

CELTIC F. C. LIMITED
ANNUAL REPORT
YEAR ENDED 30 JUNE 2008

Registered Number:
SC 223604



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ANNUAL REPORT
YEAR ENDED 30 JUNE 2008

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CELTIC F. C. LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors

P T Lawwell

E J Riley

K Sweeney

Secretary

R M Howat

Registered Office

Celtic Park

Glasgow

G40 3RE

Auditors

PKF (UK) LLP

Solicitors

McGrigors LLP

Bankers

The Co-operative Bank plc

CELTIC F. C. LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report together with the Financial Statements for the year ended 30 June 2008.

RESULTS

The profit for the financial year after tax was £3.96m (2007 – £14.12m) and the Directors recommend this amount be transferred to reserves.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company continues to be the operation of a football club together with related ancillary activities.

The Company's trading results for the year to the 30 June 2008 are very strong, emphasising the significant benefits from participation in the UEFA Champions League.

The reported profit is again a most pleasing result in a financially demanding football sector, although some way short of the previous year's exceptional profit performance. This was due largely to a reduced contribution from player trading and higher costs, principally football salaries, arising due to strengthening of the squad which should enable the Company to compete more successfully domestically and in the UEFA Champions League.

The biggest challenge facing the Board is the management of salary and transfer costs whilst achieving playing success in order to yield satisfactory financial results. The strategy of major capital investment in the new training academy at Lennoxton is designed to increase the number of internally generated youth players establishing themselves in the Celtic first team. Lennoxton represents a Centre of Excellence for creating and developing Champions League quality players

KEY PERFORMANCE INDICATORS

Performance is monitored against key performance indicators:

- Football success
- Match attendance statistics
- Sales performance per division
- Wage costs
- Profit and cash generation

FINANCIAL INSTRUMENTS

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

CELTIC F. C. LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS

The Directors during the year ended 30 June 2008 were as follows:

E J Riley
K Sweeney
P T Lawwell

None of the Directors had any beneficial interest in the share capital of the Company during the year.

The interests of Mr E J Riley and Mr P T Lawwell in the share capital of the ultimate parent undertaking are fully disclosed in that company's Financial Statements. At the balance sheet date and at the start of the year, Mr K Sweeney held beneficial interests in 5,500 Preference Shares and 2,500 Convertible Preferred Ordinary Shares of the ultimate parent undertaking.

CREDITORS PAYMENT POLICY

It is the Company's policy to pay creditors within the terms agreed when the contract of supply is made, to the extent that those creditors have fulfilled their part of the contract. Where there are no agreed terms, creditors are paid during the month following receipt of the invoice. The ratio expressed in days between amounts invoiced to the company by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 30 days (2007 – 31 days).

EMPLOYEE COMMUNICATIONS

Within the limits of confidentiality, colleagues at all levels are kept informed regularly of matters which affect the progress of the Company and may be of interest. In addition to regular departmental meetings, regular communication presentations are held.

EMPLOYMENT POLICIES

The Company is an equal opportunity employer, committed to positive policies in recruitment, training and career development for all colleagues (and potential colleagues) regardless of marital status, religion, colour, race, ethnic origin or disability. The Company is registered with Disclosure Scotland and has achieved Investors in People accreditation.

Full consideration is given to applications for employment by disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing colleagues become disabled it is the Company's policy, where practical, to provide continuing employment under similar terms and conditions and to provide training and career development.

CELTIC F.C. LIMITED

DIRECTORS' REPORT

RISKS AND UNCERTAINTIES

Based on the information available at the time of the approval of the annual report the Directors do not anticipate that future results will result in a threat to the business. However, such forward looking statements involve risk and uncertainty since they relate to events, and depend upon circumstances, that will or may occur in the future.

At the end of the year net liabilities were £23.274m compared to £27.231m the previous year.

The Directors believe that there is no foreseeable material risk to the business due to wider Group support.

PROVISION OF INFORMATION TO AUDITORS

So far as each Director is aware at the time the annual report is approved:

- There is no relevant information of which the Company's auditors are unaware, and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BY ORDER OF THE BOARD


Robert M Howat
Secretary

16 | 2 | 09

CELTIC F. C. LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable law and regulations.

Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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;
- * 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 that disclose with reasonable accuracy at any time the financial position of the Company and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELTIC F.C. LIMITED

We have audited the financial statements of Celtic F. C. Limited for the year ended 30 June 2008 which comprise the Profit and Loss Account, Balance Sheet and related Notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information in the Directors' Report is consistent with the financial statements.

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
Glasgow, UK

2 March 2009

CELTIC F. C. LIMITED

PROFIT AND LOSS ACCOUNT

	Notes	2008 £000	2007 £000
TURNOVER	2	72,888	75,128
OPERATING EXPENSES		<u>(68,931)</u>	<u>(61,008)</u>
OPERATING PROFIT	3	3,957	14,120
INTEREST PAYABLE AND SIMILAR CHARGES	7	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,957	14,120
TAX ON ORDINARY ACTIVITIES	8	<u>-</u>	<u>-</u>
PROFIT FOR THE YEAR TRANSFERRED TO RESERVES	16	<u>3,957</u>	<u>14,120</u>

All amounts relate to continuing operations.

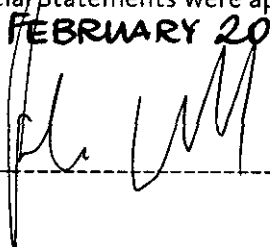
The Company has no other gains or losses other than the profit for the year.

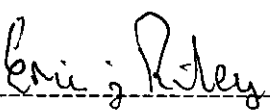
The notes on pages 8 to 13 form part of these Financial Statements.

CELTIC F. C. LIMITED
BALANCE SHEET
30 JUNE 2008

	Notes	2008 £000	2008 £000	2007 £000	2007 £000
FIXED ASSETS					
Investments	9		-		-
CURRENT ASSETS					
Stocks	10	2,410		3,383	
Debtors	11	3,717		3,449	
Cash at bank and in hand		<u>239</u>		<u>6,857</u>	
		<u>6,366</u>		<u>13,689</u>	
CREDITORS - Amounts falling due within one year					
	12	(17,161)		(26,446)	
Income deferred less than one year	13	<u>(11,659)</u>		<u>(13,244)</u>	
		<u>(28,820)</u>		<u>(39,690)</u>	
NET CURRENT LIABILITIES			(22,454)		(26,001)
Income deferred more than one year	14		<u>(820)</u>		<u>(1,230)</u>
NET LIABILITIES			<u>(23,274)</u>		<u>(27,231)</u>
CAPITAL AND RESERVES					
Called up share capital	15		-		-
Profit and loss account	16		<u>(23,274)</u>		<u>(27,231)</u>
SHAREHOLDERS' FUNDS			<u>(23,274)</u>		<u>(27,231)</u>

The Financial Statements were approved and authorised for issue by the Board and signed on its behalf on **16 FEBRUARY 2009**


 ----- Director
 P T Lawell


 ----- Director
 E J Riley

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

1 ACCOUNTING POLICIES

(a) Basis of Preparation and Fundamental Accounting convention

At the balance sheet date the Company had net liabilities of £23.27m (2007 - £27.23m). The Company is dependent on the financial support of the parent company to enable it to meet its on-going obligations. The parent company has confirmed it will continue to support Celtic F.C. Limited for the foreseeable future. Accordingly these Financial Statements have been drawn up on a going concern basis and do not include any adjustments that would result from the withdrawal of this support.

The Financial Statements are prepared under the historical cost convention and comply with applicable accounting standards.

(b) Basis of Consolidation

The Company is exempt from the requirements to produce group accounts under Section 228 of the Companies Act 1985. Accordingly the information presented within these Financial Statements concerns the Company only and does not include the results of its subsidiaries.

(c) Cashflow Statement

In accordance with Financial Reporting Standard Number 1, a cashflow statement has not been prepared since the Company itself is a subsidiary undertaking, which is included in consolidated Financial Statements of its parent undertaking, Celtic plc.

(d) Turnover

Turnover, which is exclusive of value added tax, represents match receipts and other income associated with the continuing principal activity of running a professional football club.

(e) Leasing obligations

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

(g) Pension costs

The Company operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charge includes contributions payable by the Company to the fund in respect of the year.

(h) Foreign exchange

Transactions denominated in foreign currency are translated at the date of the transaction. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rate or the exchange rate of a related forward contract if applicable. The resulting exchange gain or loss is dealt with in the profit and loss account at the date of crystallisation.

(i) Deferred tax

Deferred tax is provided using the full provision method following the Company's adoption of Financial Reporting Standard Number 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, discounted to reflect the time value of money. Deferred tax assets are incorporated within the Financial Statements to the extent that it is more likely than not that they will be recoverable in the foreseeable future.

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

2 TURNOVER

Turnover in respect of the three business operations segments comprised:	2008 £000	2007 £000
Football and Stadium operations	38,515	38,562
Merchandising	16,092	18,367
Multimedia and other commercial activities	18,281	18,199
	<u>72,888</u>	<u>75,128</u>

3 OPERATING EXPENSES

	2008 £000	2007 £000
Operating expenses include the following charges:		
Staff costs (Note 4)	35,053	32,264
Operating lease payments - land and buildings	1,916	1,957
- plant & vehicles	21	27
Auditors' remuneration : audit fees	<u>5</u>	<u>5</u>

4 STAFF PARTICULARS

	2008 £000	2007 £000
Wages and salaries	31,102	28,536
Social security costs	3,479	3,412
Other pension costs	<u>472</u>	<u>316</u>
	<u>35,053</u>	<u>32,264</u>

	Number	Number
Average number of full time equivalent employed in year:		
Professional football and youth development	96	94
Other business operations	262	251
	<u>358</u>	<u>345</u>

5 DIRECTORS' EMOLUMENTS

There were no Directors' emoluments during the year. Details of Directors' emoluments in the ultimate parent company are included in the Annual Report of Celtic PLC.

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

6 PENSION COSTS

The assets of the Company pension scheme are held separately from those of the Company by Standard Life Assurance Company.

Contributions made by the Company to the scheme during the year amounted to £122,793 (2007 - £105,210). Contributions of £10,157 (2007 - £14,561) were payable to the fund at the year-end. The Company also contributed £350,043 (2007 - £210,711) for personal pension arrangements in the year.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £000	2007 £000
Interest payable and similar charges comprised:		
On overdrafts wholly repayable within five years	<u>-</u>	<u>-</u>

8 TAX ON ORDINARY ACTIVITIES

(a) Analysis of (charge)/credit in period:

	2008 £000	2007 £000
Current tax:		
UK corporation tax	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for year:

The corporation tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 30%. The differences are explained below:

	2008 £000	2007 £000
Profit on ordinary activities before tax	<u>3,957</u>	<u>14,120</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2007 - 30%)	1,187	4,236
Effects of:		
Expenses not deductible for tax purposes	13	13
Effects of untaxed income	(237)	(285)
Group relief surrender	-	-
Losses utilised in year	<u>(963)</u>	<u>(3,964)</u>
Current corporation tax charge for year	<u>-</u>	<u>-</u>

Estimated tax losses available for set off against future trading profits amount to approximately £27m (2007 - £30m). This estimate is subject to the agreement of the current and prior year corporation tax computations with HMRC.

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

9 SUBSIDIARY COMPANIES

The Company held 100% of the issued ordinary share capital in the following companies during the year and as at 30th June 2008:

Subsidiary undertaking	Activity
Protectevent Limited	Stewarding and security services
Glasgow Eastern Developments Limited	Management of properties
The Celtic Football and Athletic Company Limited	Football club management & promotional services

These companies are registered in Scotland in accordance with company law. The cost of these investments is £504 (2007: £504).

10 STOCKS

	2008 £000	2007 £000
Goods for resale	2,384	3,337
Consumable stock	26	46
	<u>2,410</u>	<u>3,383</u>

11 DEBTORS

	2008 £000	2007 £000
Debtors comprised:		
Trade debtors	2,308	1,360
Other debtors	135	1,209
Prepayments and accrued income	<u>1,274</u>	<u>880</u>
	<u>3,717</u>	<u>3,449</u>

12 CREDITORS - amounts falling due within one year

	2008 £000	2007 £000
Creditors comprised:		
Trade creditors	1,668	2,000
Other taxation and social security	1,611	407
Other creditors	417	318
Accruals	7,189	1,682
Due to group companies	<u>6,276</u>	<u>22,039</u>
	<u>17,161</u>	<u>26,446</u>

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

13 INCOME DEFERRED LESS THAN ONE YEAR

	2008 £000	2007 £000
Deferred income	<u>11,659</u>	<u>13,244</u>

Deferred income comprises season ticket, sponsorship and other elements of income, which have been received prior to the period-end in respect of the following football season.

14 CREDITORS - amounts falling due after more than one year

	2008 £000	2007 £000
Deferred income	<u>820</u>	<u>1,230</u>

15 SHARE CAPITAL

	Authorised £	Allotted £	Called Up & Fully Paid £
Equity			
Ordinary Shares of £1 each			
At 1 July 2007 & 30 June 2008	<u>1,000</u>	<u>2</u>	<u>2</u>

16 RESERVES

The movement of reserves during the year was as follows:

	Profit and Loss Account £000
At 1 July 2007	(27,231)
Profit for the year	3,957
At 30 June 2008	<u>(23,274)</u>

17 SHAREHOLDERS' FUNDS

	2008 £000	2007 £000
Profit for the year	3,957	14,120
Balance at 1 July	<u>(27,231)</u>	<u>(41,351)</u>
Balance at 30 June	<u>(23,274)</u>	<u>(27,231)</u>

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2008

18 CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Capital commitments

	2008 £000	2007 £000
Authorised and contracted for:	<u>nil</u>	<u>nil</u>

b. Other commitments

At 30 June 2008 the Company had annual commitments under operating leases as follows:

	Land & Buildings 2007 £000	Land & Buildings 2007 £000	Other 2007 £000	Other 2007 £000
Expiry date:				
Within 1 year	-		15	15
Between 2 and 5 years	74	-	-	22
In more than 5 years	<u>1,708</u>	<u>1,793</u>	<u>-</u>	<u>-</u>

c. Cross Guarantees

Cross guarantees exist between the Company and other members of the Celtic PLC group. The extent of these at 30 June 2008 was £3,616,180 (2007 - £5,135,174).

19 PARENT UNDERTAKING

The Company's parent undertaking is Celtic PLC, a company registered in Scotland. Consolidated financial statements are available from:

The Company Secretary
Celtic PLC
Celtic Park
Glasgow
G40 3RE

In the opinion of the Directors, Celtic PLC is also the Company's ultimate controlling party.

20 RELATED PARTY TRANSACTIONS

The Company has taken the exemption provided by paragraph 3 of FRS 8 and accordingly has not disclosed any transactions with group undertakings.