Caledonian Football Club plc

Notes to the Financial Statements for the year ended 31 May 2000

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18. 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.

19. Related party transactions

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

Director & Related Entity

Dugald McGilvray - 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 the company has written off the balance due at 31 May 1999 from Caledonian Thistle Properties Limited, totalling £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 terms 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 the period end are balances due by/to related parties as follows. Due by : Tulloch Limited, £3,918 and Weldex (International) Offshore Limited, £17,607. Due to : HKM Consulting, £2,000; Tulloch Limited, £6,994; Weldex (International) Offshore Limited, £38,339.

20. 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. This is scheduled for completion in August 2000.

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

Inverness Thistle & Caledonian Football Club plc

**Notes to the Financial Statements
for the year ended 31 May 2000**

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21. Gross Cash Flows

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest paid	(135,998)	(151,735)
Interest element of finance lease rental payments	(4,492)	(4,855)
	<u>(140,490)</u>	<u>(156,590)</u>
Capital expenditure		
Payments to acquire intangible assets	(12,500)	(23,547)
Payments to acquire tangible assets	(14,601)	(160,068)
Receipts from sales of intangible assets	-	6,000
Receipts from sales of tangible assets	-	58,300
Receipt of grant	-	82,853
	<u>(27,101)</u>	<u>(36,462)</u>
Acquisitions and disposals		
Settlement of former clubs liabilities	-	(16,500)
Financing		
Other new short term loans	14,750	25,000
Repayment of other loans	(45,000)	(45,000)
Capital element of hire purchase contracts	(14,801)	(13,718)
	<u>(45,051)</u>	<u>(33,718)</u>

22. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	6,636	(6,636)	-	-
Overdrafts	(1,548,758)	(182,148)	-	(1,730,906)
	<u>(1,542,122)</u>	<u>(188,784)</u>	-	<u>(1,730,906)</u>
Finance leases	(42,787)	14,801	-	(27,986)
Net debt	<u>(1,584,909)</u>	<u>(173,983)</u>	-	<u>(1,758,892)</u>