

**CELTIC F.C. LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 30 JUNE 2017**



**Registered Number: SC223604**

**CELTIC F.C. LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 30 JUNE 2017**

<b>CONTENTS</b>	<b>PAGE</b>
DIRECTORS, OFFICERS AND ADVISERS	1
STRATEGIC REPORT	2 – 4
DIRECTORS' REPORT	5 – 6
DIRECTORS' RESPONSIBILITIES STATEMENT	7
INDEPENDENT AUDITOR'S REPORT	8 – 10
STATEMENT OF INCOME AND RETAINED EARNINGS	11
BALANCE SHEET	12
NOTES TO THE FINANCIAL STATEMENTS	13 – 24

**CELTIC F.C. LIMITED**  
**DIRECTORS, OFFICERS AND ADVISERS**

**Directors**

P T Lawwell

C McKay

K Sweeney

**Secretary**

M Nicholson

**Registered Office**

Celtic Park

Glasgow

G40 3RE

**Auditor**

BDO LLP

4 Atlantic Quay

70 York Street

Glasgow

G2 8JX

**Solicitor**

Pinsent Masons LLP

141 Bothwell Street

Glasgow

G2 7EQ

**Banker**

The Co-operative Bank plc

29 Gordon Street

Glasgow

G1 3PF

# **CELTIC F.C. LIMITED**

## **STRATEGIC REPORT**

The Directors present their strategic report for Celtic FC Limited (the "Company") for the year ended 30 June 2017.

### **RESULTS**

The profit for the financial year after tax was £6.85m (2016: £0.37m) and the Directors recommend that no dividend will be paid.

### **REVIEW OF BUSINESS**

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

Revenue for the year increased from £52.12m in the prior year to £90.06m, with the first team playing ~~30 home matches compared to 28 last year. This increase is largely a result of participating in the UEFA Champions League ("UCL") group stages in season 16/17 compared with Europa League participation in 15/16 with strong performances across all operating segments of the business.~~

The arrival of a new first team manager at the end of the previous financial year has resulted in a substantial upturn in football performance. The Club enjoyed a highly successful season on the park, going through the entire domestic campaign undefeated whilst picking up the domestic treble. The club also qualified for the group stages of the UCL after a 2 season absence.

The above factors have significantly impacted the financial performance for the year resulting in a retained profit of £6.85m compared to £0.37m in the prior year.

The key objective for the Company, and the Celtic plc Group (the "Group") as a whole, clearly remains football success, particularly 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 challenges that presents.

The biggest on-going challenge facing the Company is the management of salary and transfer costs whilst achieving playing success with its consequent impact on financial results.

The development of a greater number of internally generated 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 key performance indicators:

Football success;  
Match attendance statistics;  
Sales performance per division;  
Wage and other costs; and  
Profit and cash generation.

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.

## **CELTIC F. C. LIMITED**

### **STRATEGIC REPORT**

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.

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 noted on a series of key performance indicators including divisional sales and match attendance analysis. In addition, a number of key indicators are monitored on a daily basis at certain times of the year, including cash position.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

##### ***Player transfer market and wages***

The performance of the Company is impacted by the success of the Group in obtaining and disposing of registrations. Due to the application of football regulations the opportunity to acquire or dispose of player registrations occurs, subject to limited exceptions, only during 2 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 he 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 impact on 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.

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

##### ***Season ticket revenues***

Significant revenue is derived from the sale of season tickets. External economic conditions can affect supporters' disposable income and there is a risk that the season ticket is treated as a dispensable luxury rather than a necessity. The quality of the team, the 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 Company.

##### ***Match day attendances***

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

Poor football results, the nature and quality of opposition, and bad weather can lead to a drop in attendances. 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.

# CELTIC F.C. LIMITED

## STRATEGIC REPORT

### *Revenues from broadcasting contracts and football competitions*

The Scottish Professional Football League ('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 UCL or UEFA Europa League ('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, whether there are any other Scottish participants, and the size of the Scottish domestic television market. The revenue available is dependent on participation and therefore determined on the basis of football results, which cannot be guaranteed.

### *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 and the support provided by the ultimate parent company, the financial risk that the Directors consider particularly relevant to the Company is credit risk.~~

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

### *Credit Risk*

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 is 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.

Each of the headings mentioned is influenced significantly by factors beyond the control of the Company. Substantial increases in transfer fees or player wages, or significant decline in ticket sales or attendances, or in revenues from broadcasting and football competitions could have a detrimental impact on financial performance.

**BY ORDER OF THE BOARD**



**Michael Nicholson**  
**Secretary**

**19 January 2018**

# **CELTIC F.C. LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report together with the financial statements for the year ended 30 June 2017.

### **DIRECTORS**

The Directors during the year ended 30 June 2017 were as follows:

C McKay  
K Sweeney  
P T Lawwell

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The Strategic Report sets out the Business Review and Future Developments on page 2.

### **FINANCIAL INSTRUMENTS**

The Company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. 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. In addition, the Company benefited from low interest rates during the financial year.

### **EMPLOYEE COMMUNICATIONS**

Colleagues at all levels are kept informed regularly of matters that affect the progress of the Company and Group 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 all 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. Jobcentre Plus has endorsed the Club's right to use the "Positive about Disabled People" logo.

Investors In People status continues, following the Club's re-accreditation in December 2013, with good practice in relation to pregnant employees also commended through the Tommy's accreditation. In July 2016, the Club's Youth Academy gained Investors in Young People accreditation.

**CELTIC F.C. LIMITED  
DIRECTORS' REPORT**

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

**BY ORDER OF THE BOARD**



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**Michael Nicholson**  
**Secretary**  
**19 January 2018**

## **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 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 2017 which comprise the statement of income and retained earnings, the balance sheet 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 2017 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.

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

## **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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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.

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

### Auditor's responsibilities for the audit of the financial statements

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.

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.

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A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Alastair Rae (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Glasgow, United Kingdom

Date

19 JANUARY 2018

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

**CELTIC F.C LIMITED**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**YEAR ENDED 30 JUNE 2017**

	Notes	2017 £000	2016 £000
<b>Revenue</b>	<b>2</b>	<b>90,056</b>	52,124
Cost of sales		<u>(9,079)</u>	<u>(6,879)</u>
<b>Gross Profit</b>		<b>80,977</b>	45,245
Administrative expenses		<u>(74,687)</u>	<u>(44,877)</u>
<b>Operating profit</b>	<b>3</b>	<b>6,290</b>	368
Interest receivable		<u>3</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>		<b>6,293</b>	368
Tax on ordinary activities	<b>7</b>	<u>559</u>	<u>-</u>
<b>Profit for the year</b>		<b>6,852</b>	368
Retained loss at 1 July		<u>(15,396)</u>	<u>(15,764)</u>
<b>Retained loss at 30 June</b>		<b><u>(8,544)</u></b>	<b><u>(15,396)</u></b>

All amounts relate to continuing operations.

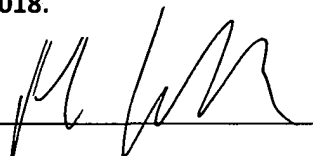
The Company has no other gains or losses other than the profits for the year.


The notes on pages 13 to 24 form part of these financial statements.

**CELTIC F.C LIMITED**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2017**  
**Company Number SC223604**

	Notes	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	9	-	-
<b>Current assets</b>			
Stocks	10	2,414	1,889
Debtors	11	16,444	7,665
Deferred tax asset	8	559	-
Cash at bank and in hand		517	766
		<u>19,934</u>	<u>10,320</u>
<b>Creditors - amounts falling due within one year</b>	12	(5,003)	(4,121)
Income deferred less than one year	13	<u>(22,359)</u>	<u>(19,147)</u>
		<u>(27,362)</u>	<u>(23,268)</u>
<b>Net current liabilities</b>		<u>(7,428)</u>	<u>(12,948)</u>
<b>Creditors – amounts falling due after more than one year</b>			
Provisions	14	(1,001)	(1,105)
Income deferred more than one year	15	<u>(115)</u>	<u>(1,343)</u>
<b>Net liabilities</b>		<u>(8,544)</u>	<u>(15,396)</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account		<u>(8,544)</u>	<u>(15,396)</u>
<b>Shareholders' deficit</b>		<u>(8,544)</u>	<u>(15,396)</u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on  
**19 January 2018.**

 Director  
P T Lawwell

 Director  
C McKay

The notes on pages 13 to 24 form part of these financial statements.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 ACCOUNTING POLICIES**

**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**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in Sterling and rounded to the nearest £'000.

**Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Celtic plc as at 30 June 2017 and these financial statements may be obtained from the Company's registered office, Companies House or the official club website ([www.celticfc.net](http://www.celticfc.net)).

**Basis of consolidation**

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

**Going concern**

At the balance sheet date the Company had net current liabilities of £7.43m (2016: £12.95m) and net liabilities of £8.54m (2016: £15.40m). The Company is dependent on the financial support of the parent company to enable it to meet its on-going obligations. The parent company has confirmed it will continue to support Celtic F.C. Limited for the foreseeable future. Accordingly these financial statements have been drawn up on a going concern basis and do not include any adjustments that would result from the withdrawal of this support.

**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.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 ACCOUNTING POLICIES (CONTINUED)**

Football and Stadium Operations revenue arises from all ticket sales, standard, premium and corporate, derived from matches played at Celtic Park. Other revenues are also derived from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic Development Pools Limited, UEFA participation fees and revenues derived from the hiring of Celtic Park. All such revenues are recognised in line with the completion of the matches or events to which they relate, with the exception of donations, which are recognised on receipt.

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.

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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 & Other Commercial Activities.

**Television rights revenue**

Revenue from the sale of television rights is recognised dependent upon the nature of the related competition or event as follows:

- i) Domestic league television rights are sold centrally by the Scottish Professional Football League ('SPFL') and distributed to the Scottish Premiership clubs on a percentage basis dependent upon the final league positions of the clubs. Revenue is recognised evenly over the period to which it relates, namely the course of the football season.
- ii) Depending on the competition, domestic cup rights are sold centrally by either the Scottish Football Association ('SFA') or the SPFL, who advise clubs of the value of each televised match. Revenue is recognised when a televised match is played.
- iii) European rights sales derived from participation in the UEFA Champions League or the UEFA Europa League are sold centrally by UEFA who advise clubs of the values to be paid for their participation in the tournament. Revenue is recognised, based on known amounts, when each relevant match is played with any surplus pay out recognised once it has been advised.
- iv) Other television rights sales which are made directly by Celtic, such as home friendly matches, are recognised once the televised match has taken place.

**Sponsorship revenue**

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

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

**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.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 consolidated statement of comprehensive income over the period of the borrowings on an effective interest rate basis.

Trade receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised on the trade date of the related transactions.

Trade payables are stated at their amortised cost. They are recognised on the trade date of the related transactions.

**Leasing obligations**

Leasing charges in respect of operating leases are recognised in the statement of income and retained earnings over the lives of the lease agreements as incurred on a straight line basis. An onerous operating lease provision is recognised for projected losses of operating lease contracts where the forecast costs of fulfilling the operating lease contract throughout the period exceed the forecast income receivable. The onerous operating lease provision is calculated based on discounted cash flows to the end of the lease contract. 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.

**Investments**

Investments in subsidiaries are held at cost less any impairment.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a first-in, first-out basis.

**Pension costs**

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

**Foreign exchange**

Non-monetary items denominated in foreign currency are translated at the date of the transaction. Foreign currency assets and liabilities at the year-end are translated at the year-end exchange rate. Exchange differences are recognised in the statement of income and retained earnings in the period in which they arise

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 ACCOUNTING POLICIES (CONTINUED)**

**Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, the obligation can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

In respect of an onerous contract, a provision is recognised where 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.

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**Taxation**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and is not discounted. Deferred tax assets are incorporated within the financial statements to the extent that it is more likely than not that they will be recoverable in the foreseeable future.

**Profit and loss account**

Profit and loss account represents the retained trading profit or loss.

**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 and onerous contracts**

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 revenue for the item in question using future forecasts.

Judgement is required to assess the projected revenue or economic benefits achievable. This is assessed on a case by case basis.

**(ii) Taxation**

The level of current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the future financial performance of the Company. Management believes it has made adequate provision for such matters and the detailed tax disclosures are provided in notes 7 and 8.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**2 REVENUE**

Revenue in respect of the three business segments comprised:

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Football and stadium operations	<b>36,987</b>	25,264
Merchandising	<b>16,479</b>	12,577
Multimedia and other commercial activities	<b>36,590</b>	14,283
	<u><b>90,056</b></u>	<u><b>52,124</b></u>

**3 OPERATING PROFIT**

Operating profit includes the following charges:

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Staff costs (Note 4)	<b>43,916</b>	32,295
Operating lease payments - land and buildings	<b>1,901</b>	1,523
- plant and vehicles	<b>149</b>	218
Cost of stock recognised as expense	<b>9,079</b>	6,879
Forex gains	<b>(307)</b>	(133)
Auditor's remuneration: audit fees	<u><b>15</b></u>	<u><b>15</b></u>

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.

**4 STAFF COSTS**

	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Wages and salaries	<b>39,000</b>	28,275
Social security costs	<b>4,626</b>	3,271
Other pension costs	<b>290</b>	299
	<u><b>43,916</b></u>	<u><b>32,295</b></u>
	<b>Number</b>	<b>Number</b>
Average number of full time equivalents employed in year:	<u><b>410</b></u>	<u><b>379</b></u>

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**5 DIRECTORS' EMOLUMENTS**

There were £nil Directors' emoluments during the year (2016: £nil). Details of Directors' emoluments in the parent company are included in the Annual Report of Celtic plc.

**6 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.

Contributions made by the Company to the scheme during the year amounted to £290,494 (2016: £298,827). Contributions of £15,264 (2016: £37,841) were payable to the fund at the year-end.

**7 TAX ON ORDINARY ACTIVITIES**

	2017 £000	2016 £000
<b>Current tax expense</b>	-	-
<b>Deferred tax expense</b>		
Recognition of previously unrecognised deferred tax assets	(559)	-
<b>Total deferred tax</b>	(559)	-
<b>Total tax credit</b>	<u>(559)</u>	<u>-</u>
 Profit on ordinary activities before tax	 <u>6,293</u>	 <u>368</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19.75% (2016: 20.00%)	<u>1,243</u>	<u>74</u>
Effects of:		
Expenses not deductible for tax purposes	2	4
Income not taxable for tax purposes	(198)	-
Adjust closing deferred tax to average rate	8	322
Deferred tax not recognised	(1,614)	(400)
<b>Total tax credit</b>	<u>(559)</u>	<u>-</u>

Estimated tax losses available for set off against future trading profits, amount to approximately £7.64m (2016: £15.97m). This estimate is subject to the agreement of the current and prior year corporation tax computations with HMRC.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**8 DEFERRED TAX**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2016: 18%). The reduction in the main rate of corporation tax to 17% was substantively enacted on 15th September 2016. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2017, the date on which that new rate becomes effective.

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

	<b>2017</b>	2016
	<b>£000</b>	£000
At 1 July	-	-
<i>Recognised in statement of income and retained earnings</i>		
Tax credit	<b>559</b>	-
<b>At 30 June</b>	<b>559</b>	-

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 £1.30m (£2.93m) 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 income and retained earnings are as follows:

	Asset	Liability	Net	(Charged)/credited to statement of income and retained earnings
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	-	-	-	-
Available losses	<b>559</b>	-	<b>559</b>	<b>559</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Tax asset/(liabilities)	<b>559</b>	-	<b>559</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net tax assets/(liabilities)	<b>559</b>	-	<b>559</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**8 DEFERRED TAX (CONTINUED)**

	Asset	Liability	Net	(Charged)/credited to statement of income and retained earnings
	2016	2016	2016	2016
	£000	£000	£000	£000
Accelerated capital allowances	-	-	-	-
Available losses	-	-	-	-
Tax asset/(liabilities)	-	-	-	-
Net tax assets/(liabilities)	-	-	-	-

A deferred tax asset has not been recognised for the following:

	2017 £000	2016 £000
Unused tax losses	1,301	2,930

**9 INVESTMENTS**

At 30 June 2017 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-Jun
Glasgow Eastern Developments Limited	Management of properties	Ordinary shares	100	Scotland	Celtic Park, Glasgow, G40- 4RE	30-Jun
The Celtic Football and Athletic Company Limited	Football club management and promotional services	Ordinary shares	100	Scotland	95 Kerrydale Street Glasgow, G40 3RE	30-Jun

The cost of these investments is £504 (2016: £504).

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**10 STOCKS**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Goods for resale	<b>2,378</b>	1,860
Consumable stock	<b>36</b>	29
	<b><u>2,414</u></b>	<b><u>1,889</u></b>

**11 DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	<b>5,038</b>	4,012
Other debtors	<b>435</b>	248
Prepayments and accrued income	<b>977</b>	849
Amounts due from group companies	<b>9,994</b>	2,556
	<b><u>16,444</u></b>	<b><u>7,665</u></b>

**12 CREDITORS - amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	<b>533</b>	587
Other taxation and social security	<b>347</b>	1,423
Other creditors	<b>376</b>	607
Accruals	<b>2,986</b>	741
Provisions for liabilities (note 14)	<b>192</b>	196
Due to group companies	<b>569</b>	567
	<b><u>5,003</u></b>	<b><u>4,121</u></b>

**13 INCOME DEFERRED LESS THAN ONE YEAR**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Deferred income	<b>22,359</b>	19,147
	<b><u>22,359</u></b>	<b><u>19,147</u></b>

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.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**14 PROVISIONS FOR LIABILITIES**

	Onerous lease £000	Dilapidations £000	Other £000	Total £000
<b>Cost</b>				
At 1 July 2016	843	130	328	1,301
Provided for during the year	95	9	-	104
Utilised during the year	(190)	(17)	(5)	(212)
<b>At 30 June 2017</b>	<b>748</b>	<b>122</b>	<b>323</b>	<b>1,193</b>
Due within one year or less	185	7	-	192
Due after more than one year	563	115	323	1,001
<b>At 30 June 2017</b>	<b>748</b>	<b>122</b>	<b>323</b>	<b>1,193</b>

**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. Refer to note 1.

**Dilapidations**

A provision is recognised where the Company has a contractual obligation in respect of restoration works required on conclusion of a lease agreement. Refer to note 1.

**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. Refer to note 1.

**15 INCOME DEFERRED MORE THAN ONE YEAR**

	2017 £000	2016 £000
Deferred income	<u>115</u>	<u>1,343</u>

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**16 SHARE CAPITAL**

Equity	Authorised £	Allotted £	Called Up & Fully Paid £
Ordinary Shares of £1 each At 1 July 2016 & 30 June 2017	<u>1,000</u>	<u>2</u>	<u>2</u>

The ordinary shares carry rights of one vote per share.

**17 CAPITAL AND OTHER FINANCIAL COMMITMENTS**

**a. Other commitments**

At 30 June 2017 the Company had commitments under operating leases as follows:

	2017 £000	2016 £000
Within 1 year	529	595
Between 2 and 5 years	1,316	1,728
In more than 5 years	<u>82</u>	<u>490</u>

**b. Cross Guarantees**

Cross guarantees exist between the Company and other members of the Celtic plc group. The extent of these at 30 June 2017 was £6.4m (2016: £6.6m).

**18 PARENT UNDERTAKING**

The Company's ultimate parent undertaking is Celtic plc, a company registered in Scotland. Consolidated financial statements for Celtic plc are 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.

**CELTIC F.C. LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**19 RELATED PARTY TRANSACTIONS**

The Company has taken the exemption as a qualifying entity through FRS 102 and has not disclosed any transactions with group undertakings.

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