

CELTIC F. C. LIMITED

ANNUAL REPORT

YEAR ENDED 30 JUNE 2013

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COMPANIES HOUSE

Registered Number: SC223604

CELTIC F. C. LIMITED
ANNUAL REPORT
YEAR ENDED 30 JUNE 2013

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CELTIC F. C. LIMITED

DIRECTORS, OFFICERS AND ADVISERS

Directors

P T Lawwell

E J Riley

K Sweeney

Secretary

M Nicholson

Registered Office

Celtic Park

Glasgow

G40 3RE

Auditor

BDO LLP

Solicitors

Pinsent Masons 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 2013.

RESULTS

The profit for the financial year after tax was £9.39m (2012 – loss £8.08m) 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.

After the groundwork laid down in previous years, season 2012/13 represented further progress for Celtic, benefiting from our clear strategy for development and growth both on and off the field of play.

Success on the field, and in particular the European campaign, has contributed to a very successful trading period, as has the continued commitment to excellence and innovation as we continue to develop the Celtic brand in Scotland and around the world.

The impact of uncertainties in the world economy over the last three years has been significant and trading conditions generally have been extremely difficult. However, football success can have a major impact on reversing this trend as evidenced by our financial performance.

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 capital investment in the training academy at Lennoxton is designed to increase the number of internally generated youth players establishing themselves in the Celtic first team.

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.

DIRECTORS

The Directors during the year ended 30 June 2013 were as follows:

- E J Riley
- K Sweeney
- P T Lawwell

CELTIC F. C. LIMITED

DIRECTORS' REPORT

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 (2012 – 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.

RISKS AND UNCERTAINTIES

Based on the information available at the time of the approval of the annual report the Directors anticipate future results at this level. 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 £22.27m compared to £31.66m 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 AUDITOR

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

- there is no relevant information of which the Company auditor is 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 auditor is aware of that information.

BY ORDER OF THE BOARD



Michael Nicholson
Secretary

CELTIC F. C. LIMITED

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 AUDITOR'S 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 2013 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CELTIC F.C. LIMITED**

- we have not received all the information and explanations we require for our audit.

BDO LLP,

*Charles Barnett (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Glasgow*

Date 24 January 2014.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CELTIC F.C. LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2013

	Notes	2013 £000	2012 £000 RESTATED
	1		
TURNOVER	1, 2	75,931	51,455
COST OF SALES		(7,555)	(6,515)
GROSS PROFIT		<u>68,376</u>	<u>44,940</u>
ADMINISTRATIVE EXPENSES		(58,996)	(53,031)
OPERATING PROFIT / (LOSS)	3	<u>9,380</u>	<u>(8,091)</u>
INTEREST RECEIVABLE		9	10
INTEREST PAYABLE		-	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>9,389</u>	<u>(8,081)</u>
TAX ON ORDINARY ACTIVITIES	7	-	-
PROFIT / (LOSS) FOR THE YEAR TRANSFERRED TO RESERVES	15	<u>9,389</u>	<u>(8,081)</u>

All amounts relate to continuing operations.

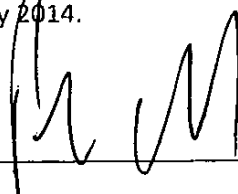
The Company has no other gains or losses other than the profit for the year.


The notes on pages 9 to 15 form part of these Financial Statements.

CELTIC F. C. LIMITED
BALANCE SHEET
AS AT 30 JUNE 2013
Company Number: SC 223604

	Notes	2013 £000	2013 £000	2012 £000	2012 £000
FIXED ASSETS					
Investments	8		-		-
CURRENT ASSETS					
Stocks	9	1,734		2,160	
Debtors	10	3,185		2,944	
Cash at bank and in hand		<u>2,447</u>		<u>880</u>	
		<u>7,366</u>		<u>5,984</u>	
CREDITORS - Amounts falling due within one year	11	(20,262)		(24,792)	
Income deferred less than one year	12	<u>(9,253)</u>		<u>(12,728)</u>	
		<u>(29,515)</u>		<u>(37,520)</u>	
NET CURRENT LIABILITIES			(22,149)		(31,536)
Income deferred more than one year	13		<u>(119)</u>		<u>(121)</u>
NET LIABILITIES			<u>(22,268)</u>		<u>(31,657)</u>
CAPITAL AND RESERVES					
Called up share capital	14		-		-
Profit and loss account	15		<u>(22,268)</u>		<u>(31,657)</u>
SHAREHOLDERS' DEFICIT	16		<u>(22,268)</u>		<u>(31,657)</u>

The Financial Statements were approved and authorised for issue by the Board and signed on its behalf on 24 January 2014.


 _____ Director
 P T Lawwell


 _____ Director
 E J Riley

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 ACCOUNTING POLICIES

(a) Restatement of 2012 results

The Company has restated its 2012 results in accordance with Companies Act 2006 format, Overall Operating Expenses are now reported as Cost of Sales, Administrative Expenses and Interest Payable/Receivable. The effect of this on Profit/(Loss) on Ordinary Activities Before Taxation is nil.

(b) Basis of Preparation and Fundamental Accounting convention

At the balance sheet date the Company had net liabilities of £22.27m (2012- £31.66m). 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.

(c) Basis of Consolidation

The Company is exempt from the requirements to produce group accounts under Section 400 of the Companies Act 2006. Accordingly the information presented within these financial statements concerns the Company only and does not include the results of its subsidiaries.

(d) 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.

(e) Turnover

Revenue, 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. Revenue is analysed between Football and Stadium Operations, Merchandising and Multimedia and Other Commercial Activities.

Football and Stadium Operations revenue arises from all ticket sales, standard, premium and corporate, derived from matches played at Celtic Park. Other revenues are also derived from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic Development Pools Limited, UEFA participation fees and revenues derived from the hiring of Celtic Park for football and non-football events.

Merchandising revenue includes the revenues from Celtic's retail partners and outlets including home shopping, wholesale revenues and other royalty revenues derived from the exploitation of the Celtic brand.

Television rights sales are recognised dependent upon the nature of the sale of the rights as follows:

i) Domestic league television rights are sold centrally by the Scottish Premier League (Scottish Professional Football League from July 2013) and distributed to the SPL league clubs on a percentage basis dependent upon the final league positions of the clubs. Income is recognised evenly over the period to which it relates, namely the course of the football season.

ii) Depending on the competition, domestic cup rights are sold centrally by either the Scottish Football Association or the Scottish Football League (Scottish Professional Football League from July 2013) who advise clubs of the value of each televised match. Revenue is recognised when a televised match is played.

iii) European rights sales derived from participation in the UEFA Champions League or the UEFA Europa

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

League are sold centrally by UEFA who advise clubs of the values to be paid for their participation in the tournament. Revenue is recognised when each relevant match is played.

iv) Other television rights sales which are made by Celtic, such as home friendly matches, are recognised once the televised match has taken place.

Sponsorship revenues are recognised based on the nature of the sponsorship such that kit and shirt sponsorship income, which relates to a particular football season is recognised evenly throughout the financial year. Event specific sponsorship is recognised when the relevant event takes place.

Joint marketing and partnership initiative income is recognised evenly over the period of the partnership / marketing agreement / contract. These frequently consist of fixed licence fees or guaranteed minimum royalties.

The critical judgements made in respect of income recognition are largely in respect of assessing the accuracy of estimated information provided by trading partners, the Scottish Football Association, The Scottish Premier League (Scottish Professional Football League from July 2013) and UEFA where match-related and other revenues are due at the end of the financial year but, by the date of approval of the financial statements, confirmation of the finalised value of such revenues has not yet been fully received by Celtic.

(f) 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.

(g) Stocks

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

(h) 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.

(i) Foreign exchange

Non-monetary items 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. Exchange differences are recognised in the profit and loss account in the period in which they arise.

(j) 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 and is not discounted. 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
FOR THE YEAR ENDED 30 JUNE 2013

2 TURNOVER

Turnover in respect of the three business operations segments comprised:	2013 £000	2012 £000
Football and Stadium operations	32,802	29,055
Merchandising	14,976	13,342
Multimedia and other commercial activities	28,153	9,058
	<u>75,931</u>	<u>51,455</u>

3 OPERATING PROFIT /(LOSS)

	2013 £000	2012 £000
Operating profit/(loss) include the following charges:		
Staff costs (Note 4)	36,093	30,906
Exceptional items	1,295	211
Operating lease payments - land and buildings	1,796	1,869
- plant & vehicles	-	-
Auditor's remuneration : audit fees	15	15

The exceptional operating expenses of £1.29m (2012: £0.21m) reflect £1.24m in respect of provision against onerous leases and £0.05m in respect of compromise/severance payments in respect of labour (2012: £0.21m in respect of compromise/severance payments in respect of labour).

4 STAFF PARTICULARS

	2013 £000	2012 £000
Wages and salaries	31,747	27,542
Social security costs	4,162	3,188
Other pension costs	184	176
	<u>36,093</u>	<u>30,906</u>
	Number	Number
Average number of full time equivalents employed in year:	<u>373</u>	<u>368</u>

5 DIRECTORS' EMOLUMENTS

There were no directors' emoluments during the year (2012: £nil). Details of directors' emoluments in the ultimate parent company are included in the Annual Report of Celtic PLC.

6 PENSION COSTS

The assets of the Company pension scheme are held separately from those of the Company in an independently administered fund by the Standard Life Assurance Company.

Contributions made by the Company to the scheme during the year amounted to £205,659 (2012 - £154,987). Contributions of £21,996 (2012 - £24,039) were payable to the fund at the year-end. The Company also contributed to personal pension plans of certain employees.

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

7 TAX ON ORDINARY ACTIVITIES

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

Current tax:	2013 £000	2012 £000
UK corporation tax	-	-

(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 24% (2012: 26%). The differences are explained below:

	2013 £000	2012 £000
Profit / (Loss) on ordinary activities before tax	9,389	(8,081)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 24% (2012 - 26%)	2,253	(2,101)
Effects of:		
Expenses not deductible for tax purposes	14	4
Effects of untaxed income	(176)	(187)
Losses carried forward	-	1,764
Losses Group relieved	-	520
Brought forward losses utilised	(2,091)	-
Current corporation tax charge for year	-	-

Estimated tax losses available for set off against future trading profits amount to approximately £23m (2012 - £33m). This estimate is subject to the agreement of the current and prior year corporation tax computations with HMRC.

8 INVESTMENTS

The Company held 100% of the issued ordinary share capital in the following companies during the year and as at 30th June 2013:

Subsidiary Undertaking	Activity	Capital £000	Reserves £000	2013 Profit / (Loss) £000
Protectevent Limited	Dormant	1	402	-
Glasgow Eastern Developments Limited	Management of properties	-	117	-
Celtic Football and Athletic Company Limited	Football club management and promotional services	-	43	2

These companies are registered in Scotland in accordance with company law. The cost of these investments is £504 (2012: £504).

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

9 STOCKS

	2013 £000	2012 £000
Goods for resale	1,708	2,141
Consumable stock	<u>26</u>	<u>19</u>
	<u>1,734</u>	<u>2,160</u>

10 DEBTORS

	2013 £000	2012 £000
Debtors comprised:		
Trade debtors	670	1,325
Other debtors	13	160
Prepayments and accrued income	<u>2,502</u>	<u>1,459</u>
	<u>3,185</u>	<u>2,944</u>

11 CREDITORS - amounts falling due within one year

	2013 £000	2012 £000
Creditors comprised:		
Trade creditors	1,762	3,478
Other taxation and social security	4,111	6,072
Other creditors	1,375	164
Accruals	2,762	1,712
Due to group companies	10,252	13,366
	<u>20,262</u>	<u>24,792</u>

12 INCOME DEFERRED LESS THAN ONE YEAR

	2013 £000	2012 £000
Deferred income	<u>9,253</u>	<u>12,728</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.

13 CREDITORS - amounts falling due after more than one year

	2013 £000	2012 £000
Deferred income	<u>119</u>	<u>121</u>

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

14 SHARE CAPITAL

	Authorised £	Allotted £	Called Up & Fully Paid £
Equity			
Ordinary Shares of £1 each			
At 1 July 2012 & 30 June 2013	1,000	2	2
	<hr/>	<hr/>	<hr/>

15 RESERVES

The movement of reserves during the year was as follows:

	Profit and Loss Account £000
At 1 July 2012	(31,657)
Profit for the year	9,389
At 30 June 2013	<hr/> (22,268) <hr/>

16 SHAREHOLDERS' DEFICIT

	2013 £000	2012 £000
Profit / (Loss) for the year	9,389	(8,081)
Balance at 1 July	(31,657)	(23,576)
Balance at 30 June	<hr/> (22,268) <hr/>	<hr/> (31,657) <hr/>

17 CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Other commitments

At 30 June 2013 the Company had annual commitments under operating leases as follows:

	Land & Buildings 2013 £000	Land & Buildings 2012 £000
Expiry date:		
Within 1 year	410	-
Between 2 and 5 years	256	524
In more than 5 years	1,130	1,345

CELTIC F. C. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

b. Cross Guarantees

Cross guarantees exist between the Company and other members of the Celtic PLC group. The extent of these at 30 June 2013 was £nil (2012 - £2,888,978).

18 PARENT UNDERTAKING

The Company's Ultimate 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.

19 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.