CELTIC F.C. LIMITED

ANNUAL REPORT

YEAR ENDED 30 JUNE 2021

Registered Number: SC223604

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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 2021.

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 the primary trading entity 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, procedures and controls 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 continuing assumptions used take into account any effects of the Covid-19 pandemic ('Covid-19') on the operations of the Group. At the time of writing the impact of Covid-19 on the business has subsided, however these circumstances and the resultant trading conditions may still be subject to change in the coming financial year owing to the unpredictable nature of Covid-19.

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 adverse impact of Covid-19 had been significant in the year ended 30 June 2020 and this was evident from the financial results reported for that period. Following the early season curtailment in 19/20, it was agreed in July 2020 that the 20/21 SPFL Premiership season would re-start with matches being played behind closed doors. However, the retail and hospitality sectors had re-opened after a period of closure and this, along with the work going on behind the scenes around a safe return for fans to football stadia including the planning of some test events in the early part of the season, had provided some optimism that we would see an end to closed door matches in the near future. As transpired, due to the continuing spread of Covid-19 and the resulting government measures, the entire season was played without any fans in attendance for all of the Club's home matches. This had a material detrimental effect on the business and required a number of measures, both operationally and financially, to navigate the business through this challenging period.

MITIGATING ACTION AND PROTECTIVE MEASURES

STRATEGY FOLLOWING LOCKDOWN

As the strict lockdown measures, which had been in place and curtailed trading in the last quarter of the year ended 30 June 2020, began to ease, the executive management had a number of areas of focus, most notably:

- continued engagement with the football authorities, and in particular the SFA and SPFL Joint Response Group ('JRG') with the aim of bringing supporters back to the stadium;
- formulating a financial plan for the coming year, ensuring appropriately prudent assumptions were in place, to fully account for the potential financial implications of the continuing pandemic;
- ensuring the safety and well-being of staff, as well as continuing to facilitate home working;

MITIGATING ACTION AND PROTECTIVE MEASURES (CONTINUED)

STRATEGY FOLLOWING LOCKDOWN (CONTINUED)

- managing the operation of football matches behind closed doors and providing a match broadcast media offering for season ticket holders in lieu of stadium entry; and
- supporting our football department in preparation for the new season while managing the potential financial challenges ahead.

In respect of the final point above, the strong Group balance sheet at the start of the year allowed us to progress with targeted investment to try and ensure the first team was as well placed as possible to compete on various fronts in the coming season.

The Group continued to engage with specific external consultants in order to keep apace with the ever-changing regulations associated with Covid-19, as we aimed to ensure a safe working and playing environment as well as formulating processes and plans for the potential safe return of supporters to football stadia.

IMPACT ON OUR STAKEHOLDERS

The Company has been cognisant of the detrimental impact across society brought about by Covid-19 and continued to support its key stakeholders where possible, noting the varied challenges experienced within each group.

EMPLOYEES
In the year ended 30 June 2020, the Company had taken advantage of the UK Government's Job Retention Scheme ('JRS') and this continued as necessary into this financial year. Despite the scheme offering varying levels of benefits throughout the year, the Company continued to pay all furloughed employees in full, topping up any difference between the JRS funding and the relevant pay of the affected employees.

In addition, a voluntary decision was made by the executive and non-executive Directors to continue to take a reduction in salary for the opening period of the financial year.

Those employees who were continuing to work, either on full or part time basis, have been supported in working from home in line with the government guidance. The work place was 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
Season ticket sales for season 20/21 were launched in March 2020 prior to the full impact of Covid-19 being known. With the continuing uncertain environment the deadline for season ticket renewals for season 20/21 was extended by over two months with the terms and conditions updated to reflect the possibility of supporters not being able to enter the stadium. The supporters' response in purchasing season tickets despite the uncertainty around when they could return to the stadium exceeded all expectations.

The Club introduced a matchday streaming service, the 'Pass to Paradise' for season ticket holders across all categories ensuring all matches which would normally be part of the season ticket or hospitality package were available to view live. In addition, an extra UEFA qualifier and League Cup tie were also included in the package. In line with the terms and conditions the Group also provided credits, as applicable, to supporters for the hospitality elements of their seasonal packages.

IMPACT ON OUR STAKEHOLDERS (CONTINUED)

As is noted above, the Club was optimistic of a return of fans to football stadia at some point during the season however this did not transpire. In response to this, the Club issued c. 55,000 £50 retail vouchers at a value of £2.8m to our 20/21 season ticket holders in recognition of, and a thank you for, their continued support.

SUPPLIERS
With the return of football matches, albeit behind closed doors, our activity with suppliers returned to a more normalised level year and for many it was business as usual. As a result we continued to run our normal purchase to pay process, paying suppliers in as timely a manner as possible.

IMPACT ON THE BUSINESS IN THE FINANCIAL YEAR

As with the prior year the biggest impact to the business was in relation to match day income, namely in regard to individual match tickets, hospitality, catering and matchday merchandise. However, the effect in the year to 30 June 2021 was far more substantial than in the prior year. The Club was unable to sell individual match tickets or hospitality packages which in 19/20, even with the impact of the late season curtailment, contributed revenues in excess of £10m. In addition, the closure of our events, restaurants and tours business also adversely impacted revenue with lost revenues of around £2-3m (including matchday related streams) with a further £0.5m downturn in respect of Paradise Windfall half time draw. All of these reduced revenues translate directly to lost cash inflows.

Our retail outlets were closed for approximately a quarter of the year. However, the success of our E-commerce business combined with the positive response to our new partnership with Adidas resulted in a satisfactory financial performance in the period, given the difficult trading conditions.

Cost savings resulted from operating matches behind closed doors as this significantly reduced stewarding, hospitality and other matchday staff requirements. However additional costs were incurred around the 'Pass to Paradise' as well as requirements to maintain a 'Covid safe' environment, including Covid testing for players.

CASHFLOW, LIQUIDITY MANAGEMENT AND PROTECTING THE BUSINESS

In order to mitigate the adverse impact of lost revenues and associated cash flows, and the potential impact this could have on the cash balance at various points in the year, the Group was able to increase the Revolving Credit Facility with The Co-Operative Bank plc, from £2m to £13m. At the time of writing the Group have not required to utilise this.

As is noted above the Company, and the Group as a whole, continued to utilise the UK Government's JRS as required. The number of employees on furlough at any one time varied during the year due to changing in restrictions, with the maximum in one month being 261. However, in the last quarter of the year the number was gradually reducing as operations restarted.

The Company also continued to benefit from rates relief for Celtic Park and some other trading properties. Operating costs were also managed closely to ensure as efficient an operating environment as possible. We will continue to do this as necessary due to the potential risk of a further Covid related impact on trading.

BALANCE SHEET RESILIENCE AND PREPARING FOR A RECOVERY

At the time of writing, we have been able to welcome supporters back to the stadium and have recently had near capacity crowds in attendance with the only limitations concerning the operation of a player 'Red Zone' to maintain player social distancing. The Group's strong balance sheet coming into the pandemic allowed us to navigate through the past year, however the Group has still relied on its strategy of maximising returns from player trading, to partly offset the trading loss. There remains a risk of further disruption to trading as a result of Covid-19, however the Group is in a strong financial position

BALANCE SHEET RESILIENCE AND PREPARING FOR A RECOVERY (CONTINUED)

and has control and visibility of its cash flows, as well as the undrawn RCF, which should allow us to manage these risks as they arise.

REVIEW OF THE BUSINESS

The financial year ended 30 June 2021 was significantly impacted in a variety of way by the continuation of the Covid-19 pandemic and this is expanded upon above.

Season 20/21 was, as in the previous year, significantly impacted by Covid-19. The SPFL Premiership commenced on the weekend of the 1st August 2020 however matches were being played behind closed doors with no fans in attendance, a situation which would continue for the entire season. The format for UEFA qualifying rounds was amended resulting in one legged ties rather than two and these matches were also being played with no fans in attendance.

Unfortunately, the domestic success which had been experienced so significantly in previous years, was not replicated in the current season, with the Club finishing runners up in the Premiership and being knocked out of both domestic cup competitions in the early stages.

Qualification for the UEFA Europa League ('UEL') group stages was secured meaning UEFA competition group participation was achieved for the 10th season in a row, however we were unable to progress into the knockout stages of the competition.

The outcome of the disappointing performance noted above was that the first team manager, Neil Lennon, left his role in February 2021 with John Kennedy taking on the job on a temporary basis until the end of the season. After an assessment of a number of candidates in the market, Ange Postecoglou was appointed first team manager on 10 June 2021. The Club were delighted to secure his appointment and he brings a considerable degree of experience of world football to Celtic.

The Club's most significant success during the financial year was winning the delayed 19/20 Scottish Cup in December 2020, beating Hearts in the final, after penalty kicks. This completed a domestic 'Quadruple Treble', an unprecedented achievement in not only Scottish football, but world football, and something the Club is extremely proud to have achieved.

Revenue for the year of £60.8m was down £9.5m from the prior year, the details of which are set out below.

Revenue from Football and Stadium operations fell significantly, decreasing from £35.8 to £20.8m. The main driver of this reduction was the Company's inability to sell individual match tickets and hospitality packages across the entire season and, due to matches being played behind closed doors, no hospitality related revenue was generated at all in the year. In addition, early elimination from both domestic cup competitions and an earlier exit from our European campaign than in 2020 contributed to the drop off in Football and Stadium revenue. Further to this, there were no significant revenues generated from our Tours or Events business due to the impact of the pandemic.

In addition to the above, the Company issued c. 55,000 £50 retail vouchers to season ticket holders of season 20/21 in recognition of their continued support. Under IFRS15 this has resulted in a reduction to the 'Football and Stadium operations' revenue of £2.8m.

The Merchandise division had a very strong performance in the year, despite very challenging trading conditions, with revenues increasing by £7.6m (50.7%) to £22.6m. This result was particularly pleasing when considering the impact of enforced store closures for significant parts of the year. This also demonstrates the strength of our in-house E-commerce operation which has again performed

REVIEW OF THE BUSINESS (CONTINUED)

exceptionally well. Underpinning these numbers was the first year of working with our new technical kit partner, adidas. The entire adidas range was well received by our fans and we look forward to a long and prosperous partnership.

Multimedia and other commercial revenues saw a decrease of £2.0m (10.5%) to £17.3m. The main driver for this downturn was a UEL performance that was not on par with what was achieved in 2020 (4 points in 2021 vs 13 points in 2020). In 2020 the Company also received additional central distributions from UEFA for qualifying for the knockout rounds of the UEL competition, something which was not repeated in 2021. In addition, the central broadcast revenues in relation to the SPFL were reduced somewhat owing to a 2nd place finish in the Premiership compared to a 1st place finish in 2020.

The overall Group 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. We recorded a loss before tax of £11.5m (2020: £0.6m profit before tax). This was driven by revenue attrition and significantly lower gains on player trading recorded within Celtic Plc, compared to the prior financial year. In the face of this adverse swing in financial performance, we are satisfied that we took sufficient and appropriate steps to mitigate the losses and control costs in the business. Our Group year end cash, net of bank borrowings, was £16.6m (2020: £18.2m).

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 processes, the Company operates with a 5 year plan which is updated and reviewed on an annual basis. A detailed budget for the forthcoming year is prepared and approved by the Group Board (the "Board") in advance of each trading year. The budget identifies all the key performance areas noted above. The actual performance of the Group 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.

KEY PERFORMANCE INDICATORS (CONTINUED)

Actual and forecast performance is fully considered at the regular Group Board meetings linking back to profit and cash generation. Management and departmental 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. We also currently, and for the short term at least, have a further significant risk in the form of Covid-19 and this is referred to specifically below although it is inherent in almost all aspects of our business.

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

Covid-19

At the time of writing, Scotland and the UK as a whole, is making significant headway in tackling and mitigating the impacts of Covid-19 across the whole of society principally through the vaccine programme, the use of vaccine passports and continuing to apply proportionate restrictions. Day to day lives are operating at a level of normality and various industries, most notably those who are customer facing such as retail, leisure and hospitality, are seeing normalised trading conditions being restored.

Following on from fan attendance at the UEFA Euro 2020 Championships, most notably at Hampden Park in Glasgow, and the lifting of certain Government restrictions around social distancing, the Club has been able to welcome supporters back to the stadium in season 21/22. This has been a staged approach, as we navigated the issues around maintaining a level of safety with respect to Covid-19, and at the time of writing are able to operate the stadium on matchdays at near full capacity subject to maintaining a 'Red Zone' for players.

However, the on-going unknown, effects of Covid-19 remain a significant risk to the business. A renewed surge of Covid-19, with potential vaccine defeating variants, could bring risk of further restrictions around trading and ultimately a requirement to once again close stadiums to supporters or at the very least reduce the numbers which are able to attend. The recent introduction of the requirement for vaccine passports for large-scale events may mitigate the risk of further attendance restrictions.

The Club continues to operate within the guidelines issued by the JRG and UEFA, as well as continuing to implement our own internal processes and controls to mitigate the risk of an infection outbreak across the business and in particular the football squads. However, this risk remains and the consequence of

Covid-19 (Continued)

such could be a depleted first team squad with the worst case scenario of matches being forfeited which in turn could be financially damaging.

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.

Matchday Revenues (Continued)

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 should further issues in respect of the pandemic arise.

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.

It is worth noting that the impact of Covid-19 on this revenue stream has not been material at this point in time. However, as noted above with other revenues streams, a significant risk in this area remains.

Season 2020/21 saw the commencement of a new 5 year contract with Sky TV as the sole broadcaster for the SPFL Premiership. Sky TV continues to play an important role in assisting SPFL clubs by permitting all clubs to broadcast matches to season ticket holders until such times as we are confident that the risks of Covid-19 have been reduced to minimal levels.

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.

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

Brexit

The UK officially left the EU on 31 January 2020 and on 31 December 2020 completed its separation from the EU with the ending of the transition period.

The Company has seen some impact on administration and costs particularly in respect of our merchandising division. Further risks could be access to workers, particularly around our casual/matchday staff as there are indications of a lack of supply in the hospitality and leisure markets.

In addition to the above, the Group has also experienced the effects of Brexit in relation to player transfers. To date, this has largely been translated to a resource and cost burden as there is a requirement for visa applications for EU nationals which would not have existed previously. In addition, a governing body (the SFA) endorsement is required for such application to be successful and at present there is discretionary panel which assesses these applications and determines whether the endorsement is appropriate. However, the operation of this panel has ended following the closure of the summer 2021 transfer window and it remains to be seen whether this will bring further obstacles in bringing players from abroad.

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 Group 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 continuous 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 continue to 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 2022.

Each of the risks aforementioned is influenced significantly by factors beyond the control of the Group. The failure to obtain our safety certificate, substantial increases in transfer fees or player wages, or a significant decline in ticket sales or attendances, or in revenues from broadcasting and football competitions could have a detrimental impact on financial performance.

CURRENT TRADING AND OUTLOOK

Season 20/21 proved to be a challenging one off the park and a disappointing one on the park and it ultimately brought to a close an incredibly successful period in the Club's history. The first team manager had resigned during the year and the Group's long standing CEO retired at the end of the financial year.

Our primary focus, as we approached the end of the financial year, was to put in place a new first team management team with the objective of working within the strategy of the Club, both with regards to the style of play we would look to produce, and in terms of the how the Club operates in relation to developing talent while working within its financial means. In this respect, Ange Postecoglou was appointed as first team manager on 10 June 2021.

As with the introduction of any new manager, there is always an expectation of change both in terms of how they would like to operate and in terms of personnel, in this case most notably with the first team playing squad. As a result, the summer 2021 saw a significant level of transfer activity with the registrations of Kristoffer Ajer, Odsonne Edouard, Leo Hjelde, Marian Shved, Vakoun Bayo and Ryan Christie being disposed of, and Kyogo Furuhashi, Liel Abada, Carl Starfelt, Josip Juranovic, Joe Hart, Liam

CURRENT TRADING AND OUTLOOK (CONTINUED)

Scales, Georgios Giakoumakis and James McCarthy all joining on a permanent basis along with the loan signings of Cameron Carter-Vickers and Jota Filipe. In particular, the sales of Ajer and Edouard reflect the Group's strategy of developing young talent and selling for a profit which then allows further investment into the squad.

The football calendar, and in particular UEFA competition, returned to a more normalised timetable at the start of season 21/22 with the Club's first UCL qualification tie taking place at Celtic Park on 20 July. Although we could not successfully navigate our way through to the lucrative UCL group stages, we have secured participation in the UEL group which brings a level of vital, secured revenues and allows us an opportunity to earn further amounts by performing well in the competition. The draw for the group stages took place on 27 August and saw us matched up against Bayer Leverkusen, Real Betis and Ferencvaros, which brings an exciting challenge ahead. We have played the first rounds of matches which resulted in a loss against Real Betis and Bayer Leverkusen and a home win against Ferencvaros.

The most pleasing aspects at the start of the financial year to 30 June 2022 has been the return to trading of all of our operations and most notably the attendance of fans at football stadia. Although some restrictions remain in place, we have been able to operate at almost full capacity, have lounges and bars open and have full trading in our retail division. The additional revenues which can be achieved through selling individual match tickets are hugely important in allowing us to continue to invest in the team and the infrastructure of the business. It should be noted that once again our season ticket holders have shown incredible loyalty to the Club and the 50,000 plus season tickets sold for 21/22 gives us a solid financial base to build on for the rest of the year.

Our primary aim for the coming year will be to re-establish footballing success again and in particular regain the SPFL Premiership. We are well aware of the challenge ahead and will continue to support the new manager as he looks to provide this sought after success. In addition, we will look to perform well in Europe and target progression beyond the group stages of the Europa League.

Despite the current optimism both on and off the park, the Directors remain cautious as we move ahead through the financial year. Cost management, particularly in respect of wages and salaries is key as a further period of trading restrictions brought on by Covid-19 could be highly detrimental to the business. However, we must balance this with ensuring we have adequate resources in place to maximise footballing success.

We look forward to the remainder of the season ahead under Ange Postecoglou and as always we will collectively look to bring success to the football club.

STAKEHOLDER ENGAGEMENT

During the year, the Board and its Directors confirm they have acted in good faith in a way that promotes the success of the Company 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 Group's key stakeholders are its shareholders, employees, supporters, commercial partners, suppliers, governing bodies, wider football environment and the wider environment and community. 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.

STAKEHOLDER ENGAGEMENT (CONTINUED)

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. The Board generally 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. However, owing to the ongoing prevalence of Covid-19 and the resultant uncertainty, the Board took the decision to delay the publication of the annual report by approximately one month relative to a typical reporting timetable for the year ended 30 June 2020. The key reason for this surrounded the uncertainty caused by Covid-19, the outlook and the need to balance our regulatory requirements in respect of reporting the annual results against providing as much clarity and certainty to shareholders and the market as possible. The delay in the publication was in common with many businesses across many industries and was formally permitted and, in some instances, encouraged by various regulatory bodies including the London Stock Exchange. In doing so, the Board believes that it was able to give shareholders more certainty and a more informed view over the future prospects of the Group. In consultation with our Nominated Advisers the decision was also taken to withdraw market guidance owing to the volatile outlook at hand which was again in common with many businesses. The Covid-19 Government restrictions in force resulted in the Board having to convene a virtual Annual General Meeting ('AGM') for the first time in the Company's history. In order to provide shareholders with an opportunity to ask questions, as they would normally be entitled to do at the AGM, shareholders were invited to submit any questions they would otherwise have raised at the AGM, in advance of the meeting. We endeavoured to answer some questions at the meeting, with some other questions being followed up with written responses. In the challenging circumstances presented by the restrictions, this gave shareholders the opportunity to engage with the Board on key issues of concern. Ongoing dialogue also took place with shareholders during the year, so that meaningful dialogue was able to take place with a wide range of the shareholders, notwithstanding the restrictions.
Employees	The contribution of our employees was invaluable during the year and the club was fully supportive of the Government's guidance that all employees should work from home

	where possible. The executive team recognised the impact that the uncertain environment would have on our employees and the lack of traditional colleague interaction. The business invested in and rolled out a suite of online collaboration tools as soon as practicably possible after the working from home guidance was issued. This enabled both a more efficient and more engaging level of employee interaction than would have been the case. This has proven to be a valuable tool in keeping employees engaged and interacting with each other throughout the year. The human resource team convened regular online meetings to encourage and foster relationship building and the Group CEO hosted an online forum to keep staff up to date with major developments. Further investment was made into the Club's employee assistance programme, which provided valuable resources including mental health support to employees. As part of the regular Board meetings, the board papers 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	The Club's highly engaged supporter base is undoubtedly one of the Club's greatest assets. The Board continues to recognise the commitment of the Club's supporters and the unique position the Club finds itself in this regard when compared to other businesses. This commitment was exemplified in the last year, with supporters buying in excess of 55,000 season tickets. The contribution of the supporters was truly remarkable and the Board recognises this. Supporters were unable to attend any matches in the season as a result of ongoing restrictions out with the control of the Club and the Board appreciates that this was a source of significant frustration. The Club engages with supporters through a number of channels. These include regular statements and news stories through our public relations team and popular social media channels, direct one to one engagement through our dedicated Supporter Liaison Officer and Disabled Supporters Liaison Officer and through one to one contact through our ticketing teams. In addition, members of the executive team also took the opportunity to call supporters directly to discuss specific matters of concern throughout the year. Following the formal constitution of a fan forum at the AGM in 2016, the Club continued to host its fan forums online during the year as a result of ongoing restrictions. Two virtual forums were convened in the year and minutes of the meetings are available on a dedicated fan forum page on our website at www.celticfc.com. In addition, a number of further online virtual meetings were held during the year with recognised supporter groups and independent supporters. These were attended by the executive team and members of the Board and provided an opportunity to discuss a wide and varied number issues and also to keep supporters as up to date with the factors affecting the Club at the time.
Commercial partners	The Group 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 Group CEO who in turn provides the Board an update on the status of relationships and major developments concerning our key partners.
Governing bodies & wider football environment	As a professional football club Celtic is subject to the jurisdiction and regulations of 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 effective operation of the business and also to promote and enhance the game of football. The Group CEO, the Group 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. During the year, Peter Lawwell served on the Board of the European Club Association and was 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 Group 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-term 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 Group is reliant on a number of key suppliers and key partners including our nominated advisers, bankers, player representatives, the emergency services, the local authority, software partners and landlords for our leased retail properties. The Group Financial Director maintains regular dialogue with our bankers, Co-Operative Bank and Canaccord Genuity, our nominated advisers, and provides them with regular high quality financial information to enable it to continue to service our banking arrangements and advise the Company. 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 Glasgow City Council. This is important in order to operate major events in a safe and compliant fashion. Engagement with the Safety Advisory Group of Glasgow City Council was regular and in-depth in the last year to ensure that the Club was able to operate matches behind closed doors in a Covid-19 secure fashion. 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. The Group 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.
Environment and wider community	The Group is cognisant of its carbon footprint and in response to this switched its electricity contracts to a supply derived entirely from renewable wind sources. The Group also recently 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. The Group also meets the requirements of the Streamline Energy and Carbon reporting (SECR) regulations for our SECR reporting. The full report can be found in the Group financial statements. Celtic FC Foundation is a separate organisation set up for charitable purposes with its own independent board of trustees. 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 Board held seven 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**
Appointment of new manager	Following the resignation of Neil Lennon in February 2021, a new first team manager was required. Recognising the importance of the position, the Board conducted a detailed review of potential candidates and engaged in discussions with a number of these candidates. Following an exhaustive process, the decision to appoint Ange Postecoglou was made in June 2021. The decision was based upon a range of factors, including the successful winning track record of the manager, his style of football and his strength of personality and character. All of these attributes are invaluable and contribute to bringing sustained success for the Club as a whole over the longer term.	Shareholders, Supporters
Ongoing management of the Covid-19 impact	The football industry was adversely affected by Covid-19, owing to the impact of measures on mass gatherings and events. Given the severe operational disruption the business was subjected to in the year, and the desire on the part of the Board to retain all employees, the decision was made to continue to make use of the UK Government Coronavirus Job Retention Scheme. The purpose of the scheme was to enable employers where possible to retain jobs and, owing in part to the UK Government support, the Club was able to retain full employment and go further by 'topping up' the wages and salaries of all employees to ensure that they were paid in full throughout the year. The object of this was to support our colleagues and to seek to ensure that we retained an engaged	Shareholders, Employees

	and motivated workforce to enable the Club to continue to operate and to retain and protect the Club's staffing infrastructure for the long-term. The Club also retained dedicated risk management and public health advisers in order to assist the Club to make the best decisions possible and to seek to ensure the health and wellbeing of our colleagues, supporters and customers.	
Renegotiating of banking facility	Due to the uncertainty around the future trading outlook for the business stemming from Covid-19, the decision was taken to increase the Group's Revolving Credit Facility from £2m to £13m in September 2020. The facility runs to September 2023 and this gives the Club financial headroom, which is important in an environment where a degree of uncertainty still exists surrounding the threat of Covid-19.	Shareholders, Employees, Suppliers
Appointment of new Chief Executive	After 17 years at the Club, in January 2021 Peter Lawwell announced his retirement as Group CEO and Executive Director effective from 30 June 2021. Recognising the importance of the position, the Board conducted a detailed review of potential candidates and engaged in discussions with a number of these candidates. Following a comprehensive process, the decision was made to appoint Dominic McKay from Scottish Rugby. After a handover period, he took office as Group CEO and was appointed Executive Director effective from 1 July 2021. The decision was based on a range of factors, including his extensive experience in elite performance sport, including as COO of Scottish Rugby and Chair of Pro14 Rugby, strong operational, commercial and communications experience and track record of delivery of strategic objectives.	Shareholders, Employees
Investment in the year	Recognising the importance of refreshing the first team playing squad and improving the team, the Board committed transfer spend of £13.4m in the year. All transfers were subject to the Club's policies in place regarding player trading. The Board also has to approve all capital expenditure projects over certain limits. During the year, approval was granted to install a new Electronic Point of Sale system at the stadium kiosks. This is aimed at improving the customer experience at the stadium, meeting the recommendations of public health advice around using less cash, and facilitating more efficient operation at the point of sale.	Shareholders, supporters, commercial partners
Season ticket pricing for 2021/22	The Government COVID restrictions meant that no fans were able to attend any matches in respect of season 2020/21, despite purchasing season tickets. The Club instead included the Pass to Paradise as part of the season ticket product, providing fans a live stream of each applicable home match. In recognition of the fact that supporters were unable to attend Celtic Park during season 2020/21, members of the senior management team engaged with a wide variety and cross section of supporters and supporters' organisations with	Shareholders, Supporters, employees

	respect to determination of the season ticket pricing proposition for season 2021/22. The consultation took the form of virtual supporter meetings, individual one to one discussions and meetings with representatives of a range of supporter groups. This was understandably an important subject for our supporters. The feedback was wide and varied and the consultation was invaluable. Following the consultation, the decision was made to award every season ticket holder a £50 retail voucher in recognition of the fact that they were unable to attend Celtic Park in season 2020/21. In terms of pricing for season 2021/22, the decision was made to freeze prices and to add a number of benefits to the season ticket package for the year. Given the importance of season ticket income for the Club, the Board considered that this was the best course of action in order to recognise the commitment of season ticket holders, to secure the best long-term outcome for the Club and to give the first team the best chance of restoring football success in the shortest timeframe possible.	

BY ORDER OF THE BOARD

Christopher McKay
Director
16 December 2021

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 2021.

RESULTS

The loss for the financial year after tax was £11.4m (2020:profit £0.2m) and the Directors recommend that no dividend will be paid.

DIRECTORS

The Directors during the year ended 30 June 2021 were as follows:
C McKay
P T Lawwell (retired 30 June 2021)
D McKay (appointed 01 July 2021, retired 10 September 2021)
M Nicholson (appointed 10 September 2021)

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Strategic Report sets out the Business Review page 5-6 and Current Trading and Outlook page 10-11.

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 Company'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 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 a whole with key areas such as player registrations and player 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

GOING CONCERN (CONTINUED)

the date of approval with outlook assumptions used beyond this time frame. The main factors considered were:

- current financial stability of the Group and on-going access to funds;
- current and forecasted trading conditions and any potential adverse impact 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 2021 the Company had net current assets of £3.8m and net assets of £5.0m, including a cash position of £2.6m. The Group structure is such that funding is essentially shared across the Company and parent company. The cash net of bank borrowings position for the Group of £16.6m and the net receivables position with respect to player trading at June provides a strong financial base for the Group over the short to medium term. Trading for the year to 30 June 2022 has begun well. The Company has sold over 50,000 season tickets for season 21/22; retail outlets are fully operational and performing well on the back of new kit and training kit launches; the first team are participating in the Europa League group stages; and we have clear visibility over committed labour costs and our player transfer cash flows. In addition to this, the Club has been able to welcome supporters back into football matches again which has a substantial positive impact on ticketing revenues generated for individual match tickets and packages.

The Company has established contracts with a number of commercial partners and suppliers providing assurance over future revenues and costs. In addition, the parent company has, in recent years, achieved significant gains in relation to player trading and manages the movement of players in and out of the team. This is done strategically to ensure maximisation of value where required while maintaining a squad of appropriate quality to provide the best possible opportunity for on field success. This has again been reflected in our activity during the summer 2021 transfer window.

The most significant effect on trading brought on by Covid-19 primarily relates to the attendance of football fans in stadia. As noted above, we have had fans in attendance once again and at the time of writing we are able to accommodate almost capacity crowds. However, we recognise the potential risk of another 'wave' of Covid-19 and our sensitivity analysis takes into account the impact of such an event.

The Group continues to have access to a £13m RCF with the Co-operative Bank which at the date of signing of this annual report 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.

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 these projections are 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

Christopher Duffy
Secretary
16 December 2021

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 on the financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss 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.

We have audited the financial statements of Celtic F.C Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 or 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.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the entity and the sector in which it operates we considered the risk of acts by the entity which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the accounting policies, UK accounting standards, the UK Companies Act 2006; those that relate to the payment of employees; and industry related such as regulations impacting football club operations including the UEFA Financial Fairplay Regulations whereby throughout our audit work we remained alert to any possible non-compliance especially in relation to player acquisitions. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accrued income and deferred income, valuation of stock and relevant provisions thereto such as impairment and the expected credit loss provision;
- At the planning stage, we engaged forensic accounting experts in our risk assessment in order to identify areas of potential manipulation or fraud based specifically on football clubs and designed specific and targeted audit tests to address these concerns which included testing for duplicate seat purchases, remaining aware to the possibility of money laundering in seat purchases, testing the accuracy and validity of business interruption insurance claims, testing of discounts and associated gratuities as well as remaining alert to procurement payment transactions in Property, Plant and Equipment and stock additions;
- Focus was made on revenue year end cut-off procedures and the inclusion of revenue in the correct accounting periods;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to revenue and cash, journals posted by super users and journals posted at weekends;
- Discussions with management, the Audit Committee and Directors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- Targeted testing of payroll in order to identify any fraudulent or tax evasive payments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

DocuSigned by:
Stuart Wood
D8CD362D513C4D9...

Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester, UK

17 December 2021

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 2021

	Notes	2021 £000	2020 £000
Revenue	3	**60,781**	70,233
Cost of sales		**(10,231)**	(8,569)
Gross Profit		**50,550**	61,664
Administrative expenses		**(64,217)**	(63,120)
Other operating income		**2,204**	1,491
(Loss)/Profit from operations	4	**(11,463)**	35
Interest receivable	9	**-**	10
Interest payable	9	**(47)**	(39)
(Loss)/Profit on ordinary activities before taxation		**(11,510)**	6
Tax on ordinary activities	10	**139**	197
(Loss)/Profit and total comprehensive (loss)/ income for the year		**(11,371)**	203

The Company has no other comprehensive income (2020: £nil) in respect to its operations for the year.

The notes on pages 30-50 form part of these financial statements.

CELTIC F.C. LIMITED
Registered Number: SC223604
BALANCE SHEET
AT 30 JUNE 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Right of use assets	11	1,154	1,130
Investments	12	-	-
		1,154	1,130
Current assets			
Stocks	13	3,860	1,270
Debtors	14	31,874	39,841
Deferred tax asset	15	134	335
Cash at bank and in hand		2,619	5,565
		38,487	47,011
Creditors - falling due within one year	16	(9,934)	(9,622)
Lease liabilities	20	(645)	(604)
Income deferred less than one year	17	(24,092)	(21,275)
		(34,671)	(31,501)
Net current assets		3,816	15,510
Total assets less current liabilities		4,970	16,640
Creditors – falling due after more than one year			
Provisions	18	(99)	(272)
Income deferred more than one year	19	-	(29)
Lease liabilities	20	(540)	(637)
Net assets		4,331	15,702
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account		4,331	15,702
Shareholders' surplus		4,331	15,702

The notes on pages 30-50 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 16 December 2021.

C McKay, Director

CELTIC F.C. LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £000	Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 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**
Loss and total comprehensive loss for the year	-	(11,371)	(11,371)
Equity shareholders' funds as at 30 June 2021	**-**	**4,331**	**4,331**

The notes on pages 30-50 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 in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, 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 with 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 a whole with key areas such as player registrations and player trading, ownership and purchasing of property plant and equipment, and bank funding controlled through the parent company.

Going concern (continued)

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 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 2021 the Company had net current assets of £3.8m and net assets of £5.0m, including a cash position of £2.6m. The cash net of bank borrowings position for the Group was £16.6m. In addition, the Group had a net receivables position with respect to player trading payables/receivables. This provided a strong financial base for the Group 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 2022, retail outlets are fully operational and performing well on the back of new kit and training kit launches, 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, the Group has, in recent years, achieved significant gains in relation to player trading and manages the movement of players in and out of the team. This is done strategically to ensure maximisation of value where required while maintaining a squad of appropriate quality to provide the best possible opportunity for on field success. The financial gains achieved in this area directly affect the on-going financial sustainability of the Company.

The most significant effect on trading brought on by Covid-19 primarily relates to the attendance of football fans in stadia. We have had fans in attendance once again and at the time of writing we are able to accommodate almost capacity crowds. However, we recognise the potential risk of another 'wave' of Covid-19 and our sensitivity analysis takes into account the impact of such an event.

The Group continues to have access to a £13m RCF with the Co-operative Bank which at the date of signing of this annual report 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.

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 these projections are 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

International Accounting Standards	Effective date for periods commencing
References to the Conceptual Framework in IFRS standards	1 January 2020
Definition of a Business (Amendments to IFRS 3)	1 January 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
Covid-19 Related Rent Concessions (Amendments to IFRS 16)	1 June 2020

Adoption of the above standards has had no material impact on the financial statements of the Group.

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
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

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.

2 ACCOUNTING POLICIES (CONTINUED)

(a) Revenue (continued)

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).

(b) Financial instruments (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.

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.

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.

(c) Leasing obligations (continued)

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; and
- 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.

(c) Leasing obligations (continued)

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.

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/loss 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.

(g) Taxation (continued)

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 (some of which have arisen as a result of Covid-19 e.g. the curtailment of the 19/20 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. In the case of centrally distributed rights revenues where there is an element of variable consideration, the Company does not make estimates and instead relies on

(i) Critical accounting estimates and judgements (continued)

(ii) Revenue (continued)

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. Where there are separate performance obligations to consider, for example in the issuing of discounts or vouchers, the revenue will only be recognised at the point where the obligation is fulfilled.

(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).

(k) Other Income

Other income represents incoming cash or receivable to the business which is not deemed to generate from the normal course of business and does not meet the definition of revenue under IFRS15. In the current and previous financial year, this is represented by the receipt of the government grant in relation to the Job Retention Scheme. The amount of income is only recognised when the likelihood and value of any receipt is certain i.e. the cash or confirmation of payment have been received.

Government grant income is offset against the relevant operating cost as permitted under IFRS.

3 REVENUE

Revenue by category:

	2021	2020
	£000	£000
Football and stadium operations	**20,824**	35,797
Merchandising	**22,609**	15,042
Multimedia and other commercial activities	**17,348**	19,394
	60,781	70,233

All revenue is derived from operations in the United Kingdom apart from £0.26m derived from Europe.

4 OPERATING (LOSS)/PROFIT

Administrative expenses include the following charges:

	2021 £000	2020 £000
Staff costs (Note 6)	48,180	52,292
Depreciation of right of use assets (Note 11)	534	625
Cost of stock recognised as expense	10,231	8,569
Auditor's remuneration (Note 5)	20	15
Forex losses	10	13

Other operating income is represented by:

	2021 £000	2020 £000
Government grant income (Job Retention Scheme)	2,204	1,491

5 AUDITOR'S REMUNERATION

	2021 £000	2020 £000
Auditor's remuneration: audit fees	20	15

The Company had no non-audit services provided during the year and any required disclosure is made within the parent company statutory financial statements.

6 STAFF COSTS

	2021 £000	2020 £000
Wages and salaries	42,211	46,661
Social security costs	5,320	5,054
Other pension costs	649	627
	48,180	52,292

Employee Numbers	2021 Numbers	2020 Numbers
Players and football administration staff	81	79
Administration and retail staff	472	829
Average number of employees during the year:	553	908

Note that the 2020 figures have been amended to exclude the effect of the JRS income.

7 DIRECTORS' EMOLUMENTS

There were £nil Directors' emoluments during the year (2020: £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.

Contributions made by the Company to the scheme during the year amounted to £596,666 (2020: £492,305). Contributions of £48,273 (2020: £52,547) 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

	2021	2020
	£000	£000
Interest receivable on bank deposits	**-**	10
Notional interest on leases	**47**	39

10 TAX ON ORDINARY ACTIVITIES

	2021	2020
	£000	£000
Current tax (credit)	**(340)**	(50)
Deferred tax expense/(credit)		
Origination of temporary timing differences (Note 15)	**495**	(143)
Effect of changes in tax rates	**(32)**	-
Adjustments in respect of prior periods	**(262)**	(4)
Total deferred tax	**201**	(147)
Total tax (credit)	**(139)**	(197)

	2021	2020
	£000	£000
(Loss)/Profit on ordinary activities before tax	**(11,510)**	6
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	**(2,187)**	1

10 TAX ON ORDINARY ACTIVITIES (CONTINUED)

Effects of:		
Expenses not deductible for tax purposes	**7**	6
Income not taxable for tax purposes	**(121)**	(193)
Group relief	**66**	43
Adjustments in respect of prior periods	**7**	(54)
Tax rate changes	**(32)**	
Utilisation of previously unrecognised deferred tax assets	**2,121**	-
Total tax (credit)	**(139)**	(197)

The Finance Act 2020, which received Royal Ascent on 22nd July 2020, states that the corporation tax rate for the financial year commencing 1st April 2020 is 19%. The Finance Act 2021, which received Royal Ascent on 24th May 2021, states that the corporation tax rate for the financial year commencing 1st April 2023 is 25%.

11 RIGHT OF USE ASSETS

	Land and Buildings £000	Plant and Vehicles £000	Total £000
Cost			
At 1 July 2020	1,579	176	**1,755**
Additions	191	367	**558**
At 30 June 2021	**1,770**	**543**	**2,313**
Accumulated Depreciation			
At 1 July 2020	484	141	**625**
Charge for the year	427	107	**534**
At 30 June 2021	**911**	**248**	**1,159**
Net Book Value			
At 30 June 2021	**859**	**295**	**1,154**
At 30 June 2020	1,095	35	1,130

12 INVESTMENTS

At 30 June 2021 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	Celtic Park, Glasgow, G40 4RE	30 June

The cost of these investments is £504 (2020: £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

	2021 £000	2020 £000
Finished goods	**3,829**	1,220
Raw Materials	**31**	50
	3,860	1,270

14 DEBTORS- amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	**6,468**	4,924
Other debtors	**1,568**	1,126
Corporation Tax	**609**	415
Prepayments and accrued income	**1,689**	1,075
Amounts due from group companies	**21,540**	32,301
	31,874	39,841

Amounts owed from group companies are interest free, due on demand and bear no fixed terms of repayment.

15 DEFERRED TAX

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were enacted in the Finance Act 2021 on 10 June 2021. Therefore, deferred taxes on the Balance Sheet have been measured at 25% (2020: 19%) which represents the future corporation tax rate that was enacted at the Balance Sheet date.

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

	2021	2020
	£000	£000
At 1 July	**335**	188
Recognised in Statement of Comprehensive Income		
Origination of temporary timing differences	**(463)**	143
Adjustments in respect of prior periods	**262**	4
At 30 June	**134**	335

Deferred tax assets have been recognised in respect of all 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 (2020: £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	**Liability**	**Net**	**Charged/(Credited) to Statement of Comprehensive Income**
	2021	**2021**	**2021**	**2021**
	£000	**£000**	**£000**	**£000**
Short term temporary differences	134	-	134	201
Net tax assets	**134**	**-**	**134**	**201**

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

16 CREDITORS - amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	2,007	977
Other taxation and social security	45	1,376
Other creditors	5,431	2,845
Accruals	1,812	3,829
Provisions for liabilities (note 18)	70	26
Due to group companies	569	569
	9,934	9,622

Amounts owed to group companies are interest free, due on demand and bear no fixed terms of repayment.

17 INCOME DEFERRED LESS THAN ONE YEAR

	2021	2020
	£000	£000
Deferred Income	24,092	21,275

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

	Dilapidations	Total
	£000	£000
Cost		
At 1 July 2020	298	298
Released in the year	(129)	(129)
At 30 June 2021	169	169
Due within one year or less	70	70
Due after more than one year	99	99
At 30 June 2021	169	169

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

19 INCOME DEFERRED MORE THAN ONE YEAR

	2021	2020
	£000	£000
Deferred income	-	29

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.

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 30 June 2021 there were 9 such leases in place with end dates ranging from September 2021 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 2021 are as below.

Right of Use Assets

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2020	1,095	35	1,130
Additions	190	368	558
Depreciation	(427)	(107)	(534)
At 30 June 2021	**858**	**296**	**1,154**

Lease Liabilities

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2020	1,206	35	1,241
Additions	298	367	665
Interest expense	41	5	46
Lease payments	(654)	(113)	(767)
At 30 June 2021	**891**	**294**	**1,185**
Lease liabilities < 1 year	500	145	645
Lease liabilities > 1 year	391	149	540
Total lease liabilities	**891**	**294**	**1,185**

20 LEASES (CONTINUED)

	Up to 3 months £000	Between 3 – 12 months £000	Between 1 – 2 years £000	Between 2 – 5 years £000	Over 5 years £000
Leases as at 30 June 2021	198	447	398	142	-

	Up to 3 months £000	Between 3 – 12 months £000	Between 1 – 2 years £000	Between 2 – 5 years £000	Over 5 years £000
Leases as at 30 June 2020	151	452	539	99	-

21 SHARE CAPITAL

	Authorised	Allotted	Called Up & Fully Paid
Equity	£	£	£
Ordinary Shares of £1 each			
At 1 July 2020 & 30 June 2021	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 2021 was £2.1m (2020: £3.8m).

23 PARENT UNDERTAKING

At 30 June 2021 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.