CELTIC F.C. LIMITED

ANNUAL REPORT

YEAR ENDED 30 JUNE 2020

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CELTIC F.C. LIMITED
STRATEGIC REPORT

The Directors present their strategic report for Celtic F.C. Limited (the "Company") for the year ended 30 June 2020.

The principal activity of the Company continues to be the operation of a professional football club, together with related and ancillary activities. The Company is part of the Celtic plc Group (the "Group") and despite the activities of the business being split across a number of entities, the activities of the Group are effectively managed collectively as a single operation. The Company is therefore subject to the same processes and procedures applied within the Group and therefore reference made throughout the report to the Group is relevant to understanding the operational, strategic and financial management of the Company.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. The assumptions used take into account the known effects of the Covid-19 pandemic ('Covid-19') and the impact this is currently having on the operations of the Group, however there remains significant uncertainty as to the on-going effects in the short to medium term.

The Strategic Report discusses the following areas:

- Covid-19 and the impact on the business
- Review of the business including financial performance and key performance indicators
- Principal risks and uncertainties
- Current trading and outlook

COVID-19

The Company was on track for another successful year in terms of financial performance and football success prior to the onset of Covid-19. On the field, the first team had progressed to the knockout stages of the UEFA Europa League ('UEL') although exited at this stage, they had secured the League Cup for the fourth consecutive season, had reached the semi-final of the Scottish Cup and enjoyed a 13-point lead at the top of the SPFL with eight matches remaining. The UK was then subjected to the onset of the Covid-19 pandemic.

MITIGATING ACTION AND PROTECTIVE MEASURES

EVENTS LEADING UP TO LOCKDOWN

The evolving Covid-19 situation was being closely monitored from the beginning of February onwards and on 28th February 2020 it is believed that the first case of community transmission was confirmed in the UK. Following this the executives of the Group formed a Covid-19 crisis group of senior personnel from all key areas of the business to enact contingency planning measures should the situation escalate. The first meeting was held on 5th March 2020. The agenda included:

- Staff safety;
- Stadium and Lennoxtown sanitising strategy;
- Stadium and training ground access restrictions;
- The development of home working protocols and roll out of the necessary IT infrastructure; and
- Developing an operational plan to play matches behind closed doors.

These meetings have subsequently taken place at least once per week with an evolving agenda to meet the challenges brought by Covid-19. On the 13th March the SFA announced a suspension to all football in Scotland and this was ultimately followed by the announcement of UK Lockdown on 23rd March. At this point a decision was taken to temporarily close all direct consumer facing aspects of our business including our retail outlets, ticket office, restaurant and facilities including our training ground. All staff were also requested to work from home.

STRATEGY FOLLOWING LOCKDOWN

The executive immediately engaged with the football authorities and peer clubs in the SPFL to assess the challenges and develop solutions. It was ultimately concluded by the SPFL on 18 May 2020 that the remainder of football season 19/20 could not be completed and Celtic would be declared champions based on average points achieved. Attention then immediately turned to the commencement of season 20/21 and how this could be achieved in a safe and compliant manner. External consultants were engaged to assist the Company in developing operational process manuals regarding a return to training, a return to playing behind closed doors and a return to playing in front of fans. These were developed and formally signed off by the Celtic plc Board. A weekly meeting takes place between the executive team and our external consultants to ensure the Club are maintaining a safe environment, are informed of all relevant guidance and recent developments and that plans to have fans back in our stadium remain appropriate and up to date.

IMPACT ON OUR STAKEHOLDERS

The Company has been cognisant of the detrimental impact across society brought about by Covid-19 and has sought to support its key stakeholders where possible.

EMPLOYEES

As expanded upon below, a number of employees were placed on furlough, whereby the UK Government would fund 80% of an employee's wages up to a cap of £2,500 per month. However, a decision was made to ensure that all employees and casual match day workers received wages in full. In addition, the first team manager, players, and backroom staff, including academy and football operations executives, agreed to take a significant reduction in salaries and/or make deferrals of a significant proportion of their earnings.

The remaining employees have been supported in working from home in line with the UK Government guidance. The work place has been altered to incorporate necessary social distancing measures and PPE is available to all staff that require to be in our facilities. Our Human Resources team have also maintained regular dialogue with employees by distributing updated Government guidance as it becomes available, online training modules on how to stay safe and mental health resources, all in an effort to maintain employee wellbeing.

SUPPORTERS

Following the official curtailment of season 19/20 and Celtic being declared SPFL Champions, a communication went out detailing the process involved in offering supporter refunds for matches paid for in advance that were subsequently cancelled. In recognition of the uncertain environment and the strong emotional attachment our supporters have to their season ticket seat, the deadline for season ticket renewals for season 20/21 was extended by over two months. The supporters' response in purchasing season tickets despite the uncertainty around when they can return to the stadium has exceeded all expectations.

In anticipation of a supporter return to the stadium a detailed Covid-19 safe operational plan has been developed to accommodate limited numbers in line with Government guidance and recommendations including social distancing. We recognise the vital importance of supporters being able to return with confidence and we continue to engage with the authorities and vigorously campaign for a safe return to football in front of spectators.

SUPPLIERS

The Company received a number of requests from suppliers for early payment or immediate payment and we accommodated these requests where possible. All other suppliers were paid in accordance with usual timeframes and efforts were made to ensure there was no undue delay to payment runs. We also ensured that any on site contractors were able to work in a safe and compliant manner.

IMPACT ON THE BUSINESS TO DATE

The biggest impact on the business related to lost match day income and lost media and commercial rights and, given the high degree of fixed costs, this largely translates to lost cash flow. The early curtailment of the season and clawback of media and commercial rights resulted in lost revenue of approximately £7.4m. Almost all of this translates into sacrificed operating profit and cash flow. We estimate the closure of our retail outlets for the remaining 3 months to June 2020 and the loss of our hospitality business resulted in a further lost operating profit and cash flow of approximately £1.7m. Owing to the reductions in match commitments we estimated player payments triggered by appearance fees and bonuses were reduced by c.£0.9m and this represents both operating profit and cash flow.

Season 20/21 has commenced behind closed doors with season tickets sold on the basis of entry into the stadium when permitted or access to a live stream of the home match while access remained prohibited. This allows us to protect a key income stream of the Group and we thank our supporters for their contribution in this regard. The key income loss at present concerns occasional match day tickets sold to supporters who do not have a season ticket. At this stage it is unclear when full stadiums will be permitted.

Our retail outlets all re-opened over July and August and performance has been strong in part due to the launch of Adidas as our new kit supplier.

CASHFLOW, LIQUIDITY MANAGEMENT AND PROTECTING THE BUSINESS

The immediate priority of the executive management was cash flow and liquidity management along with accessing any local and UK Government support schemes available to allow us to protect the business and employment and significant steps were taken at a Group level to ensure sustainability over the short to medium term until trading activities returned to normal levels.

Following the announcement of the UK Government's Job Retention Scheme ('JRS'), the Group took the decision to place a number of employees on furlough owing to the fact that Government restrictions effectively resulted in the employees having no work.

The Company also benefited from rates relief for Celtic Park and other trading properties. This was part recognised in the year ended 30 June 2020 with the balance being recognised in the year ended 30 June 2021.

BALANCE SHEET RESILIENCE AND PREPARING FOR A RECOVERY

Following the commencement of season 20/21 the immediate priorities were to improve the squad to deliver our key priority of football success and to resume normal operations with fans back in our stadium. We have a well developed plan to accommodate fans in stadium in line with national and local government guidance. We currently have a strong liquidity position and significant undrawn banking facilities which can be used as required to manage the position through to a recovery.

CELTIC F.C. LIMITED
STRATEGIC REPORT

REVIEW OF THE BUSINESS

The financial year ended 30 June 2020 was significantly impacted in a variety of way by the onset of the Covid-19 pandemic and this is expanded upon above.

The 2019/20 football season, both domestically and abroad, was significantly adversely affected by Covid-19. In spite of this, the season is viewed as being a successful one for the Club in football terms and reflected a continuation of the trend of domestic dominance experienced in recent years.

The SPFL Premiership season initially was postponed in mid-March 2020 with the Club's last active match taking place at home to St Mirren on 7th March. At this point in time Celtic were 13 points clear with 8 games remaining, having played a game more than the second place team. Subsequently, the league was officially concluded on 18th May 2020 with the title being awarded to Celtic on a points per game basis. This was the Club's 9th league title in a row and equalled the record set by Jock Stein and his Celtic sides between 1965/66 and 1973/74. This is a significant achievement in modern football and added to the success of winning the Scottish League Cup in December 2019 for the fourth season in a row. Notably, winning the league was the Club's 11th consecutive domestic competition triumph.

In spite of the above, the Company reported a positive set of results relative to the very challenging circumstances which existed in the latter part of the year.

Revenue for the year of £70.2m was down £13.1m from the prior year, the details of which are set out below.

Revenue from football and stadium operations fell significantly, decreasing from £43.2m to £35.8m. This was mainly due to only 26 home matches being completed in the period (2019: 30). This was slightly offset by an increase in season ticket and match by match sales revenues in the year relative to the same period in the prior year.

Merchandising reported a decrease of £3.0m to £15.0m. As discussed above, the closure of the stores had a significant impact on the Company's ability to trade along with a delay in the launch of our new Adidas partnership until post year end which was originally scheduled for May 2020. The Group's online retail platform which has now been managed in-house for 2 years, benefited from the closure of high street retail, resulting in record income through this channel, partially offsetting the lost revenue from the high street stores and partner royalties.

Multimedia and other commercial activities revenue saw a decrease of £2.7m to £19.4m. In relation to rights revenues, one of the main drivers for this variance was in the UEFA final account settlements from the prior year competition participation. In 2019, the Company received a final settlement from a UCL campaign, whereas in 2020, this settlement was in relation to a UEL campaign. Also, the incompletion of the Scottish Cup competition due to Covid-19, meant that the broadcast revenues for the later rounds were not received in the period and some TV rights income was lost owing to the League being curtailed. In addition, due to the inability to fulfil all commercial sponsor/partner rights some reduction in revenues was also experienced in this area.

The overall strategy of maintaining tight cost control and utilising the inherent value in the first team squad, as and when required, impacts directly on the performance of the Company and this has been key in enabling the Company to report a small profit before tax for the year of £6,000 (2019: £10.7m) and a closing cash position of £5.6m (2019: £1.7m).

The key objective for the Group and the Company clearly remains football success, aiming to maintain our domestic dominance and make progress in Europe as this will greatly assist revenue generation. However, the funding of that success must recognise the financial constraints applicable to the organisation, particularly as the Club continues to play in the Scottish football environment and the financial challenges that presents.

The Group continues to focus on securing the best football players available to a Club of our standing while managing the costs of the football operation, in particular player wages, ensuring the investment in this area is sufficient to maintain playing success with its consequent impact on financial results.

The development of a greater number of internally produced players through continued investment in youth development will assist in addressing such issues. As a result, prudent management of the player pool is important in addition to incremental contribution from European success.

KEY PERFORMANCE INDICATORS

Performance is monitored against the following key performance indicators:

Football success (refer to "Review of Business" above);
Match attendance statistics (refer to "Review of Business" above);
Sales performance per stream (refer to Note 3, Revenue);
Wage and other costs (refer to Note 4, Operating Profit and Note 6, Staff Costs); and
Profit and cash generation (refer to "Review of Business" above).

In line with the Group strategy and process, the Company operates with a 5 year plan which is updated and reviewed on an annual basis. A detailed budget is prepared and approved by the Directors of the Group in advance of each trading year. The budget identifies all the key performance areas noted above. The actual performance is then monitored against the budget with particular emphasis against the key performance indicators as noted above.

Monthly management accounts are prepared for the Group highlighting performance against budget and the prior year, detailing analysis of sales performance and total cost control, including total labour costs, and capital expenditure. The management accounts also include regular re-forecasts of the anticipated outturn performance for the financial year end to which they pertain.

Actual and forecast performance is fully considered at the regular Group Board meetings linking back to profit and cash generation. Management meetings are held to discuss actual and forecast performance with future action agreed accordingly. On a weekly basis, performance is reported through a series of key performance indicators, which are shared with business decision makers and managers, including by revenue stream and match attendance analysis.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group, and therefore the Company, and those that the Board considers to be associated with running a professional football club such as Celtic, are set out below.

In addition to the uncertainties inherent in football, there are many risks associated with running any company. These risks are included within a risk matrix, which is regularly reviewed internally and with the Audit Committee on behalf of the Board, and updated as necessary.

The risk matrix evaluation identifies types of risk, the likelihood of the identified risk occurring, the potential impact it may have on the Group if it did occur, and the steps that have been or should be taken to reduce the likelihood of occurrence or mitigate the impact if it did occur. The individuals responsible for managing these risks are identified and the steps required to be taken are subject to internal audit verification.

Although the Group's operations are managed so as to reduce the likelihood of these events occurring and to mitigate their potential impact if they did occur, it is not possible to eliminate these risks entirely.

The Directors consider that the principal risks to the performance of the business fall under the following headings:

Covid-19

In March 2020 the UK as a whole was subjected to a period of 'lockdown', which resulted in almost all customer facing consumer activities of the Group being brought to a halt. This included sporting competition participation, attendance at sporting events, visiting restaurants and high street shopping all of which are essential to the operation of our business. The period since the start of the new financial year has seen a partial return of the hospitality industry, albeit on a much more limited basis, as well as the opening of retail stores both on the high street and in shopping centres. However, attendance at sporting events, including football matches remains prohibited.

The on-going, and more importantly the unknown, effects of Covid-19 remain a significant risk to the business. The continuing "closed door" nature of football matches brings a significant adverse impact on the revenues which the Club are able to achieve through individual match ticket sales, catering and hospitality spend, stadium kiosks and matchday merchandise purchases. A pro-longed or renewed surge of Covid-19 could bring further risks with the potential early termination of the football season which could result in the requirement to refund season ticket income and a requirement within the SPFL to repay broadcasting contract fees which the Club directly benefits from. In addition, season ticket sale volumes and commercial contracts could be impacted for following seasons if the issues are on-going beyond July 2021.

Although great effort has gone into developing a bio secure environment at Lennoxtown, there remains a risk that one or more of our first team suffer from infection. The consequence of this could be a depleted first team squad potentially leading to matches being lost which in turn could be financially damaging. The Club has already experienced the implications of this risk becoming a reality in season 20/21.

As with any situation as serious as this, we will be guided by the governing bodies, both at a national and industry specific level, and will continue to work to safeguard the business and our employees from the impact of this risk.

Player transfer market and wages

As noted above the Company is directly impacted by factors affecting the Group as a whole. While player registrations are held in the parent company, the nature of the Group structure dictates that player trading is a significant contributor to the operational and financial performance of the Company.

Due to the application of football regulations, the opportunity to acquire or dispose of player registrations occurs, subject to limited exceptions, only during two registration windows of specified duration each year. The time pressures that arise in the run-up to the closure of the windows can have an impact on the outcome of negotiations. Players are readily mobile, particularly when out of contract or nearing the end of their contracts, and have transferable skills and so the range of possible clubs willing to engage the player can be extensive, particularly where the player is very talented. Changes in football managerial appointments can also influence player demand, with certain players, or styles of play, favoured by some managers more than others. Injuries and suspensions also affect player value and the willingness of clubs to release players for sale. The availability of players can change at very short notice. In addition, there is a risk that a change in football regulations, or the application of national laws to those regulations, may affect the player registrations held by the parent company.

Player wages are subject to market forces with wage levels in some countries, particularly in those leagues with lucrative broadcasting contracts, significantly exceeding those available in others.

The football industry as a whole has suffered significant financial loss, primarily through lost media rights revenues as a result of Covid-19. There is a risk that sums previously achieved in the sale of player registrations are reduced as a result of this lost income, which in turn may inhibit our ability to generate the level of player trading gains achieved previously.

Consequently, all transactions are affected by a series of variable factors, which result in the market being unpredictable.

Matchday Revenues

Substantial income is derived from matchday ticket sales and the provision of various products and services on matchdays, including programmes, merchandising, hospitality and catering. Donations from Celtic F.C. Development Fund Limited, particularly in relation to a proportion of matchday lottery ticket sales, are also important.

Significant revenue is also derived from the sale of season tickets. External economic conditions can affect supporters' disposable income. The quality of the team and management, the perceived entertainment on offer, the level of success from preceding seasons, the opposition that the Club may face in the season, together with pricing all have an effect on purchasing decisions. Many of these factors are beyond the control of the Group.

Poor football results and performances, the nature and quality of opposition, changes to kick-off times, bad weather and external economic conditions can all impact on attendance figures. A perception that there are empty seats also affects the purchase of future season tickets in that supporters may elect to buy a match ticket when desired and run the risk of non-availability, rather than guarantee a seat by purchasing a season ticket.

Additionally, as noted above, Covid-19 has had and could still have a significant adverse impact on the Club's ability to maximise the revenues from this stream and this will be driven by when fans are able to return to the stadium.

Revenues from broadcasting contracts and football competitions

The SPFL sells domestic broadcasting rights centrally. The Company is entitled to a share of SPFL revenues determined by reference to league position. The value of broadcasting contracts can vary, although these are generally entered into for several years at a time and may be subject to conditions over which the Company has little, if any, control. Participation in other competitions, such as the UCL or UEL, also leads to additional revenue being received. The extent of this revenue depends on the competition, the level of advancement in the relevant competition, the amount of UEFA coefficient points accumulated by the Club, whether there are any other Scottish participants, and the size of the UK domestic television market. The revenue available is dependent on participation and therefore determined on the basis of football results, which cannot be guaranteed.

The impact of Covid-19 on this revenue stream has not had a material impact at this point in time. However, this remains an area of risk since any future cessation of competitions and inability to complete fixtures could result in centrally negotiated broadcasting and sponsorship contracts being re-negotiated or cancelled and thereby impacting the distributions paid out to clubs, as has been the case for the 2019/20 season.

Season 2020/21 sees the commencement of a new 5 year contract with Sky TV as the sole broadcaster for the SPFL Premiership. Sky TV has played an important role in assisting SPFL clubs by permitting all clubs to broadcast matches to season ticket holders who are unable to attend owing to restrictions. This has allowed clubs, at this point in time, to retain all season ticket income.

Financial Risk

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Company's business the financial risks that the Directors consider particularly relevant to the Company are credit risk, interest risk, currency risk and liquidity risk.

These risks are managed through regular reforecasting, an assessment of key economic and market indicators and customer risk diligence.

Brexit

The decision by the British public in 2016 to leave the European Union ("EU") continues to bring uncertainty to financial markets and the UK economy as a whole. Over the past 4 years we have seen significant movements in foreign exchange rates which have had varying impacts on our trading, particularly around distributions received through UEFA competitions as well as player transfers. We continue to monitor this situation, and while acknowledging that there remains significant uncertainty in this area, the Directors are taking appropriate steps to minimise any short-term financial risks to the Group by utilising foreign exchange forward contracts.

The UK officially left the EU on 31 January 2020 and is currently in a transition period where the nature of the future relationship is being negotiated.

The impact of Brexit is still largely unknown and may have a number of consequences for the Group including, but not limited to; uncertainty in relation to the status of EU and non-EU employees (including football players), the future costs of transferring EU and non-EU based player registrations and the value of certain commercial revenues and sponsorship incomes. Additionally, the indirect supply chains which impact our retail and catering areas of the business are also likely to be affected, however it remains unknown how significant any impact may be.

These areas of risk continue to be closely monitored on an ongoing basis. Given the continued uncertainty as to the final conditions on which the UK will exit the EU, it is still not possible to be definitive on the key area of currency risk and EU and non-EU employee status. The football authorities in Scotland are in discussions with their counterparts in England and the UK Home Office with respect to the process of obtaining work permits for non UK employees. At this time it is unclear as to whether the rules will prove more or less restrictive than the current arrangements.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Although the vast majority of individual transactions entered into with customers are low value, business objectives rely on maintaining a high quality customer base and place strong emphasis on good credit management. Prior to entering into significant contracts extensive credit checks on potential customers are carried out with the results having a strong bearing on the selection of trading partner. Executive management are responsible for most day-to-day aspects of credit management although contracts of significance, in terms being in excess of a predetermined value, are referred to the Board.

Stadium Safety Certificate

Each year the Club is required to have the Celtic Park Safety Certificate renewed by the Safety Advisory Group of Glasgow City Council. Failure to achieve this could result in part, or all, of the stadium being closed. Should this ever occur it would inhibit our ability to host home matches without putting alternative arrangements in place.

The process for ensuring we are fully compliant on all aspects of health and safety is both continually ongoing and taken extremely seriously. Our dedicated facilities management team implement a rolling preventative and reactive stadium maintenance plan and our stadium security team along with the relevant authorities implement and continue to evolve a stadium security strategy to ensure spectator safety. This topic also features as a standing item at our regular risk review meetings and at Board meetings.

We also recognise the added dimension which Covid-19 has had and will bring around stadium safety. As with all other aspects mentioned above we will continue to seek the necessary advice and take the necessary steps to ensure our compliance in this area. At the time of writing, we have successfully secured our certificate for this season which will run until 31 July 2021.

CURRENT TRADING AND OUTLOOK

Competing in the major football competitions, particularly in Europe, continues to be a key influence in trading performance along with successful player trading. This year however we also face the unique challenge associated with the impact of Covid-19 on the football industry.

Season 2019/20 saw us once again compete in the UEL Group stages and achieve qualification to the last 32 of the tournament. Following the halting of the season on 13th March 2020, at which point we enjoyed a 13 point lead at the top of the SPFL, we were ultimately awarded our 9th league title based on an average points basis, had retained the Betfred Cup and reached the semi-final of the William Hill Scottish Cup.

The outlook for Scottish Football remains extremely challenging and whilst season 2020/21 was able to re-commence in line with the anticipated timeframe, the outlook still contains a high degree of uncertainty. European qualification started in mid-August, around four weeks later than usual, and despite the challenges of one legged qualifiers we reached the UEL Group stages of European competition.

Using the year ended 30 June 2019 as a proxy year, ticket sales as a proportion of total income represents c 43% of the Club's revenue. At the time of writing, there is still no confirmation as to when spectators will be allowed to enter the stadium to watch football. This puts strain on what is already a financially challenging domestic environment. It is extremely encouraging to note however that season tickets for season 2020/21 are sold out despite this uncertainty around when the fans are able to return to the stadium.

Despite the challenging commercial environment brought about by Covid-19, we continue to pursue new revenue streams and commercial opportunities. Careful cost management will also be a key feature of the year ahead in order to mitigate against the lost ticketing revenue. Player trading will also remain a core strategic objective. We will seek to strike a balance between retaining footballing dominance coupled with realising value when appropriate in order to meet wider objectives. The Club has a strong track record in creating player trading gains beyond balance sheet values in respect of player disposals.

The summer 2020 transfer window was anomalous in the sense that it closed on 5th October 2020, around five weeks later than ordinarily would be the case. A number of permanent signings and loan signings were acquired by the Group during this window. The first team secured participation in the UEL group stages competing against AC Milan, Lille and Sparta Prague.

The biggest on-going challenges for the year ahead and potentially beyond is the potential value destruction associated with Covid-19, the balancing of increasing salary and transfer costs with achieving football success with its consequent impact on financial results. It is unclear at this stage the extent to which the global impact Covid-19 has had on the football industry will influence transfer fees and player salaries. It may be the case that values become depressed and/ or that there is a decrease in the volume of transactions as clubs seek to preserve cash and retain squads.
We look forward to the remainder of the season with cautious optimism as we balance our confidence in the quality of our squad against the inherent unpredictability we face along with many other businesses.

STAKEHOLDER ENGAGEMENT

During the year, the Directors confirm they have acted in good faith in a way that promotes the success of Celtic plc for the benefit of its members as a whole, and in doing so have had regard to the stakeholders and key matters set out in Section 172 of the Companies Act 2006. The Company's Company Secretary and in-house legal personnel provide support to the Board to ensure sufficient consideration is given to s172(1)(a)-(f).

The Board considers that the Company's key stakeholders are its shareholders, employees, supporters, suppliers, governing bodies, wider football environment and its key commercial partners. The Directors recognise that they are expected to take into account the interests of those stakeholders whilst prioritising the long term success of the Company. This can mean that the interests of certain stakeholder groups in the short-term may need to be balanced against such long term success.

The Board has identified the key stakeholders and principal methods of engagement as shown in the below. The level of engagement informs the Board, both in relation to stakeholder concerns and the likely impact on decisions taken by the Board.

Stakeholder Group	Principal Methods of Engagement
Shareholders	The Company is owned by Celtic plc, a listed company, and being the main trading entity within the Group, its performance and the decisions made for the Company impact directly on the shareholders of Celtic plc and therefore the reference to communication and engagement with shareholders is relevant for the Company. The publication of the Group annual report, interim statements and periodic trading updates throughout the year facilitates and promotes shareholder engagement. In addition, the Group's Annual General Meeting ('AGM') is recognised as being well attended and this gives all shareholders of Celtic plc, many of whom are supporters of the Club, the opportunity to engage directly with the Board on a wide variety of matters. The Board views the AGM as a key event in the calendar in terms of shareholder engagement and particularly in relation to those with smaller shareholdings, many of whom use this opportunity to raise specific queries to the Board which will often result in follow up action in order to find a resolution on these issues. Throughout the year the Board also maintains very regular one to one dialogue with major shareholders and takes into consideration their views on a wide variety of matters. In addition, the Group's largest shareholder occupies a seat on the Board and is an active participant on key decisions.
Employees	Celtic's primary business is that of a football club which is run on a professional basis. We strive for excellence on and off the field in everything we do. The Club also recognises its wider role and its responsibility as a major Scottish social institution promoting health, well-being and social integration. This culture and the promotion of these values underpins the behaviours we expect from all our employees and we seek to promote these values across the entire organisation.

	Celtic Pride was formed a number of years ago and serves as a conduit between employees and the Directors. It is chaired by our Human Resources team and has all departments represented. The objective of Celtic Pride is to promote the values of the Club and capture views and take recommendations and proposals to the executive on matters that are important to employees. Celtic Pride ordinarily meets monthly and also hosts quarterly staff wide meetings whereby information is disseminated around various aspects of the business. These meetings also act as a forum for active discussions and are attended by the executive Directors and members of the senior executive team. This forum has proven to be highly effective in delivering on its objectives. In addition, all Celtic plc Board documents contain a dedicated Human Resource report whereby all significant employee matters are brought to the attention of the Board and are actively discussed at Board meetings with follow up actions taken as appropriate.
Supporters	Celtic benefits from a highly engaged supporter base and the emotional attachment held by our supporters and commitment they consistently show cannot be underestimated. This is one of Celtic's greatest assets. The Board fully recognises the unique position the Club finds itself in this regard when compared to other businesses. The attachment of our supporters brings with it a great deal of interest across many aspects of the Club and this gives Celtic both the opportunity and impetus to engage with our supporters. Celtic does this through many channels and we have invested over the years in dedicated public relations resource to communicate key events and developments around the Club through traditional media and various digital media channels. In return we receive a high level of supporter feedback which we take on board and action where appropriate. The Club also maintains regular day-to-day dialogue via our Supporter Liaison Office and Disability Access Officer. Further details of these roles are contained above in this Strategic Report. A shareholder resolution was passed at our 2016 AGM with the aim of constituting a supporter forum with the objective of convening three meetings each year with a cross section of the supporter base. This is attended by the at least one Board member and is chaired by a non-executive Board member. This has proven to be a highly effective channel of communication between the supporters and the board and has resulted in the implementation of a number of actions. A report of the meetings is also tabled at the AGM each year. Further details of the supporter forum including the minutes for all meetings held are contained on our website at www.celticfc.net.
Commercial partners	The Company has a number of key commercial and sponsorship partners who the Club works alongside to promote their brands using the global reach of Celtic. Each partner has a dedicated member of our commercial team who maintains regular dialogue with them and fosters and builds on our relationships many of which are long term in nature. The head of the commercial team reports directly into the Company CEO who in turn provides the Board an update on the status of relationships and major developments concerning our key partners.
Governing bodies & wider	As a professional football club Celtic is subject to the governing bodies in respect of the competitions it competes in each season and this includes the SPFL, the SFA and UEFA. Engagement with these bodies is both crucial for the efficient and

football environment	effective operation of the business and also to promote and enhance the game of football. The CEO, Financial Director and other members of the executive team represent the club on various governing body groups covering the domestic and European competitions the Club participates in. In particular, the CEO is a member of the Board of the European Club Association and a member of the Club Competition Committee and Professional Football Strategy Council of UEFA. In addition, in July 2020 he was elected to the Board of the SPFL. The Financial Director is also a member of the European Club Association Finance Working Group. During the year, the Club's executive team participated in regular meetings, committees and boards to discuss and contribute ideas surrounding the various challenges facing the game with a view to promoting the long terms success of football. This was particularly relevant given the impact Covid-19 had on the industry and being at the forefront of these discussions enabled the Club to best position itself for the challenges ahead.
Suppliers and key partners	The Company is reliant on a number of key suppliers and key partners including player representatives, the emergency services, the local authority, software partners and landlords for our leased retail properties. Open and honest engagement and relationships with our suppliers and subcontractors is critical to the success of our business. The Group has a number of partners that we engage with to support our business in a number of key areas including the management of key football personnel, software, our landlords on leased property, the emergency services and local authority in order to operate major events in a safe and compliant fashion. The Company also bi-annually participates and records all relevant data with respect to supplier payment practices reporting. The statistics and reports lodged demonstrates that the Group follows good business conduct with regard to paying its suppliers in a prompt fashion. Additionally, there is a clearly defined process in place to resolve any disputes. Our employees interact with our strategic partners and all other suppliers on a regular basis to strengthen trading relationships and to ensure that the supply chain function continues to operate well to support the business. This is also vitally important for public safety reasons and operations meetings take place with the police and relevant safety bodies in advance of all matches.
Environment and wider community	The Company is cognisant of its carbon footprint and in response to this switched its electricity contracts to a supply derived entirely from renewable wind sources during the year ended 30 June 2020. The Group also commissioned a Phase 2 Energy Savings Opportunity Scheme ('ESOS') report and assessed and implemented a number of recommendations around its energy usage. This follows on from a previous decision to install energy efficient LED floodlights which represented a significant capital spend. Celtic FC Foundation is a separate organisation set up for charitable purposes with its own independent board. Recognising its success in part depends on the generosity of many Celtic supporters, the Club provides Celtic FC Foundation with as much support as is required to assist it to fulfil its objectives. More details of the work done can be found at http://charity.celticfc.net

The Directors of the Company were involved seven Group board meetings in the year to address and meet its obligations under Section 172 of the Companies Act 2006. The following table covers the key decisions made during the year and the stakeholder group(s) impacted by these decisions.

Key Event/ Decision	Actions and Impact	Key Stakeholder Group's Impacted
New Commercial Partner	During the financial year the Club entered into a new five-year technical kit contract with Adidas which commenced on 1 July 2020. This replaced a similar agreement with New Balance that came to a natural conclusion on 30 June 2020. This was concluded after a market review conducted by our commercial team which was followed by a range of new partner proposals put to the Board for consideration. After discussion a decision was made based on the commercial merits to enter into the agreement with Adidas. The key considerations were the extent to which the agreement would enhance earnings and hence shareholder value and how our supporters would react to the brand association. Following the ensuing media announcement, the supporter reaction was, as expected, extremely positive. The initial release of the new products was delayed from May 2020 to August 2020 owing to Covid-19 but the positive sentiment translated into exceptional sales volumes. This in turn has translated into strong earnings which has a positive impact on shareholder value. The reaction in commercial terms validated the decision taken by the Board.	Supporters, Suppliers
Club Response to Covid-19 regarding employees	Following the suspension of football by the SFA in March 2020 and ultimate curtailment of season 2019/20 the Board recognised that in common with many businesses that this would have an impact on the financial performance of the Group and would result in severe operational disruption. Shortly after lockdown was imposed in the UK, a collective voluntary decision was made by the executive Directors, first team manager, players, non-executive Directors, executive team, and backroom staff, including academy and football operations executives, to take a significant reduction in salaries and make deferrals of a significant proportion of their earnings for the remainder of the financial year, to ensure the rights and interests of all colleagues were safeguarded. The Group also accessed a range of the Government support measures made available to business including the Job Retention Scheme, which made available a grant up to 80% of employee wages subject to an upper limit of £2,500. A decision was made at the beginning to 'top up' and fund the remainder of all employee earnings over and above the Government's upper limit. This was immediately communicated to employees in order to ease their concerns in what was an uncertain time. This action was taken in order that employee salaries were paid in full so to protect our	Employees

	employees as much as possible from being financially disadvantaged from the issues Covid-19 inflicted on the business. The Board believes that this action was the right thing to do for our employees, but also in order to motivate and retain them over the long term, which in turn would create longer term shareholder value.	
Curtailment of season 19/20	In May 2020 the SPFL Board introduced a shareholder resolution to all member clubs which, in summary terms, requested that the member clubs grant the SPFL Board the power to formally curtail season 2019/20 and declare the league champion based on an average point basis, should it determine at any point that it was unlikely that the season could be completed in full. The Club considered a number of factors including the current Covid-19 environment: the financial challenges faced by other clubs; the fact that there was at the time no proposed timetable to resume competitive football; and the risk of season 2019/20 stretching beyond the proposed start of season 2020/21, which could have threatened the new single broadcaster media rights deal with Sky Television. Discussions with our supporter groups, key shareholders and commercial partners indicated that it was their preference that the Club voted in favour of the resolution. It was decided that the voting in favour of the resolution would bring the required certainty to a challenging situation and it was in the best long-term interest of Scottish Football. The resolution was overwhelmingly passed by the SPFL member clubs and on 18 May 2020, Celtic were declared champions.	Shareholders supporters commercial partners

BY ORDER OF THE BOARD

Michael Nicholson
Secretary
14 December 2020

CELTIC F.C. LIMITED
DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company together with the financial statements and auditor's report, for the year ended 30 June 2020.

RESULTS

The profit for the financial year after tax was £0.2m (2019: £8.6m) and the Directors recommend that no dividend will be paid.

DIRECTORS

The Directors during the year ended 30 June 2020 were as follows:
C McKay
P T Lawwell

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Strategic Report sets out the Business Review (page 5) and Current Trading and Outlook (page 10).

FINANCIAL INSTRUMENTS

The principal risks arising from the Company's financial instruments are market risk, credit risk and liquidity risks. The majority of the volume of transactions undertaken in the year are in Sterling; however a small number of high value transactions related to UEFA payments are denominated in Euro and the Company is therefore exposed to foreign exchange risk for these transactions. Where appropriate, the Company may hedge its position utilising forward contracts. There were no forward contracts in place at the year end.

EMPLOYEE COMMUNICATIONS

Colleagues at all levels are kept informed regularly of matters that affect the progress of the Company that may be of interest. Press and media announcements are circulated throughout the business. Members of senior management also meet formally with employee representatives nominated by relevant business units to consult on business development, safety and operational matters. The Company operates a detailed annual appraisal system for all regular employees. This provides the opportunity for feedback and comment. An annual bonus scheme is operated in conjunction with the appraisal system.

EMPLOYMENT POLICIES

The Company is an equal opportunity employer and committed to positive policies in recruitment, training and career development for all colleagues (and potential colleagues) regardless of marital status, age, religion, colour, race, ethnic origin or disability. A registration is maintained with Disclosure Scotland.

Full consideration is given to applications for employment by disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing colleagues become disabled it is the Group's policy, where practical, to provide continuing employment under similar terms and conditions and to provide training and career development. The Department for Work and Pensions has recognised the Club as a "Disability Confident" employer. Investors in People status continues, following the Club's re-accreditation in 2020, which resulted in the Club securing a Gold award for the first time and the Club's Youth Academy retaining its Gold award for the Investors in Young People accreditation for the third year in a row. The Group also participates through the fully accredited "Tommy's Pregnancy at Work Scheme".

SOCIAL RESPONSIBILITY

The Company is proud of its charitable origins and operates policies designed to encourage social inclusion.

Waste paper and materials are recycled where possible and efforts are being made to reduce paper use and natural resources consumption through the use of more efficient printers, improved system controls and monitoring.

The Club's polices on Ethical trading and Modern Slavery & Human Trafficking can be found on the Club's website.

GREENHOUSE GAS EMISSIONS REPORTING

The Company seeks to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas ('GHG') emissions. Key sources of energy, primarily electricity and gas utilised in running a football stadium, are monitored by the Company to allow us to be continually mindful of our energy consumption.

HEALTH AND SAFETY

The Company operate strict health and safety regulations and policies. The requirements of the Green Guide on Safety at Sports Grounds (6th Edition) are adhered to, and the Club obtains its Safety Certificate each year from Glasgow City Council only after rigorous testing and review. Celtic seeks to achieve consistent compliance at all levels with the Health and Safety at Work etc Act 1974 and associated regulations.

Senior executives meet regularly with employee representatives under the auspices of a Health and Safety Steering Group and with an independent external expert. The Steering Group is charged with day-to-day monitoring of health and safety and working practices and the creation and implementation of risk assessments throughout the business. Training is provided throughout the year on health and safety issues. Accident statistics are collated and reported at management, executive and Board meetings.

INFORMATION SUPPLIED TO THE 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's auditor is unaware, and
- each Director has 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.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The future performance and sustainability of the Company is inextricably linked to the performance of the Group as whole with key areas such as player registrations and trading, ownership and purchasing of property plant and equipment, and bank funding controlled through the parent company.

As part of the Directors' consideration of the going concern assumption used in preparing the Company Financial Statements, different scenarios have been analysed for a minimum period of 12 months from the date of approval with outlook assumptions used beyond this time frame. The main factors considered were:

- Current financial stability of the Celtic plc group and on-going access to funds;
- Continuing restrictions on trading conditions as a result of Covid-19, primarily the attendance of fans in football stadia;
- Security of revenue streams;
- First team football performance and success; and
- Player transfer market conditions.

The Directors have adopted a prudent approach in the assumptions used in relation to the above, in order to provide additional comfort around the viability of the Group, and therefore the Company, going forward.

At 30 June 2020 the Company had net current assets of £15.5m and net assets of £15.7m, including a cash position of £5.6m. The Group structure is such that funding is essentially shared across the Company and parent company and therefore, the cash net of bank borrowings position for the Group of £18.2m and the net receivables position with respect to player trading at June provides a strong financial base over the short to medium term. At the time of writing the Company has secured season ticket revenues for the financial year ended 30 June 2021, retail outlets are fully operational and performing strongly as a result of the new partnership with Adidas, participation in the Europa League group stages has been secured guaranteeing a minimum level of income, and there is clear visibility over committed labour costs and transfer outgoings.

The Company has established contracts with a number of commercial partners and suppliers providing assurance over future revenues and costs. In addition, Celtic plc has, in recent years, achieved significant gains in relation to player trading and manages the movement of players in and out of the team strategically to ensure maximisation of value where required while maintaining a squad of appropriate quality to ensure, as far as possible, continued on field success. The financial gains achieved in this area directly affect the on-going financial sustainability of the Company.

The added complexity in forecasting which has been brought on by Covid-19 primarily relates to the attendance of football fans in stadia, however as noted above our assumptions on this matter are considered to be appropriately prudent and do not consider there to be a significant risk in the medium term.

Subsequent to the end of the financial year, the Group agreed an amended and restated £13m RCF with the Co-operative Bank which remains undrawn. This provides additional access to funds in the short to medium term should these be required. The current cash flow forecasts over the period of the going concern review do not show a requirement to utilise this facility. Again, this gives the Company access to funding over the medium term, should it be required.

The Group continues to perform a detailed budgeting process each year which looks ahead four years from the current financial year, and is reviewed and approved by the Board. The Group also re-forecasts each month and this is distributed to the Board. As a consequence, and in conjunction with the additional forecasting and sensitivity analysis which has taken place, the Directors believe that the Company, with the support of the parent company as required, is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

In consideration of all of the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

BY ORDER OF THE BOARD

Michael Nicholson
Secretary
14 December 2020

CELTIC F.C. LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the strategic report, 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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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; and
- 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

Opinion

We have audited the financial statements of Celtic F.C. Limited ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow, UK
14 December 2020

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

CELTIC F.C. LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
Revenue	**3**	**70,233**	83,374
Cost of sales		**(8,569)**	(10,419)
Gross Profit		**61,664**	72,955
Administrative expenses		**(63,120)**	(62,622)
Other operating income		**1,491**	350
Profit from operations	**4**	**35**	10,683
Interest receivable	**9**	**10**	10
Interest payable	**9**	**(39)**	(2)
Profit on ordinary activities before taxation		**6**	10,691
Tax on ordinary activities	**10**	**197**	(2,053)
Profit and total comprehensive income for the year		**203**	8,638

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

The notes on pages 27-47 form part of these financial statements.

CELTIC F.C. LIMITED
Registered Number: SC223604
BALANCE SHEET
AT 30 JUNE 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Right of use assets	11	1,130	-
Investments	12	-	-
		1,130	-
Current assets			
Stocks	13	1,270	2,643
Debtors	14	39,841	42,957
Deferred tax asset	15	335	188
Cash at bank and in hand		5,565	1,667
		47,011	47,455
Creditors - amounts falling due within one year	16	(9,622)	(5,864)
Lease liabilities	20	(604)	-
Income deferred less than one year	17	(21,275)	(25,615)
		(31,501)	(31,479)
Net current assets		15,510	15,976
Total assets less current liabilities		16,640	15,976
Creditors – amounts falling due after more than one year			
Provisions	18	(272)	(420)
Income deferred more than one year	19	(29)	(57)
Lease liabilities	20	(637)	-
Net assets		15,702	15,499
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account		15,702	15,499
Shareholders' surplus		15,702	15,499

The notes on pages 27-47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 14 December 2020.

__________ Director   __________ Director

P T Lawwell   C McKay

CELTIC F.C. LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £000	Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 2018	**-**	**6,861**	**6,861**
Profit and total comprehensive income for the year	-	8,638	8,638
Equity shareholders' funds as at 30 June 2019	**-**	**15,499**	**15,499**
Profit and total comprehensive income for the year	-	203	203
Equity shareholders' funds as at 30 June 2020	**-**	**15,702**	**15,702**

The notes on pages 27-47 form part of these financial statements.

1 BASIS OF PREPARATION

Company information
Celtic F.C. Limited is a private company limited by shares and registered in Scotland, UK, registration number SC223604. The registered office is Celtic Park, Glasgow, G40 3RE.

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

Basis of preparation
The Company has followed IFRSs as adopted by the European Union (EU) for recognition, measurement and disclosures, other than for the reduced disclosures allowed by Financial Reporting Standard 101 (FRS101) *'Reduced Disclosure Framework'* described below.

The financial statements have been prepared under the historical cost basis and in accordance to the Companies Act 2006. The functional and presentation currency used is Sterling and amounts have been rounded to the nearest thousands ("£'000s").

Disclosure exemptions adopted
The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS101) Reduced Disclosure Framework issued by the Financial Reporting Council.

FRS101 allows the Company to take advantage of disclosure exemptions available under that standard including the following:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value measurement: Paragraphs 91 to 99
- IFRS 15 Revenue from Contracts with Customers: Paragraphs 113(a), 114, 115,118, 119(a) to (c), 120 to 127 and 129. Second sentence of paragraph 110
- IAS 1 Presentation of Financial Statements: Paragraph 38 to present comparative information for IAS 1 paragraph 79(a)(iv), IAS 16 paragraph 73(e), IAS 38 paragraph 118(e), IAS 40 paragraphs 76 and 79(d) and IAS 41 paragraph 50. Paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136.
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Paragraph 30 and 31
- IAS 24 Related Party Disclosures: Paragraph 17 and 18A and
- IAS 36 Impairment of Assets: Paragraphs 130(f)(ii) and (iii), 134(d) to 134 (f), 135(c) and 135 (e)

The financial statements of Celtic plc can be obtained as described in note 23.

Exemption from consolidation
The financial statements contain information about Celtic F.C. Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred under Section 400 of the Companies Act 2006 not to produce consolidated financial statements. Accordingly the information presented within these financial statements concerns the Company only and does not include the results of its subsidiaries.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The future performance and sustainability of the Company is inextricably linked to the performance of the Group as whole with key areas such as player registrations and trading, ownership and purchasing of property plant and equipment, and bank funding controlled through the parent company.

As part of the Directors' consideration of the going concern assumption used in preparing the Company Financial Statements, different scenarios have been analysed for a minimum period of 12 months from the date of approval with outlook assumptions used beyond this time frame. The main factors considered were:

- Current financial stability of the Celtic plc group and on-going access to funds;
- Continuing restrictions on trading conditions as a result of Covid-19, primarily the attendance of fans in football stadia;
- Security of revenue streams;
- First team football performance and success; and
- Player transfer market conditions.

The Directors have adopted a prudent approach in the assumptions used in relation to the above, in order to provide additional comfort around the viability of the Group, and therefore the Company, going forward.

At 30 June 2020 the Company had net current assets of £15.5m and net assets of £15.7m, including a cash position of £5.6m. The cash net of bank borrowings position for the Group was £18.2m. In addition, the Group had a net receivables position with respect to player trading payables/receivables. This provided a strong financial base over the short to medium term. At the time of writing the Company has secured season ticket revenues for the financial year ended 30 June 2021, retail outlets are fully operational and performing strongly as a result of the new partnership with Adidas, participation in the Europa League group stages has been secured guaranteeing a minimum level of income, and there is clear visibility over committed labour costs and transfer outgoings.

The Company has established contracts with a number of commercial partners and suppliers providing assurance over future revenues and costs. In addition, Celtic plc has, in recent years, achieved significant gains in relation to player trading and manages the movement of players in and out of the team strategically to ensure maximisation of value where required while maintaining a squad of appropriate quality to ensure, as far as possible, continued on field success. The financial gains achieved in this area directly affect the on-going financial sustainability of the Company.

The added complexity in forecasting which has been brought on by Covid-19 primarily relates to the attendance of football fans in stadia, however as noted above our assumptions on this matter are considered to be appropriately prudent and do not consider there to be a significant risk in the medium term.

Subsequent to the end of the financial year, the Group agreed an amended and restated £13m RCF with the Co-operative Bank which remains undrawn. This provides additional access to funds in the short to medium term should these be required. The current cash flow forecasts over the period of the going concern review do not show a requirement to utilise this facility. Again, this gives the Company access to funding over the medium term, should it be required.

The Group continues to perform a detailed budgeting process each year which looks ahead four years from the current financial year, and is reviewed and approved by the Board. The Group also re-forecasts each month and this is distributed to the Board. As a consequence, and in conjunction with the additional forecasting and sensitivity analysis which has taken place, the Directors believe that the Company, with the support of the parent company, is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

In consideration of all of the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Adoption of new and revised standards

New and amended IFRS Standards that are effective for the current year

IFRS 16 *Leases*

IFRS 16 become effective for accounting periods beginning on or after 1 January 2019. The Company has therefore applied the standard for the first time for the year ended 30 June 2020 using the modified retrospective transitional approach, whereby comparative numbers are not restated. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 July 2019.

On adoption of IFRS 16, the Company has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities at 1 July 2019 was 3.82%.

The Company had no finance leases in place as at 1 July 2019 and 30 June 2020.

The Company has taken advantage of the following practical expedients upon transition:

- A single discount rate to be applied to a portfolio of leases with reasonably similar characteristics, being 3.82%;
- Reliance on its assessment of whether a lease is onerous by applying IAS 37 immediately before the date of initial application;
- Exclusion of leases whose term ends within 12 months of the date of initial application; and
- Exclude initial direct costs from the right of use assets at the date of initial application.

Accounting approach
From 1 July 2019, leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The lease payments are discounted using the Company's incremental borrowing rate as noted above.

Right-of-use assets are measured at cost comprising the following:

- the committed lease payments due from date of recognition to the end of the lease term;
- any other committed payments in relation to the leases including service charges and dilapidation commitments; and
- an applied discount factor on the above commitments equal to the Company's cost of borrowing as noted above;

On the adoption of IFRS 16 the Company recognised the right-of-use assets and lease liabilities. This table shows the measurement methods adopted on transition:

Classification under IAS 17	Right-of-use assets	Lease liabilities
Operating leases that do not meet the definition of investment property in IAS 40	Right-of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.	Measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 July 2019. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 3.82%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 July 2019:

	Adjustments	As originally presented	IFRS16	1 July 2019
		£000	£000	£000
Assets				
Right of use assets (cost)	(a)	-	1,704	1,704
Impairment of right of use asset	(b)	-	(486)	(486)
Liabilities				
Onerous lease provision	(b)	486	(486)	-
Lease liabilities	(c)	-	1,704	1,704
Equity				
Retained earnings		-	-	-

(a) The right of use assets adjustment reflect those items previously classified as operating leases.

(b) An onerous lease provision existed at 30 June 2019 relating to 2 retail units. As at 1 July 2019 this was recorded as an impairment against the related assets in line with the practical expedient available under the modified retrospective approach. Note that during the year, a re-assessment of one of the properties resulted in this impairment being reversed and released to the statement of comprehensive income.

(c) The following table reconciles the minimum lease commitments disclosed in the Company's financial statements for the year end 30 June 2019, to the amount of lease liabilities recognised on 1 July 2019:

	£000
Minimum operating lease commitment at 30 June 2019	**1,545**
Less: short term leases not recognised under IFRS16	**(45)**
Use of practical expedient regarding lease extensions	**380**
Undiscounted lease payments	**1,880**
Less: effect of discounting using 3.82% as at the date of initial application	**(176)**
Lease liabilities for leases classified as operating type under IAS17	**1,704**

The net impact on retained earnings on 1 July 2019 was £nil.

As noted above the Company had no finance leases in place as at 1 July 2019 and therefore no reclassifications took place on transition.

Other considerations

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

One retail property lease contains variable payment terms that are linked to sales generated from the store. The initial measurement of the lease payment terms are based on the minimum guaranteed payments which are in-substance fixed payments. The variability in lease terms based on sales levels over a certain amount will be recognised in the profit or loss when such conditions are triggered. As such, any decrease in sales would not affect the lease liability. The variable element of this lease is not considered material to the financial statements.

(ii) Extension and termination options

Extension and termination options are included in a number of the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In all leases recognised as at 31 December 2019, the lease end date has been taken as the first available termination date per the lease agreements.

(iii) Leases not recognised under IFRS16

Short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. There is therefore no change in the treatment of these within the consolidated statement of comprehensive income.

Adoption of standards not yet effective
At the date of authorisation of these Financial Statements, the following Standards which have not been applied in these Financial Statements were in issue but not yet effective:

International Accounting Standards	Effective date for periods commencing
IFRS 3: Business combinations: Definition of a Business	01-January-2020
IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark reform	01-January-2020
References to the Conceptual Framework in IFRS standard	01-January-2020

The above standards and interpretations will be adopted in accordance with their effective date and are not anticipated to have a material impact on the Financial Statements.

2 ACCOUNTING POLICIES

(a) Revenue

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 arise from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic FC Development Fund Limited, UEFA participation fees and revenues derived from the hiring of Celtic Park for football and non-football events. All such revenues are recognised in line with the completion of the matches or events to which they relate as the performance obligation associated with the ticket/ package is satisfied with the right to attend the matches or events.

Merchandising revenue includes the revenues from Celtic's retail partners and outlets including e-commerce, wholesale revenues and other royalty revenues derived from the exploitation of the Celtic brand and is recognised when goods or services have been delivered to our customers. These revenue streams include revenues earned from the Company's kit manufacturer (as noted above) and outlets including e-commerce and wholesale revenues.

Multimedia and Other Commercial Activities revenues are generated through the sale of television rights, sponsorship revenues and joint marketing and partnership initiatives. The following revenue forms part of Multimedia and Other Commercial Activities.

Media rights revenues, which also include an element of centrally negotiated sponsorship, are recognised either on a match-by-match basis in a specific competition or evenly over the course of a football campaign. Where there is a clear performance obligation of competing in a specified number of matches in a specific competition where all matches are broadcast live (e.g. SPFL, domestic cups, UCL or UEL), the revenues are recognised in line with these matches being completed. Final distributions from such competitions may include elements of variable consideration, however, an estimate of such revenues cannot be used as a basis for revenue recognition once the performance obligation has been completed because, until notification has been received from the relevant body, it cannot be said that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sponsorship revenues are recognised based on the nature of the sponsorship such that kit and shirt sponsorship revenue, 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.

Each of the contracts has a number of identifiable performance obligations, which include but are not limited to, branding on Club merchandise, provision of matchday hospitality, social media activity and, in the case of kit manufacture, the ability to sell Club merchandise. The primary value within sponsorship contracts is the brand exposure which is experienced by the sponsor. This exposure can take place at various times and locations and is not limited purely to the exposure on a matchday. With regards to the kit manufacture partnership, the performance obligations are also performed throughout the term of the agreement with both parties gaining from the economic benefits of the partnership.

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

(b) Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised on the Balance Sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

After initial recognition, the Company values financial instruments using the income approach. The income approach converts future cash flows to a single current amount. Such measurement reflects current market expectations using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating cash flows over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Cash flows are then recognised on an effective interest basis over the life of the asset or liability.

(i) Financial assets

All purchases of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost

For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 9).

Cash and cash equivalents: Cash and cash equivalents include cash in hand, deposits held at call or on deposit with banks, other short-term highly liquid investments with original maturities of three months or less from inception.

Trade receivables: Trade receivables are stated at their amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. They are recognised on the trade date of the related transactions.

Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost (see above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL in full for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

Write-off policy
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

ii) Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in Note 9 in profit or loss.

Financial liabilities measured subsequently at FVTPL
Foreign Exchange Forward Contracts: Foreign Exchange Forward Contracts are recognised at fair value. They are held for trading with any subsequent gains or losses on changes in fair value recognised in the profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not held-for-trading are measured subsequently at amortised cost using the effective interest method.

Interest bearing borrowings: Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis.

Trade payables: Trade payables are stated at their amortised cost. Interest expenses are recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial. They are recognised on the trade date of the related transactions.

(c) Leasing obligations

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessee
Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

IFRS 16 was adopted as at 1 July 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 July 2019, see Note 2. The following policies apply subsequent to the date of initial application.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case an estimate of the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Right of use assets are initially measured at the amount of the lease liability, reduced for any impairments for loss making rental properties previously recognised in onerous lease provisions.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual

Prior to the implementation of IFRS16, rentals payable under operating leases were charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

A dilapidations provision is recognised where there is reasonable evidence to suggest that costs will be incurred in bringing leasehold properties to a satisfactory condition on completion of the lease. The dilapidations provision is calculated based on the discounted cash flows at the end of each applicable lease contract.

(d) Inventories

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

(e) Pension costs

The Company operates defined contribution schemes providing benefits for employees additional to those from the state. The pension cost charge includes contributions payable by the Company to the funds in respect of the year and also payments made to the personal pension plans of certain employees.

(f) Foreign exchange

The individual Financial Statements of the Company are presented in the currency of the primary economic environment in which it operates (GBP). For the purpose of the Financial Statements, the results and financial position of the Company are expressed in GBP (£), which is the functional currency of the Company, and the presentation currency for the Financial Statements.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary items denominated in foreign currency are translated at the date of the transaction.

Any resulting exchange gain or loss is dealt with in the Statement of Comprehensive Income in the period in which they arise.

(g) Taxation

Current taxation
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

(h) Provisions

Provisions are recognised when a present obligation (legal or constructive) as a result of a past event exists at the Balance Sheet date and it is probable that a settlement of that obligation will be paid and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimates required to settle that obligation, at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where appropriate, management take independent expert advice to determine the quantum and expected timing associated with settling provisions.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Critical accounting estimates and judgements

The areas where management consider the more complex estimates, judgements and assumptions are required are those in respect of:

(i) **Provisions**
Management judgement is used to determine whether a contract is onerous and, if so, the amount of provision required. This is assessed by comparing the future cost of contractual obligations against the projected income or economic benefit for the item in question using future forecasts. Judgement is required to assess the projected income or economic benefits achievable and in determining that no future changes in circumstances will result in a reversal of the provision as has been the case this year. This can occur where settlement agreements take place or economic value is generated from the intangible asset. This is assessed on a case by case basis.

(ii) **Revenue**
In respect of revenue where there is an element of variable consideration or potential uncertainty over the performance obligations being fulfilled, management will determine the value to be recognised on the best information available. For changes to contracts or arrangements as a result of Covid-19 and the curtailment of the SPFL season, management have recognised revenue based on the best information available at the balance sheet date to ensure there is no significant reversal of revenue in future periods. For areas of variable consideration, in the case of centrally distributed rights revenues, the Group does not make estimates and instead relies on confirmation of revenues from third parties during the year before these are recognised to ensure there is no significant reversal of revenue in future periods.

(j) Contingent liabilities

Contingent liabilities are not recognised in the Balance Sheet on the basis they are either;

(i) possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits; or

(ii) present obligations that do not meet the recognition criteria in accordance with IAS 37 (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

3 REVENUE

Revenue by category

	2020	2019
	£000	£000
Football and stadium operations	**35,797**	43,216
Merchandising	**15,042**	18,076
Multimedia and other commercial activities	**19,394**	22,082
	70,233	83,374

4 OPERATING PROFIT

Administrative expenses include the following charges:

	2020 £000	2019 £000
Staff costs (Note 6)	**50,801**	50,550
Depreciation of right of use assets (Note 11)	**625**	1,570
Cost of stock recognised as expense	**8,569**	10,419
Auditor's remuneration (Note 5)	**15**	15
Forex losses	**13**	64

Other operating income is represented by:

Other income	**-**	350
Government grant income	**1,491**	-
	1,491	350

5 AUDITOR'S REMUNERATION

	2020 £000	2019 £000
Auditor's remuneration: audit fees	**15**	15

The Company, being a subsidiary, has taken exemption from disclosing non-audit remuneration payable as the required disclosure is made within the parent company statutory financial statements.

6 STAFF COSTS

	2020 £000	2019 £000
Wages and salaries	**45,120**	44,660
Social security costs	**5,054**	5,436
Other pension costs	**627**	454
	50,801	50,550

Employee Numbers	2020 Numbers	2019 Numbers
Players and football administration staff	**79**	79
Administration and retail staff	**829**	844
Average number of employees during the year:	**908**	923

7 DIRECTORS' EMOLUMENTS

There were £nil Directors' emoluments during the year (2019: £nil). Details of Directors' emoluments in the parent company are included in the Annual Report of Celtic plc.

8 PENSION COSTS

The Company pension arrangements are operated through a defined contribution money purchase scheme. The assets of the pension scheme are held separately from those of the Company in an independently administered fund by The Standard Life Assurance Company.

8 PENSION COSTS (CONTINUED)

Contributions made by the Company to the scheme during the year amounted to £492,305 (2019: £444,621). Contributions of £52,547 (2019: £4,331) were payable to the fund at the year-end.

In addition to this, the Company also contributed to the personal pension plans of certain employees.

9 FINANCE INCOME AND FINANCE EXPENSE

	2020	2019
	£000	£000
Interest receivable on bank deposits	**10**	10
Notional interest payable on onerous contracts	-	2
Notional interest on leases	**39**	-

10 TAX ON ORDINARY ACTIVITIES

	2020	2019
	£000	£000
Current tax (credit)/expense	**(50)**	1,223
Deferred tax (credit)/expense		
Origination of temporary timing differences (Note 15)	**(143)**	827
Adjustments in respect of prior periods	**(4)**	3
Total deferred tax	**(147)**	830
Total tax (credit)/expense	**(197)**	2,053

	2020	2019
	£000	£000
Profit on ordinary activities before tax	**6**	10,691
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	**1**	2,031
Effects of:		
Expenses not deductible for tax purposes	**6**	284
Income not taxable for tax purposes	**(193)**	(214)
Group relief	**43**	-
Adjustments in respect of prior periods (current tax)	**(50)**	16
Adjustments in respect of prior periods (deferred tax)	**(4)**	3
Utilisation of previously unrecognised deferred tax assets	**-**	(67)
Total tax (credit)/expense	**(197)**	2,053

11 RIGHT OF USE ASSETS

	Land and Buildings £000	Plant and Vehicles £000	Total £000
Cost			
At 1 July 2019	1,042	176	**1,218**
Additions	462	-	**462**
Impairment reversal	75	-	**75**
At 30 June 2020	**1,579**	**176**	**1,755**
Accumulated Depreciation			
At 1 July 2019	-	-	-
Charge for the year	484	141	**625**
At 30 June 2020	**484**	**141**	**625**
Net Book Value			
At 30 June 2020	**1,095**	**35**	**1,130**
At 30 June 2019	-	-	-

12 INVESTMENTS

At 30 June 2019 the Company had interests in the following subsidiaries:

Subsidiary Undertaking	Activity	Holding	Proportion held (%)	Country of Incorporation	Registered address	Year end date
Protectevent Limited	Dormant	Ordinary shares	100	Scotland	Celtic Park, Glasgow, G40 4RE	30 June
Glasgow Eastern Developments Limited	Dormant	Ordinary shares	100	Scotland	Celtic Park, Glasgow, G40 4RE	30 June
The Celtic Football and Athletic Company Limited	Dormant	Ordinary shares	100	Scotland	95 Kerrydale Street Glasgow, G40 3RE	30 June

The cost of these investments is £504 (2019: £504). This is split as follows; £2 in each of The Celtic Football and Athletic Company Ltd and Glasgow Eastern Development Ltd and £500 in Protectevent Ltd.

13 STOCKS

	2020 £000	2019 £000
Goods for resale	**1,220**	2,596
Consumable stock	**50**	47
	1,270	2,643

14 DEBTORS- amounts falling due within one year

	2020 £000	2019 £000
Trade debtors	**4,924**	6,389
Other debtors	**1,126**	539
Corporation Tax	**415**	65
Prepayments and accrued income	**1,075**	1,335
Amounts due from group companies	**32,301**	34,629
	39,841	42,957

15 DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 19%).

The movement on the deferred tax account is as shown below:

	2020 £000	2019 £000
At 1 July	**188**	1,018
Recognised in Statement of Comprehensive Income		
Origination of temporary timing differences	**143**	(827)
Adjustments in respect of prior periods	**4**	(3)
At 30 June	335	188

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered in the foreseeable future. A deferred tax asset of £nil (2019: £nil) has not been recognised as it is not considered probable, at this time, that there will be sufficient future taxable profits for this asset to be received against in the foreseeable future.

Details of the deferred tax asset and liability, amounts recognised in the Statement of Comprehensive Income are as follows:

	Asset 2020 £000	Liability 2020 £000	Net 2020 £000	Charged/(Credited) to Statement of Comprehensive Income 2020 £000
Short term temporary differences	335	-	335	(147)
Tax assets	335	-	335	(147)
Net tax assets	**335**	**-**	**335**	**(147)**

15 DEFERRED TAX (CONTINUED)

	Asset	Liability	Net	Charged/(Credited) to Statement of Comprehensive Income
	2019	**2019**	**2019**	**2019**
	£000	**£000**	**£000**	**£000**
Short term temporary differences	188	-	188	830
Tax assets	188	-	188	830
Net tax assets	**188**	**-**	**188**	**830**

16 CREDITORS - amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	**977**	1,994
Other taxation and social security	**1,376**	31
Other creditors	**2,845**	459
Accruals	**3,829**	2,506
Provisions for liabilities (note 18)	**26**	305
Due to group companies	**569**	569
	9,622	5,864

17 INCOME DEFERRED LESS THAN ONE YEAR

	2020	2019
	£000	£000
Deferred Income	**21,275**	25,615

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

18 PROVISIONS FOR LIABILITIES

	Onerous lease £000	Dilapidations £000	Other £000	Total £000
Cost				
At 1 July 2019	485	130	110	725
Provided for during the year	-	168	-	168
Released in the year	-	-	(110)	(110)
IFRS 16 – Practical expedient	(485)	-	-	(485)
Utilised during the year	-	-	-	-
At 30 June 2020	**-**	**298**	**-**	**298**
Due within one year or less	-	26	-	26
Due after more than one year	-	272	-	272
At 30 June 2020	**-**	**298**	**-**	**298**

Onerous Contracts
A provision is recognised where the unavoidable costs of meeting the obligations of certain retail lease agreements exceed the economic benefits expected to be received by the Company over the term of the contract.

Dilapidations
A provision is recognised where the Company has a contractual obligation in respect of restoration works required on conclusion of a lease agreement.

Other
A provision is recognised in respect of other commercial contracts where a legal obligation, which can be estimated reliably and which is expected to be payable in the foreseeable future, exists at the Balance Sheet date.

19 INCOME DEFERRED MORE THAN ONE YEAR

	2020 £000	2019 £000
Deferred income	**29**	57

20 LEASES

All leases are accounted for by recognising a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 July 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 July 2019, see Note 2.

Nature of leasing activities
The Company leases various retail units located in the UK and Ireland and includes high street stores and units within shopping centres. As at 1 July 2019 and 30 June 2020 there were 9 such leases in place with end dates ranging from September 2020 to July 2024. Some of the agreements have extension options as described below and the Company will consider whether to exercise these on individual basis, taking into account industry conditions at the relevant point in time, and determine whether to exercise the options under current terms, re-negotiate for more favourable conditions or terminate. The lease agreements currently in place do not impose any covenants and leased assets may not be used as security for borrowing purposes.

In addition the Company also leases a fleet of vehicles as well as some individual vehicles which cover the provision of contracted employee cars and general usage for Club activities. The end dates vary across the different categories of vehicles included.

The corresponding balances and movements for the year ended 30 June 2020 are as below.

Right of Use Assets

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2019	-	-	-
Initial recognition under IFRS16	1,528	176	1,704
Impairment of assets (practical expedient)	(486)	-	(486)
Additions	462	-	462
Impairment reversal	75	-	75
Depreciation	(484)	(141)	(625)
At 30 June 2020	**1,095**	**35**	**1,130**

Lease Liabilities

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2019	-	-	-
Initial recognition under IFRS16	1,528	176	1,704
Additions	295	-	295
Interest expense	33	6	39
Lease payments	(650)	(147)	(797)
At 30 June 2020	**1,206**	**35**	**1,241**
Lease liabilities < 1 year	580	24	604
Lease liabilities > 1 year	626	11	637
Total lease liabilities	**1,206**	**35**	**1,241**

20 LEASES (CONTINUED)

	Up to 3 months	Between 3 – 12 months	Between 1 – 2 years	Between 2 – 5 years	Over 5 years
	£000	£000	£000	£000	£000
Leases	151	452	539	99	-

21 SHARE CAPITAL

	Authorised	Allotted	Called Up & Fully Paid
Equity	£	£	£
Ordinary Shares of £1 each			
At 1 July 2019 & 30 June 2020	1,000	2	2

The ordinary shares carry rights of one vote per share.

22 CAPITAL AND OTHER FINANCIAL COMMITMENTS

Cross guarantees exist between the Company and other members of the Celtic plc group. The extent of these at 30 June 2020 was £3.8m (2019: £4.5m).

23 PARENT UNDERTAKING

At 30 June 2020 the Company's ultimate parent company was Celtic plc, a company incorporated and registered in the United Kingdom. Copies of the group financial statements of Celtic plc available from:

The Company Secretary
Celtic plc
Celtic Park
Glasgow
G40 3RE

And;

Companies House website https://beta.companieshouse.gov.uk/
Club website http://www.celticfc.net

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