



Celtic plc
Annual Report
Year Ended
30 June 2012





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Chairman's Statement



Ian P Bankier

SUMMARY OF THE RESULTS

Operational and Financial Highlights

Winners of the SPL

Runners up in the League Cup

4 home European matches (2011: 2)

Group revenue £51.34m (2011: £52.56m)

Investment in football personnel of £5.24m (2011: £10.29m)

Year-end net bank debt of £2.77m (2011: £0.53m)

Loss before taxation of £7.37m (2011: £0.10m profit)

Operating expenses before exceptional items £54.44m (2011: £52.50m)

Loss from trading before asset transactions and exceptional items of £3.09m (2011: £56,000 profit)

Exceptional costs of £0.54m (2011: £3.99m)

Our primary objective for the financial year to 30 June 2012 was to win the Scottish Premier League title and provide a route to the Group Stages of the UEFA Champions League.

I am delighted to be in a position to report that this objective was fulfilled. Having recovered the SPL title in May, we then qualified for the Group Stages of the European Champions League after defeating Helsinki and Helsingborgs in the third qualifying round and play-offs. Our reward is participation in the highest echelons of European football for the first time since season 2008/09.

The financial benefits of achieving our goal are material, but they are not reflected in these annual results, full details of which are contained in the accompanying reviews and information. In summary, they show a slight decline in turnover to £51.34m, an increase in operating expenses of £1.93m and an overall loss in the period of £7.37m against a very slight profit the year before.

Our net bank debt position at the year-end rose as a consequence, but careful management of cash from various transactions meant that the increase in this measure of debt has been limited, rising from £0.53m in June 2011 to £2.77m in June 2012.

The key dynamic, not reported in these numbers, is the strategy employed by the Board in regard to the player pool. At the half year I reported that we had made and were continuing to make sizeable investments in new players, so as to strengthen the squad with a view to achieving our primary objective. At the same time, we consciously resisted opportunities to trade players for the sake of short term profit.

“Our reward is participation in the highest echelons of European football”

This considered approach has paid off. We are now in the position that we will enjoy enhanced revenues from European participation, where we will compete with the benefit of an exciting squad that has great potential. An integral part of our careful player pool strategy has been finding and developing young talent, both domestically and from abroad. The numbers of young players, especially from our Academy, meeting the standards necessary to break through to the senior squads has been extremely encouraging.

The success of that strategy this year and the strength in depth it has provided, has enabled us to realise some profit by selling on Ki Sung Yueng. The gain made from that sale, together with the earnings from the initial two UEFA qualifying rounds, have assisted our position over the summer, with the UCL Group Stage still to come. Our supporters and sponsors continue to back us through season tickets, multimedia products, merchandising and contract renewals.

Achieving the playing success we all seek, while managing the player pool and cost base sensibly throughout the year, requires considerable skill, foresight and fortitude. This is and always will be a team effort, for which Neil Lennon, his backroom team and players, Peter Lawwell, and all our staff should take credit.

The 2011/12 season brought unprecedented turmoil and pressures upon Scottish football, making an already difficult economic environment more difficult still. Celtic Football Club has navigated its way through all of this with the advantage of a stable and resilient financial platform and an intelligent business and football strategy.

But no matter what challenges we may have faced during the year, we cannot lose sight of those less fortunate than ourselves. During the year our colleagues in Celtic Charity Fund continued their efforts to help improve the lives of others. Among the many projects undertaken, the Legends match last August stands out. As a result of the efforts and generosity of all those concerned, over £330,000 was raised for Oxfam's East Africa appeal, helping to alleviate deprivation and starvation in that part of the world. That evening was a great occasion, for an even greater cause and one worthy of this Club's traditions.

In those activities, and in our other work throughout the year, our fans, shareholders, staff, sponsors and business partners have backed us. I thank you all for that support.

Ian P Bankier

Chairman
18 September 2012



Chief Executive's Review

Peter Lawwell



INTRODUCTION

After the groundwork laid down in previous years, season 2011/12 represented further progress for us on the field. We won the Scottish Premier League title by a margin of 20 points, having overturned a significant deficit at one stage, and narrowly missed out at Hampden in the two domestic cup competitions.

The outcome for the financial year was heavily influenced by the deliberate decisions made earlier to retain a number of key players, with the objective of recovering the SPL title and enabling us to progress in Europe this summer. The Company's strategy adopted a number of years ago in investing in technical functions, recruitment, sports science, coaching, performance analysis and in the Academy is now bearing fruit. We now have a young, vibrant squad with significant value and potential – the Champions of Scotland and participants in the UEFA Champions League Group Stage 2012/13.

FOOTBALL INVESTMENT

The playing squad was further strengthened during the 2011/12 season, with considerable funds invested in the first team, and the retention of most of the Club's best players. A number of players were acquired, enhancing the blend of youth and experience in the squad, while a number of others progressed from the youth academy. The average age of the starting eleven was regularly in the low twenties and it is believed the value of the squad has been further enhanced. Our conscious decision not to accept offers in the January transfer window for a number of key players, in order to maximise our chances of succeeding in football competitions and participating at the highest European level has been vindicated in terms of football success, though it has also shaped the Company's results for the period to 30 June.

We have a large first team squad and the need to manage squad numbers sensibly remains. Nevertheless, the strength in depth we continue to possess has enabled us to cope with injuries at various times and means we are well-placed for the current season.

Wage and transfer fee inflation over a number of years means that the gap between Scotland and the major European footballing nations is impossible to bridge, thus the relative cost and challenge of attracting quality new players gets no easier. We remain committed to the strategy of careful and patient use of our financial resources, including the prudent management of debt, whilst continuing our efforts to strengthen the first team squad.

The investment in our Lennoxtown training facility and youth development infrastructure continue to yield benefits, helping to ensure that players are recruited and developed in an effective manner. Continued investment is planned to enhance the infrastructure that we already have.

We have also maintained our investment in the sports science and medical team to ensure the best possible medical and nutritional advice, and have continued to enhance the scouting operation and performance analysis functions during the year. Each of these plays an important part in our football success.

Our Youth Academy has benefited from the ongoing investment in quality coaches and use of the facilities and expertise available at Lennoxtown. Several members of our Development and U19 teams have stepped up to the senior squad and this policy will continue.

The development of younger players is an integral part of our longer term strategy to manage costs, although we will not shrink from investing in new talent to improve the squad if we believe that is needed and we have the resources available. The progress achieved in maintaining base football labour costs at an acceptable level is planned to continue in the coming season.

FINANCIAL PERFORMANCE

In the year to 30 June 2012 turnover was £51.34m which is slightly down on the £52.56m reported the previous year having played 24 home matches in both years. Much of this reduction is due to reduced pre-season and match ticket revenues.

Total operating expenses increased in comparison to the previous year by approximately £1.93m, 3.7% to £54.44m. This is largely as a result of an increase in labour, cost of sales, travel and accommodation costs together with additional costs from the dispute with FC Sion and various SFA/SPL matters.

£5.24m was invested in strengthening the first team squad, which resulted in an overall amortisation charge for intangible assets of £6.37m in comparison to £8.16m the previous year. In addition a gain on sale of £3.54m was realised following the sale of players in comparison to £13.23m the previous year. £0.54m exceptional costs were incurred in comparison to £3.99m last year.

As a result of the above, the Group achieved a retained loss for the year to 30 June 2012 of £7.37m which compares with the previous year's profit of £0.10m. Further information is contained within the Financial Director's Review.

FOOTBALL OPERATIONS

During season 2011/12 the Club played 54 competitive first team matches, winning 37, drawing 7 and losing 10.

Having progressed through the UEFA Champions League third qualifying round and play-off we will be participating in the Group Stage of the competition, facing Barcelona, Benfica and Spartak Moscow.

As with last season, there was no competitive Reserve Scottish Premier League, although a new Under-20 competition has been introduced

The Development squad was again in place, made up of mainly Under 19 players, whom the football management team deemed be the 'elite players' from the youth development programme.

The first team squad trained independently for the majority of the season, but there were many occasions when players from the Development squad stepped up to train with the first team. A specialized sports science programme for this squad ran alongside the first team programme and numerous 'behind closed doors' matches were arranged against quality opposition to give this group invaluable experience.

YOUTH ACADEMY

Season 2011/12 was one of the most successful in the history of Celtic's Youth Academy, with the Club now providing more than 30 international players for their respective national teams.

The Under 19s played 22 matches, winning 18 of them, with just 1 defeat. This lead to victory in the League, by eight points from Hearts, with a comfortable success in the SFA Youth Cup Final at Hampden at the end of April.

The Under 19 team was unfortunate not to progress in its first outing in European football in the NextGen series. Celtic's group consisted of Barcelona, Marseille and Manchester City where we finished with a very creditable 9 points and 3 wins. The Club will participate in this prestigious tournament again in Season 2012/13.

The stated aim continues to be to produce players who are capable of playing at the highest level in the UEFA Champions League. Last season more young players made the progression from the Academy to the first team, including Marcus Fraser, Paul George, Filip Twardzik, Dylan McGeouch and Tony Watt.

During season 2011/12 the Academy teams were split into 3 age groups: the 17s-19s Professional Academy; the 13s to 16s Intermediate Academy, and the 7s-12s Junior Academy.

From season 2012/13 the Professional Academy will encompass the Under-20s to accommodate participation in the new Scottish Premier League U23 competitive match programme.

The partnership between Celtic FC and St Ninian's High School has now completed its 3rd year and has gone from strength to strength, with our young players combining football and education. Season 2012/13 will see over 40 players attend St Ninian's from our Academy.

TICKET SALES

2011/12 was a successful season for Ticket Sales with over 42,500 standard season tickets sold with a value of more than £13.8m. Home match tickets sales of over 220,000 generated an income of over £4.5m which included our Europa League Play Off and Group Stage matches.

CELTIC DEVELOPMENT

The Club's youth development programme continues to benefit significantly from the commitment and hard work of the staff, agents and customers of Celtic Pools. We are grateful for their continuing support. Over 2 million lottery chances were sold by them during the period from July 2011 to June 2012, with around £740,000 donated for the purposes of youth development. Supporters from all over the country won approximately £900,000 in prize money.

It is clear from this that the weekly Celtic Pool lottery continues to perform better than most football club and charitable lottery products in a challenging environment. The Paradise Windfall match day lottery also continues to be very popular, with prize money of over £2.75m having been paid out to Celtic supporters at Celtic Park since the Windfall began in 1995. The top prize of £15,000 is the largest top cash prize in UK football.

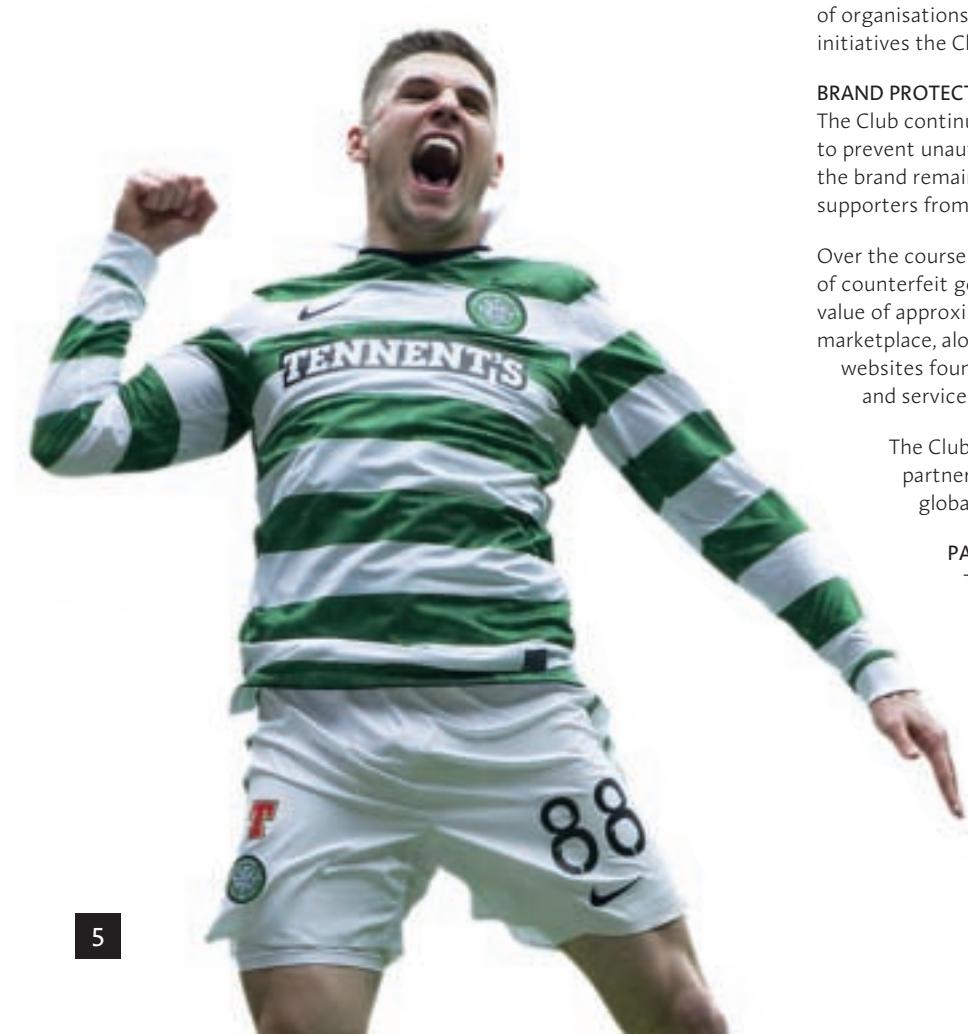
CELTIC FOUNDATION

The Celtic Foundation continues to play a key role in the Club's social dimension and ethos, demonstrating its ability to deliver improvements whilst tackling the inequalities which exist in some of our most disadvantaged communities. Over the past twelve months the Foundation has been involved in more educational and community engagement programmes than at any time in its history. Over fifty projects have been undertaken in association with partners from public, private and third-sector organisations. The areas of greatest focus have been:

- Health and wellbeing
- Education
- Social inclusion
- Unemployment
- Sport for Life

The Foundation also runs a very successful Girls' Academy, as well as the Ladies' first team and reserve squads. The female football programme is now the most sought-after in Scotland, with thirty-five internationalists at girls' and senior levels. The Celtic Girls' Academy is widely lauded as the most successful in the UK.

The acknowledgements and endorsements from our partners are testament to the quality of the Club's social responsibility work. This year the European Club Association has awarded Celtic's "Ability Counts" the title of 'Best Community & Social Responsibility Programme 2011' for its work with young people with Down's Syndrome. We also recently won the People's Choice Heart and Soul Award at the Scottish Charity Awards 2012.



The progress made this year has been significant. The support of everyone at Celtic – dedicated staff, our partners and our client groups – will be valued by participants for years to come. Our aim is to reach out into the heart of the community and make a positive difference to individuals, families and communities.

MERCHANDISING

Merchandising revenue for the year reached £13.3m, this was down 6.9% on the previous year mainly due to fewer kit launches in the period (two in 2011/12, compared to three in 2010/11). However like-for-like retail store sales were 5% up on the previous year.

A range of commemorative products will be launched to tie in with the Club's 125th anniversary, supplementing the kit launches in the early summer and one that will take place during the Autumn.

As part of a rationalisation plan, the Edinburgh store was closed in January of this year at a break-point in the lease. The Glasgow Airport store has been relocated to a new landside location and continues to perform well.

MULTI MEDIA

Celtic TV has gone from strength to strength in the past year. It is now available multi-platform and also provides a high-end, dedicated stream for supporters in North American supporter clubs.

The Club's Social Media presence is growing steadily. Currently there are close to 200,000 Facebook 'likes', while we have launched several Twitter feeds with a total of 70,000 followers since February. Future plans include a Celtic-branded YouTube page.

The Multi Media team also produced two significant events in the past year. In summer of 2011, the Legends Charity match took place. Although broadcast on ITV it was produced by the Club and raised around £336,000 for Oxfam's East Africa Appeal. In spring 2012, Multi Media also managed the visit of the Good Child Foundation (aka the 'Thai Tims') to Glasgow. The three-week visit culminated in a sell-out event with nine other acts at Glasgow Royal Concert Hall.

Multi Media have also produced two Retail DVD products and released several 'Apps' in the past financial year.

PUBLIC RELATIONS

Once again, the Club experienced a high level of media interest and activity throughout the year across domestic and European football, reflecting the Club's profile and the significant issues involved.

The Club's PR Department continued to achieve and manage a substantial amount of media coverage for a range of Club activities at a national level in 2011/12, including commercial, charitable and community events.

The PR Department also acts as an important liaison between the Club and supporters' organisations, assisting with supporter enquiries and requirements.

In addition, the Department liaises directly with a number of organisations to ensure that through a range of initiatives the Club upholds its important social dimension.

BRAND PROTECTION

The Club continues to protect the Celtic brand worldwide to prevent unauthorised use by third parties, ensuring that the brand remains a valuable Club asset, and to protect our supporters from substandard goods and services.

Over the course of last season alone, the availability of counterfeit goods was reduced, with goods to the value of approximately £7.5m being removed from the marketplace, along with the removal of a number of websites found to be offering unofficial Celtic goods and services.

The Club continues to work closely with key partners including NIKE, to protect the value and global profile of the Celtic brand.

PARTNER PROGRAMME

The Club's relationship with current shirt sponsor Tennent's continues to grow. Strong on field performance has delivered increased brand awareness, and established promotions like the 'Could Have Been a Player' marketing campaign have been very well received. NIKE remain a mainstay of the partner programme, with our relationship now entering its eighth consecutive year.

Similarly, the Club's relationship with Lomond Audi has continued to deliver strong returns for their brand as Celtic's car supplier and sponsor. During the season, executive dugout seating was installed to give further brand awareness. The Audi agreement will continue for season 2012/13.

The Club has also delivered new sponsorships for Betdaq and 888poker.com in the online sports betting and poker categories respectively.

Further sponsorship revenues have been confirmed with contract extensions with Coca Cola Enterprises and Scottish Leader Whisky, both agreements running until the end of the 2013/14 season.

Internationally, the Club continues to enjoy a strong working relationship with the Mahindra Group to assist them with the implementation of a grassroots football tournament across India. Several extremely talented Indian youngsters have been put through their paces at Lennoxtown under the watchful eye of youth academy staff to help maximise their potential. The Club continues to discuss further opportunities with Mahindra to build upon this relationship.

Co-operation arrangements with Mexican Premier League team Santos Laguna continue to blossom with knowledge-sharing and staff exchanges during the course of the year. Both parties are working together on several football and commercial opportunities for season 2012/13.

Overall, the sponsorship landscape remains extremely tough as the ongoing economic difficulties continue to impact upon companies' advertising and marketing budgets. However we have been able to maintain and extend our relationships with our sponsors and are grateful for their continued support during a challenging period for us all. The Club continues to pursue new business opportunities domestically and internationally to enhance revenues.

STADIUM

During the course of the year we continued to enhance the close liaison and valued partnership with the Glasgow City Council Safety Team for Sports Grounds, placing spectator safety as our highest priority.

The training of colleagues responsible for public safety duties continued to be developed. Our matchday Safety Officers responsible for the management of spectator safety are fully qualified and accredited in compliance with Edition 5 of the Guide to Safety at Sports Grounds. In addition, matchday safety stewards are also qualified in compliance with the Guide and our stewards participate in an accredited training programme leading to an SVQ Level 2 in Event Stewarding. Once more, the Club continued to provide inputs to the police Match Commanders' training programme, held at the Scottish Police College.

To enhance safety and provide assistance to our travelling support, the Club has maintained its commitment to providing Celtic travel stewards at away fixtures in the United Kingdom and abroad. As part of this initiative, the provision of transport for fans with walking difficulties has been introduced for SPL matches where coach parking is some distance from the stadium. This initiative continues to be developed with the assistance of supporters' groups.

Again, the Club was delighted to host a major seminar specifically aimed at enhancing spectator safety. The seminar was held by the Football Safety Officers Association Scotland in liaison with the police service and other key stakeholders responsible for public safety.

FACILITIES

The Facilities Department once again managed to control costs effectively without compromising standards throughout the stadium. Work has continued to reduce the carbon footprint, with energy saving works including the installation of motion sensor light fittings in the concourse areas, LED light fittings in the Kerrydale Kitchen and the installation of VendServe devices.

Larger-scale activities have included the new big screens in the East and West Stands of the stadium, new dugouts for the home and away teams, the installation of a battery back-up system on turnstiles and re-decoration of concourse areas.

2011/12 also presented an opportunity to upgrade and improve IT infrastructure, helping to ensure it is kept current, secure and with adequate capacity to serve the current and future demands of the Club.

During one of the wettest years on record, our ground staff managed to maintain high quality playing surfaces for the first team, as well as hosting Next Generation and Youth Cup matches at Celtic Park. Our staff and pitches were once again acclaimed at the Institute of Groundsmanship Awards in November, being awarded second place in both the Best Pitch and Groundsman of the Year categories.

CATERING AND CORPORATE HOSPITALITY

Corporate Hospitality maintained its usual high standard of service, achieving a 98% satisfaction score on the customer feedback survey for matchday experience. However, financial performance fell short of budget in a challenging economic climate.

Christmas events were a great success with an increased attendance of 20% on the previous year. The Player of the Year awards dinner was well-received by the 820 guests who attended.

The Number 7 Restaurant continued to perform well for lunch on Sundays, which remains our most popular day for dining.

The Visitor Centre has also continued to contribute with sales and the number of attendees in line with previous years. Celtic's Visitor Centre has now been listed as one of Glasgow's Leading Attractions and we continue to attract visitors from all over the world.

Corporate seasonal sales were a challenge in a difficult environment, with seat sales slightly below expectations but offset by strong performance from multi and single match packages for SPL fixtures.

Premium areas continued to do well, although affected by the number of concession seats. Again multi and single match packages for SPL fixtures in these areas were ahead of budget.

Sales for our Europa League games were slightly behind budget levels for the corporate and premium areas, but mainly due to the 6pm kick off slot allocated to 2 of the 3 matches, which proved unattractive to the corporate marketplace.

1000 guests enjoying pre and post match hospitality at Celtic Park on the day of the Communities League Cup Final.

SUPPORTER RELATIONS

Our Customer Relationship Management (CRM) system continues to bring supporter information from many different business areas into one database, and is used to support both the Club's marketing activities and those of our sponsors in a targeted, cost-effective manner.

Investment has been made in a new CRM system, which will improve functionality and reduce operating costs.

The number of supporters held in the database has continued to grow, with a 32% increase in contacts over the year.

CELTIC CHARITY FUND

We have been happy to have been able to continue to assist Celtic Charity Fund with its activities, with hundreds of thousands of pounds raised for a range of worthy causes. Fundraising activities undertaken by the Fund included the Legends Match, Club Couture Fashion Show, inaugural charity trip to Kenya, visit of the Thai Tims to Scotland and the Annual Sporting Dinner.

The Charity Fund's total financial contribution to charitable causes in 2011/12 was nearly £392,360. Further details are contained within their report.

HUMAN RESOURCES

In a climate of unprecedented turmoil within Scottish football we remain committed to providing consistency in our approach to people management. Training and development has been an area of focus and some investment, with a significant proportion of our workforce attending formal training throughout the year and more scheduled for 2012/13. Internal communications continue to be improved with a re-launch of our Colleagues' Suggestion Scheme planned in the forthcoming months. Employee turnover has ensured that recruitment and induction processes have been an area of constant focus, with a number of new employees joining us and bringing with them a wealth of knowledge and experience.

Our Celtic Choice benefits package is receiving renewed attention with an online portal becoming available, ensuring all employees have access to their benefits from any location at any time.

In January 2012 our annual employee opinions survey was issued, which once again provided useful feedback, highlighting areas of improvement and allowing for focussed action plans to be implemented for the forthcoming year.

We retained Job Centre Plus's 'Positive about Disabled People' symbol in February 2012, for the seventh consecutive year, recognising Celtic's commitments to employing, keeping and developing the abilities of disabled staff.

Celtic also continues to hold "Tommy's" accreditation, reflecting our good practice in respect of pregnant employees.

Employment opportunities have been provided to 19 people through the Community Jobs Scotland project which is endorsed by Social Enterprise Scotland and aims to support young people into sustainable employment.

SUMMARY AND OUTLOOK

Although, on its face, the financial outcome for the year ended 30 June 2012 appears disappointing, this was the result of a deliberate policy of retaining key players in order to achieve significant strategic objectives that, if fulfilled, would have a substantial beneficial impact later in the year. The success gained on the pitch in meeting those objectives now provides us with greater flexibility than would otherwise have been the case.

Maintaining the discipline of good financial management and cost control over a number of years has also been central to our ability to withstand the uncertainty and financial effects of the problems at Rangers and the prolonged economic downturn. That disciplined approach will continue. We are operating from a position of comparative financial and football strength, with exciting young players continuing to make their mark in the first team, and the generation of value within the squad itself.

The return of Champions League football to Celtic Park this season will undoubtedly provide a substantial boost and an added incentive to maintain the progress we have made.

Peter Lawwell

Chief Executive
18 September 2012



“the result of a
deliberate policy of
retaining key players
in order to achieve
significant strategic
objectives”

Financial Review



Eric J Riley

BASIS OF PREPARATION AND ACCOUNTING POLICIES

As with last year, Celtic's Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The segmental reporting under IFRS included in Note 3 to the Financial Statements, is consistent with last year and identifies 3 key business segments: Football and Stadium Operations; Merchandising and Multimedia and Other Commercial Activities.

The basis of preparation and details of the main accounting policies adopted by the Group are disclosed in Notes 1 and 2 to the Financial Statements. These policies have been consistently applied to both years presented.

FINANCIAL RESULTS

Celtic's financial results for the year to 30th June 2012 were disappointing in comparison to the previous year. The Group's reported loss of £7.37m is well down on the previous year's profit of £0.1m due largely to a reduced contribution from trading and a much lower gain from the disposal of player registrations.

Group revenue reduced by £1.22m, 2.3% to £51.34m having played 24 home matches which is the same as last year. Total operating expenses have increased over the previous year by £1.93m, 3.7% to £54.44m largely as a result of an uplift in football labour costs.

As a result the loss from trading before asset transactions and exceptional items of £3.09m compares with a profit of £56,000 last year. The retained loss for the year after exceptional operating expenses, amortisation of intangible assets, loss on disposal of property plant and equipment, gain on disposal of intangible assets, interest and tax amounted to £7.37m in comparison to a profit of £0.1m in 2011.

REVENUE

A summary of revenue per business segment is set out in notes 3 and 4 to the Financial Statements and a detailed analysis of performance of each operating division is given in the Chief Executive's Review on pages 3 – 7. The major movements in revenue in comparison to last year are noted below.

Income from football and stadium operations reduced by £2.05m, 6.6% to £28.94m mainly as a result of lower pre-season match fee income and reduced net match day ticket income largely from cup competitions including a loss of revenue from not competing in the Scottish Cup Final this year offset by increased lottery and Pools revenues.

Merchandising reported a reduction in turnover of £0.95m, 6.7% to £13.38m predominantly as a result of reduced retail, royalty, wholesale and internet income partly arising from a store closure and the delay in the launch of the new home kit and the away black kit. In addition, the retail market in the current year has been very competitive.

Multimedia and other commercial activities revenue has increased by £1.82m, 25.1% to £9.06m largely from the increased television income arising from playing 4 home European games in comparison to 2 the previous season.

OPERATING EXPENSES

Total operating expenses have increased over last year by £1.93m, 3.7% to £54.44m mainly due to an uplift in labour costs together with increased charges re cost of sales, legal and professional fees and extra travel and accommodation costs from playing 2 additional European games this season.

Total labour costs increased by £1.22m, 3.7% to £33.88m largely due to increased wage costs in football and youth development over the previous year. The increase in football wage costs from last year is mainly due to an uplift in base first team costs following the change in playing personnel during the summer of 2011 together with higher bonus payments from winning the SPL and qualifying for the Europa League group stages.

The ratio of the total labour cost to turnover at 65.9% has increased from the 62.1% of last year. This ratio compares with an average of 70% recently reported for the English Premiership in season 2010/11. Wage inflation is an area of concern throughout the worldwide football industry which will need to be carefully controlled. The Board recognises the need to maintain strict control over wage costs and this will continue to be closely monitored.

While the change in the composition of the SPL in 2012/13 may result in reduced television and commercial revenues being generated, Celtic plans to achieve a managed ratio between revenue and labour costs against a backdrop of the enhanced television contracts agreed in England. On-going financial controls remain in place to ensure that labour costs are maintained at a manageable level, particular in relation to revenues.

EXCEPTIONAL OPERATING EXPENSES

Exceptional operating expenses of £0.54m (2011: £3.99m) reflect a provision for impairment to intangible assets of £0.3m (2011: £3.18m) and £0.24m (2011: £0.81m) in respect of labour costs.

AMORTISATION OF INTANGIBLE ASSETS

Total amortisation costs at £6.37m represent a fall of £1.78m, 21.9% in comparison to the previous year, mainly as a result of a reduced charge following the impairment provision at 30 June 2011 offset by the uplift in the charge from the players that signed for Celtic just prior to or during the 2011/12 season including Bangura, Kaddouri, Forster, Matthews, Wilson and Wanyama. The current year charge was also reduced by players that left during or following the end of 2010/11 season, including Maloney and Hooiveld, together with the reduction arising from the contract extensions awarded to Brown, Mulgrew, Kayal and Izaguirre.

LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The loss on disposal of property, plant and equipment in the year of £0.12m mainly reflects the disposal of information technology equipment and the fixtures and fittings in closing the Edinburgh store. The loss on disposal of £0.31m the previous year was largely as a result of the write down of the stadium big screens to a net book value of nil together with the replacement of outdated IT equipment.

PROFIT ON DISPOSAL OF INTANGIBLE ASSETS

The gain on sale of £3.54m largely reflects the sale of Hooiveld, Maloney and Feruz in comparison to the £13.23m last year mainly from the sale of McGeady, McManus, Boruc, Fortune and Maloney.

FINANCE COSTS

The finance costs charge for the year to 30 June 2012 of £0.79m (2011: £0.72m) reflects interest due on the Company's borrowing facilities with the Co-operative Bank together with Preference Share dividends.

TAXATION PROVISION

No provision for corporation tax is required in respect of the year ended 30 June 2012. The provisional tax computation for accounts purposes provides tax losses carried forward of approximately £33m (2011: £27m) and an available capital allowance pool of approximately £13.99m (2011: £14.55m).

The value of the deferred taxation not reflected in the financial statements of the Group was £8.42m (2011: £6.90m) which will be recovered to the extent of future taxable profits of the Group.

PROPERTY, PLANT AND EQUIPMENT

The additions to property, plant and equipment in the year of £1.03m are represented mainly by work on the new pitch at Lennoxtown, additional sports science and gym equipment, safety improvements to the stadium, new big screens, a new Glasgow airport store and further enhancements to information technology equipment.

INTANGIBLE ASSETS

The decrease in the net book value of intangible assets from 30 June 2011 of £3.03m to £7.33m reflects the investment in the playing squad of £5.24m less the amortisation charge of £6.37m and the net book value of disposals of £1.60m. The investment in the playing squad is largely represented by the acquisition of Bangura, Kaddouri, Forster, Matthews, Wilson and Wanyama during the football season. However, additional capital instalments were also paid in respect of Hooper, Izaguirre, Kayal, Stokes and Murphy.

INVENTORIES

The level of stockholding at 30 June 2012 of £2.16m is comparable with the £2.25m reported last year with the black away kit being launched in June this year compared to the international kit launch last year.

RECEIVABLES

The reduction in the level of receivables from 30 June 2011 of £0.86m to £4.98m is primarily a result of a reduction in amounts due in respect of player transactions and the central distribution from the SPL.

NON-CURRENT LIABILITIES

The reduction in non-current liabilities from 30 June 2011 of £0.39m to £15.16m is largely as a result of a decrease in the term loan and also in deferred income due after more than one year.

CURRENT LIABILITIES

The decrease in trade and other payables from 30 June 2011 of £0.75m to £15.07m largely reflects the reduction in amounts payable in respect of player transfers and a decrease in accrued expenditure, particularly the payments due under the Company's bonus and LTIP schemes offset by an increase in trade creditors.

INCOME DEFERRED LESS THAN ONE YEAR

Income deferred less than one year at £12.73m compares to the £11.75m reported last year and reflects the cash received prior to 30 June 2012 in respect of the financial year ended 30 June 2013.

NET ASSETS AND FUNDING

Celtic has been consistent with prior years reports under IFRS, which requires elements of the Preference Shares and the Convertible Preferred Ordinary Shares to be classified as debt and non-equity dividends to be classified as interest.

Net debt, excluding Preference Shares and the Convertible Preferred Ordinary shares at 30 June 2012, is £2.89m (2011: £0.66m) and includes all bank borrowings and other loans offset by cash at bank and in hand. The increase from 30 June 2011 is principally as a result of the cash generated from trading and the disposal of player registrations in the 12 months to 30 June 2012 being offset by capital expenditure in respect of tangible asset additions and instalments paid in respect of player acquisitions, including instalments due in respect of prior period purchases, together with dividend and interest payments.

The Group has internal procedures in place to ensure efficient cash flow and treasury management in order to maximise return and minimise risks where appropriate. Details of the Group's financial instruments and debt profile are included in Notes 20, 21, 24, 25, 26, 27, and 28 to the Financial Statements.

Eric J Riley

Financial Director
18 September 2012





Directors' Report

The Directors present their Report together with the audited Financial Statements for the year ended 30 June 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the operation of a professional football club, with related and ancillary activities. The principal activity of the Company is to control and manage the main assets of the business whilst the majority of operating activity is carried out by the subsidiary, Celtic F.C. Limited. As a result, both of these companies are managed and controlled as a single entity in order to achieve the objectives of the Group.

RESULTS AND DIVIDENDS

Group revenue is reported as £51.34m compared with £52.56m in 2011. Operating expenses of £54.44m result in a loss from trading before asset transactions and exceptional items of £3.09m (2011: £0.06m). The loss before taxation amounted to £7.37m (2011: £0.10m profit).

Dividends were paid in cash on 31 August 2012 to those Preference Shareholders not participating in the scrip dividend reinvestment scheme. The record date for the purpose of the Preference Share dividend was 27 July 2012.

Mandates representing 1,365,779 Preference Shares are in place for the scrip dividend reinvestment scheme. Approximately £44,364 (2011: £45,720) of dividends for the financial year to 30 June 2012 will be reinvested. 130,482 new Ordinary Shares were issued under the scheme at the beginning of September 2012.

The scrip scheme was extended at the AGM in October 2009 until 29 October 2014.

The Directors do not recommend the payment of an Ordinary Share dividend.

The loss of £7.37m has been taken to reserves.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

As the Company and its principal subsidiary are managed and controlled as a single entity, the review of business and future developments, which is set out in the Chief Executive's Review and the Financial Review, reflects the performance of the Group. A separate review of the Company would not be meaningful and is therefore not presented.

EVENTS SINCE THE YEAR END

Since 30 June 2012, Celtic has acquired the permanent registrations of Efe Ambrose, Fraser Forster and Lassad Nouioui, and the loan registrations of Nicolas Flores and Lubos Kamenar. The registrations of Morten Rasmussen, Ki Sung Yueng and Josh Thompson were disposed of on a permanent basis, with those of Mohammed Bangura,

Andre Blackman, James Keatings, Daryl Murphy and Lewis Toshney placed on loan.

SHARE CAPITAL

Details of and changes to the Company's authorised and issued share capital are set out in Note 22 to the Financial Statements.

FINANCIAL INSTRUMENTS

Details and changes to the financial instruments used by the Group are included in Note 28 to the Financial Statements.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties that the Board considers are associated with running a professional football club such as Celtic are set out below.

There are many inherent uncertainties in professional football due to the nature of the game. These also are part of the attraction of the sport, with unpredictability of match outcome being part of the entertainment factor. These risks are included within a risk matrix which is regularly reviewed internally and with the Audit Committee on behalf of the Board, and updated as necessary.

The risk matrix evaluation identifies types of risk, the likelihood of the identified risk occurring, the potential impact it may have on the Group if it did occur, and the steps that have been or should be taken to reduce the likelihood of occurrence and 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 Company's operations are managed so as to reduce the likelihood of these events occurring and to mitigate their potential impact if they did occur, it is not possible to eliminate these risks entirely.

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

(i) Player transfer market and wages

Due to the application of football regulations the opportunity to acquire or dispose of player registrations occurs, subject to limited exceptions, only during 2 registration windows of specified duration each year. The time pressures that arise in the run-up to the closure of the windows can have an impact on the outcome of negotiations. Players are readily mobile, particularly when out of contract or nearing the end of their contracts, and have transferable skills and so the range of possible clubs willing to engage the player can be extensive, particularly where he is very talented. Changes in football managerial appointments can also influence player demand, with certain players, or styles of play favoured by some managers more than others. Injuries and suspensions also affect player value and the willingness of clubs to release players for sale. The availability of players can change at very short notice.

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

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

(ii) Season ticket revenues

Significant revenue is derived from the sale of season tickets. External economic conditions can affect supporters' disposable income and there is a risk that the season ticket is treated as a dispensable luxury rather than a necessity. The quality of the team, the entertainment on offer, the level of success from preceding seasons, the opposition that the club may face in the season, together with pricing all have an effect on purchasing decisions. Many of these factors are beyond the control of the Group.

(iii) Match day attendances

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

Poor football results, the nature and quality of opposition, and bad weather can lead to a drop in attendances. A perception that there are empty seats also affects the purchase of future season tickets in that supporters may elect to buy a match ticket when desired and run the risk of non-availability, rather than guarantee a seat by purchasing a season ticket.

(iv) Revenues from broadcasting contracts and football competitions

The Scottish Premier League sells domestic broadcasting rights centrally. The Group is entitled to a share of SPL 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 Group has little, if any, control. Participation in other competitions, such as UEFA Champions League or UEFA Europa League, also leads to additional revenue being paid. The extent of this revenue depends on the competition, the level of advancement in the relevant competition, whether there are any other Scottish participants, and the size of the Scottish domestic television market. The revenue available is dependent on participation and therefore determined on the basis of football results, which cannot be guaranteed.

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

KEY PERFORMANCE INDICATORS

The Group monitors performance against the following key performance indicators:

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

A detailed review of performance of the Group and each operating division is given in the Chief Executive's Review on pages 3 to 7.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARE CAPITAL

The Directors serving throughout the year and at 30 June 2012 and their interests, including those of connected persons, in the share capital of the Company were as follows:

Name	30 June 2012			1 July 2011		
	No. of Convertible Preferred Ordinary Shares of £1 each	No. of Ordinary Shares of 1p each	No. of Convertible Cumulative Preference Shares of 60p each	No. of Convertible Preferred Ordinary Shares of £1 each	No. of Ordinary Shares of 1p each	No. of Convertible Cumulative Preference Shares of 60p each
T Allison	-	3,357,505	-	-	3,357,505	-
I Bankier	-	30,000	-	-	-	-
D Desmond	8,000,000	32,772,073	5,131,300	8,000,000	32,772,073	5,131,300
B Duffy	-	229,694	-	-	107,750	-
P Lawwell	-	356,000	-	-	356,000	-
I Livingston	1,600	505	500	1,600	505	500
Dr J Reid*					3,000	3,000
E Riley	8,000	77,328	5,000	8,000	76,925	5,000
B Wilson	-	3,000	500	-	3,000	500

* Retired 14 October 2011



No changes in Directors' shareholdings between 30 June 2012 and 5 September 2012 have been reported to the Company, except that Eric Riley has acquired a further 477 Ordinary Shares of 1 pence each under the Company's Scrip Dividend Reinvestment Scheme, taking his holding to 77,805 Ordinary Shares

Brief biographical details of the Directors serving as at 30 June 2012 are as follows:

Thomas E. Allison (64) has been a non-executive Director since September 2001. He is Chairman of the Remuneration Committee and a member of the Nomination Committee. Mr Allison is the nominated Senior Independent Director, Chairman of Peel Ports Limited and a director of a number of other companies within the Peel Ports Group. He is Chairman of Tulloch Homes Group Limited, a non-executive director of Sunseeker Yacht Group Limited and a member of the Council of CBI Scotland.

Ian P Bankier (60) was appointed to the Board as an independent non-executive director on 3 June 2011 and became Chairman on 14 October 2011. Mr Bankier is Executive Chairman of Glenkeir Whiskies Limited, a company he substantially owns. Glenkeir operates The Whisky Shop chain, which is the UK's largest specialist retailer of whiskies. He has been involved in the Scotch whisky industry for 15 over years having been Managing Director of Burn Stewart Distillers PLC and Chief Executive of CL World Brands Limited. Mr Bankier's formative career was as a solicitor and he was a partner of McGregors for 15 years, where he specialised in corporate law. Mr Bankier is a member of the Remuneration Committee and chairs the Nomination Committee.

Dermot F. Desmond (62) has been a non-executive Director of the Company since May 1995. He is the chairman and founder of International Investment and Underwriting, a private equity company based in Dublin. He is the original promoter of Dublin's International Financial Services Centre which has over 400 companies operating within it. Mr Desmond has established various companies including several software companies serving the financial services industry. His other investments, in addition to the Company, have included London City airport, the Sandy Lane Hotel, and Barchester Healthcare. Mr Desmond is a member of the Nomination and Audit Committees.

Brian Duffy (58) joined the Board in February 2010. Mr Duffy was educated in Glasgow and qualified as a Chartered Accountant in 1976. He has held a variety of senior posts in the clothing and consumer goods sectors, most recently with the Polo Ralph Lauren Corporation, which he joined as President and Chief Operating Officer, Europe in 2003. He became Group President, Europe in 2008 and retired in March 2012. Mr Duffy is a member of the Audit and Remuneration Committees.

Peter T. Lawwell (53) Chief Executive, joined the Company in October 2003 from his position as commercial director with Clydeport plc. Previously he held senior positions with ICI, Hoffman-La-Roche and Scottish Coals.

Ian P Livingston (48) was appointed to the Board as an independent non-executive director in October 2007 and chairs the Audit Committee. Mr Livingston is Chief Executive of BT Group plc, having also served as chief executive of BT Retail and as Group Finance Director. Mr Livingston has also previously been Group Finance Director of Dixons Group plc and a non-executive director of Ladbrokes plc (formerly Hilton Group plc). He qualified as a Chartered Accountant in 1987.

Eric J. Riley (55) is the Financial Director and joined the Company in August 1994. Mr Riley is a chartered accountant and has executive responsibility for operational areas of corporate strategy and finance. During the year Mr Riley served as a member of the Council of the Scottish Football Association and has served as a member of Board of the Scottish Premier League on several occasions, most recently since July 2010.

Brian Wilson (63) was appointed as a non-executive Director in June 2005. Formerly a Member of Parliament, Mr Wilson also held several ministerial posts during his political career. He is an experienced journalist and writer and a director of several private companies.

POLICY ON APPOINTMENT OF NON-EXECUTIVE DIRECTORS
The Nomination Committee reviews potential appointments to the Board and makes recommendations for consideration by the Board. Re-appointment of directors is not automatic. When a position becomes or is likely to become available, the Board, through the Nomination Committee, seeks high quality candidates who have the experience, skills and knowledge which will further the interests of the Company and its shareholders. The terms of reference of the Nomination Committee are published on the Company's website.

RETIREMENT, ELECTION, AND RE-ELECTION OF DIRECTORS
In accordance with the Articles of Association of the Company, Brian Duffy and Ian Livingston retire by rotation. Each being eligible, offers himself for re-election.

Tom Allison and Dermot Desmond have each served more than 9 years as non-executive directors and in accordance with Rule B7.1 of the UK Corporate Governance Code, each retires and offers himself for re-election.

The Board has reviewed the performance of each of these individuals and is satisfied that they continue to meet the high standards expected of Directors of the Company.

The Directors recommend that Tom Allison, Dermot Desmond, Brian Duffy and Ian Livingston be re-elected as Directors of the Company.

During the year the Company maintained liability insurance for its Directors and officers.



SUBSTANTIAL INTERESTS

In addition to the Directors' interests set out on page 14, the Company has been notified or is aware of the following interests of over 3% in its issued Ordinary Share capital as at 5 September 2012:

Registered Holder	Ordinary Shares of 1p each	Percentage of Issued Ordinary Share capital
Christopher D Trainer	9,623,884	10.64
Bank of New York (Nominees) Limited	7,011,046	7.75
James Mark Keane	5,909,847	6.54

In addition to the Directors' interests as set out above, the Company has been notified or is aware of the following interests of over 3% in the issued Convertible Preferred Ordinary Share capital:-

Registered Holder	Convertible Preferred Ordinary Shares of £1 each	Percentage of Issued Convertible Preferred Ordinary Shares
Telsar Holdings SA Depfyffer and Associes	1,600,000	11.45
Hanom 1 Limited	625,000	4.47
Vidacos Nominees Limited	509,010	3.64
Bank of New York (Nominees) Limited	500,000	3.58

DONATIONS

The Group made direct charitable donations of £15,094 (2011: £10,340) which in both years was represented by the costs of hosting the Celtic Charity Fund annual dinner.

CREDITORS PAYMENT POLICY

It is the Group's policy to pay creditors within the terms agreed when the contract of supply is made, to the extent that the creditors have fulfilled and performed their contractual obligations. Where no terms are agreed, creditors are paid within thirty days of the month end in which the invoice is received. The ratio expressed in days between amounts invoiced to the Group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 36 days (2011: 34 days).

GENERAL GROUP AND COMPANY POLICIES

Employee Communications

Colleagues at all levels are kept informed regularly of matters that affect the progress of the Company and Group and may be of interest. Press and media announcements are circulated throughout the business. Members of senior management also meet formally with employee representatives nominated by all business units to consult on business development, safety and operational matters.

The Group operates a detailed annual appraisal system for most regular employees. This provides the opportunity for feedback and comment. An annual bonus scheme is operated in conjunction with the appraisal system. Details of this are set out in the Remuneration Report.

Employment Policies

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

Full consideration is given to applications for employment by disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing colleagues become disabled it is the Group's policy, where practical, to provide continuing employment under similar terms and conditions and to provide training and career development. Recognition from Jobcentre Plus has been maintained, with retention of the right to use the "Positive about Disabled People" logo.

Investors In People status continues, with good practice in relation to pregnant employees also commended through the Tommy's accreditation.

Social Responsibility

The Company is proud of its charitable origins and operates policies designed to encourage social inclusion. These are referred to in the Chief Executive's Review.

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

CELTIC CHARITY FUND

Formed in 1995 as an independent charitable trust, with its own Trustees and separate accounting requirements, Celtic Charity Fund formalised the Club's support of charitable causes, based on Brother Walfrid's founding principles. As a separate and independent entity, the Charity Fund's financial results are not consolidated with the Company or Group accounts.

HEALTH AND SAFETY

All companies within the Group operate strict health and safety regulations and policies. The requirements of the Green Guide on Safety at Sports Grounds (5th Edition) are adhered to, and the Company obtains its Safety Certificate each year from Glasgow City Council only after rigorous testing and review. Celtic seeks to achieve consistent compliance at all levels with the Health and Safety at Work etc Act 1974 and associated regulations.

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

Accident statistics are collated and reported at management, executive and Board meetings.

INFORMATION SUPPLIED TO AUDITORS

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

- 1 there is no relevant audit information of which the Company's auditors are unaware; and
- 2 each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

At the Annual General Meeting on 14 October 2011 PKF (UK) LLP were re-appointed as auditor to the Company.

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 Directors' Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 28 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources available to it, together with established contracts with a number of customers and suppliers. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

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

Robert Howat
Secretary
18 September 2012

Corporate Governance

CORPORATE GOVERNANCE

The Company's 3 main classes of share – Ordinary, Convertible Preferred Ordinary and Preference – continued to be listed throughout the year on the AIM market operated by the London Stock Exchange.

Although not obliged under the AIM Rules to do so, the Board continued to apply the UK Corporate Governance Code during the year and to report on the basis of the principles contained in it.

The Group has complied with the provisions of the UK Corporate Governance Code in force for the accounting period ending 30 June 2012.

Board of Directors

As at 30 June 2012 the Board of Directors consisted of a non-executive chairman, five other non-executive Directors and two executive Directors.

Tom Allison remains the Senior Independent Director.

All Directors stand for election at the first opportunity arising after appointment, and for re-election at least every three years after that. Directors who have held office for more than 9 years retire annually. This approach will be applied at the forthcoming AGM for Dermot Desmond and Tom Allison.

Key decisions, including financial policies, budgets, strategy and long term planning, major capital expenditure, material contracts, risk management and controls, health and safety and the appointment of the Company's principal external advisers, directors, football manager and senior executives are all subject to Board approval. A list of matters reserved exclusively for decision by the Board is maintained and applied. Compliance is monitored by the Company Secretary.

The Company's executive management are delegated with authority to enter into and implement contracts authorised by the Board or otherwise falling within specified authorisation levels, conduct the Company's day-to-day operations and implement Board decisions and general strategy. Detailed written reports are provided at each Board meeting by the Chief Executive and the Financial Director and otherwise as needed or requested.

Formal Board meetings are held regularly throughout the year. Occasionally decisions require to be made at a time when a meeting is not due to be held. In such circumstances meetings can be held by telephone conference or proposals are circulated to the Board members for individual approval.

Independence

The Board has assessed the independence of each of the non-executive Directors, other than the Chairman, taking account of the factors stated in The UK Corporate Governance Code.

Dermot Desmond has completed more than nine years' service and has a substantial shareholding. The Board has considered the tests stated in The UK Corporate Governance Code and is satisfied that in his work for and support of the Company Mr Desmond displays independence of mind and judgement and objectivity in the contribution he makes, notwithstanding the level of his shareholding and his length of service.

Tom Allison has completed more than nine years' service and has a substantial shareholding. Having considered the tests stated in The UK Corporate Governance Code and his contribution to the Board and Company throughout the year the Board is also satisfied that Mr Allison remains independent, notwithstanding these factors.

The Board has therefore determined that all of the non-executive Directors were independent throughout the year and continue to be so. The UK Corporate Governance Code advises that the test of independence is not appropriate in relation to a company chairman.

The non-executive Directors do not participate in Company share option schemes, pension plans or the bonus scheme. Save for individual shareholdings, none of the Directors has a financial interest in the Company.

Directors declare any conflicts of interest in advance of meetings and if such a conflict arises, the Director concerned does not participate in that element of the meeting or decisions relating to it.

Review of Director Performance

The Board has conducted an evaluation of its performance and that of its Committees, the Chairman and each of the non-executive Directors. This was done principally by way of individual discussions with the Chairman. The results have been considered by the Board, and comments noted. The performance of the Chairman was discussed by the Board without the Chairman being present.

All non-executive Directors were considered to have met the high standards expected of a Director of the Company. Where any training or development need arises or is identified, the Company will fund attendance at relevant seminars and courses.

The performance of executive Directors is evaluated formally by the Remuneration Committee against specific objectives set in the financial year.

Attendance

Five formal Board meetings were held during the year. The Audit Committee and Remuneration Committee each met 3 times. The Nomination Committee met once.

All of the Directors serving during the year attended all Board and Committee meetings which they were eligible to attend, with the exception that Mr Desmond was represented by his alternate at all Board and Audit Committee meetings that he was eligible to attend and consequently did not attend those meetings personally.



The Chairman speaks with Mr Desmond before Board meetings as well as regularly with all Directors and where they are unable to attend or be represented at a meeting, establishes and communicates their views on the business of the meeting, on their behalf.

The Board is supplied in a timely fashion with appropriate information.

All Directors are entitled to seek professional advice, at the Company's expense, to assist them in the performance of their duties. The Directors also have access to the advice and services of the Company Secretary.

Board Committees

The Board has three standing committees to which certain responsibilities are delegated, namely: Audit, Remuneration and Nomination. Each Committee has written terms of reference published on the Company's website.

Only independent non-executive Directors are entitled to sit on the Audit and Remuneration Committees with the exception that the Chairman sits on the Remuneration Committee. Executive Directors, the Company Secretary and other executives and advisers attend Committee meetings as required, but are not Committee members.

Audit Committee

Ian Livingston, Dermot Desmond, Brian Duffy and Brian Wilson served on the Committee during the year. Mr Livingston chairs the Committee.

The external auditor, Company Secretary, Financial Director, internal auditor and other members of the accounting team attend routinely. Business is also conducted without executive Directors and the auditors being present, when appropriate.

The Audit Committee has a number of key roles:

- 1 review of Group's accounting policies, internal controls and financial reporting;
- 2 monitoring health and safety;
- 3 risk management and business continuity planning;
- 4 monitoring the scope, quality and independence of the external and internal audit functions; and
- 5 appointment and fees of the external auditors.

The auditors are required to disclose any potential conflicts, contracts with the Company and non-audit work conducted by them. This was done prior to re-engagement and discussed with the Audit Committee.

The Audit Committee, on behalf of the Board, was satisfied that audit objectivity and independence had been maintained during the year. Audit partner rotation occurs at least once in each 5-year period, with separate partner review.

Remuneration Committee

Tom Allison chairs this Committee, with Brian Duffy, Brian Wilson and John Reid all serving during the year. Ian Bankier replaced John Reid to join the Committee during the year.

The Remuneration Committee determines the terms of engagement and remuneration of the Company's executive Directors and Company Secretary on behalf of the Board. The objectives of the executive Directors are approved by the Committee and performance against these reported to the Board. The Committee also monitors the Company's executive share option scheme and implementation of other executive and employee incentive and bonus schemes. The Remuneration Report is set out in detail on pages 23 to 25.

Nomination Committee

This Committee comprises Ian Bankier as Chairman, Dermot Desmond and Tom Allison. It meets as necessary, principally to consider and recommend new appointments to the Board and senior positions in the Company for succession purposes. The Committee met once during the financial year.

Executive search consultants and open advertising were not used by the Committee when considering succession planning issues associated with the appointment of the current Chairman. An interest in football and support for the Club itself are important (although not conclusive factors), combined with expertise in fields which complement the existing skills and experience of the Board members and the nature and profile of the Company's business. In what is already a relatively small sector, the required attributes result in a limited field of potential candidates in any event and accordingly the Board did not consider it necessary to engage the services and meet the cost of external agencies in relation to that post.

INVESTOR COMMUNICATION

Matchday events and investor dinners are used as informal methods of communicating with major shareholders. A number of the Company's major shareholders attend matches regularly and have the opportunity to meet the Board and any new Director. The Annual General Meeting in particular is used to encourage participation of shareholders. At each of these events shareholders are invited to ask questions and to meet with the Directors informally.

Regular consultation meetings also take place with supporters' associations, supporter clubs, shareholder groups and customer groups on general issues, as well as on specific proposals. The Company's website is used to provide information on an ongoing basis and the Group Financial Statements and other information are published there shortly after release.

REPORTING AND INTERNAL CONTROLS

The Board's Review of Internal Control

Risk management, compliance and internal control programmes are approved, monitored and reviewed by the Audit Committee throughout the year on behalf of the Board. The results of these programmes are reported to the Audit Committee in detail at its meetings and then communicated to the Board at the next following Board meeting.

The Board is satisfied that there is an ongoing and effective process for identifying, assessing and managing all significant risks facing the Group.

Internal Financial Control

The Board has ultimate responsibility for ensuring that a balanced and understandable assessment of the Group's financial position and prospects is presented. The Annual Report and Financial Statements are an essential part of this presentation. The Directors are committed to achieving high levels of financial disclosure within the confines of preserving the Group's competitive position, maintaining commercial confidentiality and managing accompanying administrative burdens in a cost-effective manner.

The internal financial control procedures are designed to give reasonable but not absolute assurance that the assets of the Company and the Group are safeguarded against material misstatement or loss and that proper accounting records are maintained. The Group employs an internal auditor who attends and reports at each Audit Committee meeting.

The key features of the control environment are as follows:

- The work undertaken within the Internal Audit function is consistent with previous years and covers the key risk and systems of control within the business.
- In addition to an ongoing assessment of the effectiveness of the Company's system of internal financial controls, a framework is in place to plan, monitor and control the Group's activities including an annual budget and a rolling 5-year planning process.
- An annual review process is in place to consider the financial implications of significant business risks upon the business. Regular meetings of the Business Continuity Team take place throughout the year.
- A comprehensive internal forecasting process is in place and updated on a regular basis. Monthly management accounts are produced and significant variances from budget and forecast are investigated.

The effectiveness of the system of internal financial control takes account of any material developments that have taken place in the Group and in applicable rules and legislation. The review is currently performed on the basis of the criteria in the Turnbull Guidance.



Remuneration Report

This Report has been approved and adopted by the Remuneration Committee and the Board.

The Remuneration Committee

The Committee has formal terms of reference which are published on the Company's website. The Committee members serving during the year are identified on page 21.

As part of its continuing commitment to provide meaningful information to shareholders, this report continues to contain data that the Board and Remuneration Committee have elected to disclose, even although the Company is not obliged by law or the AIM Rules to make all of that information available.

Remuneration Policy

The Company has complied with the UK Corporate Governance Code during the year in connection with executive remuneration in force during that time.

The main objective of the Company's remuneration policy remains to attract, retain and motivate experienced and capable individuals who will make a significant contribution to the Group's success but, taking account of the marketplace, without paying more than is reasonable or necessary. Account is taken of remuneration packages within other comparable companies and sectors, particularly other large football clubs, the Group's performance against budget in the year and against actual performance from year to year. Specific corporate and personal objectives are used for executive Directors and certain senior executives. A similar appraisal system is also applied to most regular employees throughout the Group.

The Committee obtains advice from the Company Secretary, from independent research reports and from the published accounts of a number of other companies. No external consultants were used during the financial year on remuneration matters.

The service contracts of executive Directors can be terminated on no more than one year's notice and do not provide for pre-determined compensation on termination, or for loss of office. Compensation due, if any, is determined by reference to the applicable notice period and reason for termination.

The Group operates an annual bonus scheme for most of its regular employees in order to encourage out-performance, motivate, and retain staff. The scheme is reviewed each year by the Committee, and monitored to ensure fairness and consistency in application. Changes are made when considered appropriate, or to reflect changes in the Group's performance or business plan.

Remuneration of Executive Directors and Senior Executives
Payments made to Directors in the financial year are set out on page 25.

There are several main elements to the Company's executive remuneration packages:

Basic salary and benefits

The Committee reviews basic salaries for executive Directors and certain senior executives annually. The salaries of senior members of the football management team and senior players are considered directly by the Board.

Benefits for executive Directors include a fully expensed car or equivalent non-pensionable car allowance, private medical insurance, pension contributions and critical illness cover. These benefits may be, but are not automatically, extended to senior executives. Those receiving such benefits are assessed for income tax on them.

The Company allows all regular employees a discount on Company merchandise and products.

Annual Performance Related Bonus Scheme

The Group operates a bonus scheme for executive Directors and most full and part-time employees on regular contracts, with the following key objectives:

- 1 Improving and sustaining the financial performance of the Group from year to year;
- 2 Delivering and enhancing shareholder value;
- 3 Enhancing the reputation and standing of Celtic;
- 4 Delivering consistently high standards of service to Celtic and its customers; and
- 5 Attracting, retaining and motivating talented individuals whose skills and services will enable Celtic to meet its strategic objectives.

Performance conditions cover corporate financial performance and personal objectives. Corporate financial performance includes performance against budget and against the previous year's results. Maximum award levels depend upon seniority and contractual entitlements, ranging from 20% of basic salary to 60% of basic salary. The Committee reviews the bonus scheme structure and the corporate performance conditions each year. Bonus payments are not pensionable.

Football players, the football management team and football backroom staff are subject to separate bonus schemes that reward on-field success.

Pension

The Company operates a Group pension plan, with defined contributions, in which several senior executives and a number of other employees participate. Pension contributions for the Financial Director and Chief Executive are made to independent pension providers. Stakeholder arrangements are available to qualifying employees. The Company does not operate any defined benefit (final salary) schemes.

Share options

The Celtic plc Executive Share Option Scheme ("the Scheme") expired in December 2004, having been in place for ten years. No further grants of options can be made under it. Options already granted, unless exercised or lapsing earlier, lapse on the tenth anniversary of the date of the grant.

The only Directors participating in the Scheme are Peter Lawwell and Eric Riley.

Performance Conditions

All outstanding options are exercisable in total only after three years from the date of grant and provided that over three consecutive financial years:

- 1 the increase in market value of the Company's shares would place the Company in the top one third of companies within the Leisure, Entertainment and Hotels sector of the FTSE; and
- 2 if the percentage growth in earnings per share over three consecutive financial years exceeds percentage growth in RPI over the same period by an average of at least 3% per year.

The performance criteria stated above were regarded at the time of grant as a challenging test of comparative financial performance, with a view to securing consistent growth and shareholder return against the sector.

Option Grants

2001 Grant

Options were granted over Ordinary Shares of 1p each on 15 September 2001. The total number outstanding at 30 June 2011 was 752,901. None of these options were exercised during the year and all those remaining lapsed on 15 September 2011.

2003 Grant

Options over Ordinary Shares of 1p were granted under the Scheme on 27 October 2003 to Peter Lawwell, at an option price of 51p. These were also adjusted in the year to 30 June 2007 to reflect the dilutive impact of the December 2005 share issue. No options from this grant lapsed during the year. The total number outstanding at 30 June 2012 was 722,889 (2011: 722,889).

Details of the options held by executive Directors are summarised below.

The closing market price of Ordinary Shares on 30 June 2012 was 34.50p (2011: 39.50p). The closing price range during the year was 29.0p to 41.50p.

	Balance at 1 July 2011 Number (Adjusted)	Exercise Price (Adjusted)	Grants 2011/2012	Exercised/ Lapsed 2011/2012	Balance at 30 June 2012	Class	Option Period
P Lawwell	722,889	41.5p	-	-	722,889	Ordinary 1p	Oct 2006/13
E Riley	508,045	87.4p	-	508,045	0	Ordinary 1p	Sept 2004/11

Long Term Incentive Plan

The Company's Long Term Incentive Plan concluded at the end of financial year 2010/11. Peter Lawwell and Eric Riley were participants. Amounts due to these individuals under the Plan were provided for in financial year 2010/2011 and were disclosed in the 2010/11 Annual Report.

The sums due were released in August 2011, as follows:

P Lawwell	£650,000
E Riley	£250,000

All payments were subject to normal statutory deductions.

Service Agreements

Executive Directors

Chief Executive

Peter Lawwell's service contract commenced on 25 October 2003. It continues subject to 12 months' notice by him to the Company or by the Company to him. For the financial year to 30 June 2012, Mr Lawwell continued to be entitled to a maximum payment under the Company's bonus scheme of 60% of basic salary, if all performance conditions were satisfied.

The Remuneration Committee decided to make an additional bonus award to Mr Lawwell, on an ex gratia basis, for the financial year having taken account of the scale of incremental value delivered for the benefit of the Company through his fulfilment of the objectives set for him.

Mr Lawwell deferred payment of an element (£152,288) of his bonus for financial year 2009/10 for an unspecified period. He deferred payment of his entire bonus award for 2010/11 (£200,000) on a similar basis. Both deferred amounts remain payable at Mr Lawwell's instance.

Financial Director

Eric Riley's service contract commenced on 19 August 1994 and continues subject to termination on twelve months' notice from the Company, or three months' notice from Mr Riley. Mr Riley is entitled to a maximum payment under the Company's bonus scheme of 50% of basic salary, if all performance conditions are satisfied. Mr Riley served on the Council of the Scottish Football Association during the year and as a director of the Scottish Premier League Limited. No fee is payable for either post.

	Salary /Fees £	Bonus £	Benefits in kind £	Pension Contributions £	2012 Total £	2011 Total £
T Allison	25,000	-	-	-	25,000	25,000
I Bankier*	44,794	-	-	-	44,794	1,805
D Desmond	25,000	-	-	-	25,000	25,000
B Duffy	25,000	-	-	-	25,000	25,000
P Lawwell	507,625	399,000	16,760	76,144	999,529	800,200**
I Livingston	30,000	-	-	-	30,000	30,000
Dr J Reid***	14,418	-	-	-	14,418	50,000
E Riley	144,325	27,061	27,969	21,648	221,003	248,216
B Wilson	25,000	-	-	-	25,000	25,000
	-	-	-	-	-	-
	841,162	426,061	44,729	97,792	1,409,744	1,230,221

*Reflects increase in fees on becoming Chairman, part year only for 2011/12, and part year standard fees only in 2010/11.

** Mr Lawwell deferred payment of his entire bonus entitlement (£200,000) awarded for financial year 2010/11 until a future, as yet unspecified date.

*** Retired 14 October 2011 and therefore part year only.

Termination by the Company of the contracts of these Directors on shorter notice than provided for in the contracts, other than for misconduct or material breach, would be likely to create a requirement for payment of compensation related to the unexpired element of the notice periods.

Non-executive Directors

Individual letters govern the appointments of the Chairman and the non-executive Directors. Typically, non-executive Directors are appointed for an initial period of three years and are expected to serve for at least two three-year terms but appointments may be extended beyond that at the discretion of the Board, and subject to re-appointment by shareholders in accordance with the Articles of Association. These appointments are terminable immediately on written notice, without requirement for payment of compensation.

Unexpired periods of service for non-executive Directors as at 30 June 2012:

Ian Bankier	First term	2 years remaining
Brian Duffy	First term	7 months remaining
Ian Livingston	Second term	1 year and 3 months remaining
Brian Wilson	Third term	1 year and 11 months remaining

Tom Allison and Dermot Desmond each retire annually.

Remuneration of Directors

Directors' remuneration and benefits for the year to 30 June 2012 are set out in the table above.

Remuneration of non-executive Directors is for service on the Board and its Committees and is reviewed by the Board as a whole each year against fees in comparable companies of a similar size and taking account of overall financial performance of the Company.

Non-executive Directors' fees have remained static since July 2007. No increase is being applied for 2012/2013. The post of Chairman of the Audit Committee carries an additional fee of £5,000 per year, reflecting the significant additional responsibility and workload attached to that post.

The non-executive Directors have no personal financial interest other than as shareholders. They are not members of the Company's pension scheme and do not participate in any bonus scheme, share option or other profit schemes. All Directors are entitled to one seat in the Presidential Box without charge for each home match, to assist them in performing their duties.

The Chairman of the Committee will be available to answer questions concerning Directors' remuneration at the Company's Annual General Meeting.

BY ORDER OF THE BOARD

Robert Howat, Secretary
18 September 2012

Celtic Park, Glasgow G40 3RE

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and 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, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company Financial Statements in accordance with those standards. 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 the Group and of the profit or loss of the Group for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.



FIVE YEAR RECORD

FINANCIAL	2012 £000	2011 £000	2010 £000	2009 Restated £000	2008 Restated £000
REVENUE	51,341	52,557	61,715	72,587	72,593
Profit from trading before asset transactions and exceptional items	(3,095)	56	4,461	11,229	8,859
Profit/(loss) after taxation	(7,371)	102	(2,131)	2,003	4,435
Non equity dividends paid	544	544	544	544	544
Total equity	32,678	40,003	39,860	41,939	39,830
Shares in issue (excl deferred) no. '000	121,030	120,903	120,763	120,592	119,930
Earnings/(loss) per ordinary share	(8.17)p	0.11p	(2.37p)	2.24p	5.09p
Diluted earnings/(loss) per share	(5.01)p	0.47p	(1.17p)	1.87p	3.70p
Number of employees	451	476	454	508	500
FOOTBALL	2012	2011	2010	2009	2008
League position	1	2	2	2	1
League points	93	92	81	82	89
Scottish Cup	SEMI FINAL	WINNERS	SEMI FINAL	QUARTER FINAL	QUARTER FINAL
League Cup	FINALISTS	FINALISTS	QUARTER FINAL	WINNERS	QUARTER FINAL
European ties played	4	2	5	3	5
CELTIC PARK	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Stadium investment to date	62,692	61,728	61,272	60,842	60,249
Stadium seating capacity (no.)	60,355	60,355	60,355	60,355	60,355
Average home league attendance (no.)	49,019	49,719	53,228	57,570	55,539
Season ticket sales (no.)	44,975	44,734	50,826	54,252	53,517



Independent Auditor's Report to the Members of Celtic PLC

We have audited the Financial Statements of Celtic plc for the year ended 30 June 2012 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the Company balance sheet, the Group and Company statements of changes in equity, the consolidated cash flow statement, the Company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion;

- the Financial Statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2012 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Charles Barnett (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

Glasgow, UK
18 September 2012

Formed in 1995, Celtic Charity Fund formalised and revitalised our support of charitable causes, focusing on Brother Walfrid's founding principles of Celtic Football Club. Due to the fantastic support received in 2011-12, a total of £392,360 was donated to 79 charitable organisations, on behalf of the Celtic Family. Fundraising activities included:-

- **Legends Match – Tuesday 9th August 2011**
The Celtic Legends v Manchester United Legends match attracted a phenomenal crowd of 55,000, plus a live ITV4 audience of around 1 million. The main beneficiary of the proceeds was Oxfam's East Africa Appeal, with donations totalling £336,345 (£171,922 direct donation from Celtic Charity Fund and the balance indirect through other fundraising routes related to the match). This has enabled them to continue providing clean water, sanitation and food to thousands of people desperately in need. It was enough to fund Oxfam's entire water and sanitation programme for the Lower and Middle Jubas in the South West of Somalia for a whole year, reaching 66,000 people. It also means they can undertake soap distribution and promote good health and hygiene practices. A lasting impact made by the Celtic Family.
- **Celtic Charity Cup 2011, Powerleague Glasgow – Saturday 3rd September**
The fifth year of the Celtic Charity Cup 5-a-side tournament saw 16 teams fight it out to lift the trophy, while raising money for Celtic Charity Fund. The lucky winners – the A-Team – also played on the hallowed turf at Celtic Park at half-time during the Aberdeen game on Sunday 23rd October 2011.
- **Club Couture 2011 – Saturday 15th October**
The third Club Couture Fashion Show – sponsored by Scotshield Fire & Security – was held in the Kerrymdale Suite and hosted by Michelle McManus. The main beneficiary was Breast Cancer Care Scotland who received a wonderful donation of £10,000. House of Fraser provided clothing and accessories for the stunning catwalk show which featured 1st team players – including Joe Ledley, Victor Wanyama and Adam Matthews – and a host of glamorous ladies. The fashion show was the focal point of an evening which also included a fabulous 3 course meal, auction, raffle and a superb live music sets from Gamu Nhengu, Kevin McGuire and host Michelle McManus.

- **Celtic's Kenyan Adventure 2011 – 31st October – 12th November**

Reinforcing Celtic Charity Fund's commitment to supporting the famine relief efforts in East Africa, a magnificent 21 volunteers traveled to Kenya on Monday 31st October 2011, to spend 10 days working in local schools. This was Celtic Charity Fund's inaugural trip to Africa and the participants not only lent practical and emotional support in Kenya but, as ambassadors of the Fund and Celtic Football Club, also spread the word on our unique charitable roots and heritage. The group managed to raise a phenomenal £20,000 for Celtic Charity Fund.

- **Annual Sporting Dinner – Thursday 1st March 2012**

Sponsored by MEV, this took place in the Kerrymdale Suite and, due to the exceptional fundraising efforts and support received, a total of over £60,000 was generated on the night. The principal beneficiary – British Heart Foundation Scotland – received a donation of £25,000. The nation's heart charity has been saving lives by funding cutting edge research for 50 years. Right now, the human heart cannot heal itself, so once your heart 'breaks', it stays that way. In Scotland over a quarter of a million people are living with heart disease. To celebrate its 50th birthday, the charity has launched the **Mending Broken Hearts Appeal**, one of its most ambitious projects ever. Its goal is simple – to fund the research that could begin to literally 'mend broken hearts'. With our support, it hopes to be funding trials with heart patients in as little as 5 years and save and improve the lives of millions within decades.

- **Thai Tims Visit, April/May 2012**

Led by Celtic Quick News, the Celtic Family began fundraising collectively for the Good Child Foundation in Thailand following the tragic murder of 19 year old Reamonn Gormley in Blantyre on Tuesday 1st February 2011. During his gap year between School and University, Reamonn taught English to children at the Foundation, a charity which has challenged traditional thoughts on inclusive education and is the only school offering placements to children of all ages and abilities including pupils with Down's Syndrome.

Due to the wonderful efforts of the Celtic support, a cumulative total of £75,354 was donated – in memory of Reamonn – to the Good Child Foundation in March 2012. This will now fund the construction of a brand new Celtic-themed Reamonn Gormley Hall at the school. Around £2,000 was also gifted to Crimestoppers Scotland, specifically for their work on knife crime. Not content with magnificently supporting the Good Child Foundation from afar, the supporters then embarked on a campaign to bring a group of the children to Scotland. Backed by Celtic Football Club and Celtic Charity Fund, a number of fundraising mechanisms were put in place including an online fundraising page, text donation facility, matchday bucket collection at the Celtic v St Johnstone match on 1st April 2012, an auction of player shirts (with names in Thai) from the Motherwell v Celtic match on 22nd April 2012 and a music event at the Royal Concert Hall on 10th May 2012. An incredible total of £89,061 – income figure minus everyclick costs which are taken at source was raised.

As a result, a party of 42 children and 9 adults set off from the Good Child Foundation and arrived in Glasgow on Wednesday 25th April 2012 to spend almost 3 weeks in Scotland. It was a wonderful experience for the children, who not only sang for huge audiences at 2 matches at Celtic Park, the Celtic Supporters Association Rally and the Glasgow Royal Concert Hall but also spent time with children at local schools, visited Edinburgh Zoo and Loch Lomond, met Cardinal O'Brien, met Neil Lennon and first team squad at Lennoxtown, spent the day in Belfast (sang at the Titanic exhibition and then met Belfast Lord Mayor, Niall O Donnghaile, at Belfast City Hall) and received a Civic Reception at Glasgow City Chamber, hosted by Lord Provost Bob Winter.

The trip was life changing for the children of the Good Child Foundation and their wonderfully infectious smiles and incredible talent will never be forgotten by the Celtic support and everyone they encountered during their time in Scotland.

In addition to the many cash donations received, Celtic Football Club once again contributed a substantial level of in-kind support to Celtic Charity Fund including all staff, accommodation and support costs. In relation to the Annual Sporting Dinner, catering, staffing and venue hire, plus a wide range of auction and silent auction prizes, were provided free of charge, with a market value of around £40,248. The Club also donated a range of prizes for the Club Couture fashion show event, with a market value of approximately £2,600.

The Club also made direct in-kind contributions to a wide range of worthy causes throughout the season in the form of match tickets, signed merchandise, stadium tours and a range of other items. The estimated retail value of the Club's in-kind contribution in 2011-2012 was £95,906 increasing to a potential market value of £177,766, taking account of donated items then being used for fundraising purposes.

In terms of allocating other funds raised, Celtic Charity Fund has an application process in place – with 2 closing dates per year; 30th June and 31st December. We continue to receive bids totalling far greater than the funds we have available so the Trustees make decisions based primarily on each application's alignment with our principal and subsidiary areas of support:-



PRINCIPAL 1 – Charities in support of children's needs

Examples:-

Big Issue Foundation Scotland – With Kids Project – East End charity. Provides early intervention service which works with very vulnerable children who have experienced significant trauma in their early years including extreme violence, drug/alcohol misuse, chaotic parenting, family breakdown, poverty, etc. Works in 10 schools in East End of Glasgow providing 1-2-1 play therapy. Donation funded 10 play therapy sessions.

Kidney Kids Scotland – Only Scottish charity helping Scottish children with renal and urology problems and their families. Looks to enable children to receive treatment as close to home as possible. Supports hospitals all over Scotland, supplying them with much-needed equipment and funding for posts recognised as being essential. Also supports families in any way they can. Donation helped send team of Scottish children (who have all had kidney transplant) to British Transplant Games in Belfast – 4-7 Aug 2011.

Kinship Care Northern Ireland – Supports children who are being raised by grandparents and other family members because they cannot live with their own parents due to e.g. emotional, physical and sexual abuse, parental neglect, alcohol and drug addiction, death or imprisonment of parents. Provides specialist advice, legal support and advocacy services. Runs several 'Kin Together' support groups, 'Grand Families Matter' Programme and a 'Me and My Family' Programme for children and young people who have been in residential or foster care. Donation funded new 'Kids Play' Programme – developed in conjunction with children and young people – to meet needs of 18 children aged 4-12 who are coming to terms with death of a parent.

PRINCIPAL 2 – Community action on drugs

Examples:-

Carr-Gomm Scotland – Provides support to people with mental health issues, learning disabilities, people who misuse drugs/alcohol, who have experienced homelessness and asylum seekers. Donation was used to provide weekly, facilitated football sessions in the East End of Glasgow and participation in Street Soccer League for men aged 18-50 who use support services.

Hope Centre – Based Ballymena. Supports people with addiction and their families and also delivers education on drugs & alcohol to children aged 10-17. Donation supported 10 week project for 10 young males aged 14-17 who have dropped out of education due to addiction. Looked at training and further education and examined addiction issues.

Aberlour Childcare Trust – Largest solely Scottish children's charity. Supports over 6000 of Scotland's most vulnerable children, young people and their families each year through 40+ services. Dependency Services has provided integrated support to children and families adversely affected by parental substance misuse for over 20 years. In late 2011, Aberlour's 2 residential services in Glasgow joined together in new building comprising 12 flats in the Calton. Families will reside in flats for average of 6 months while parents receive help for their addictions. Funding provided furniture for one of the flats.

PRINCIPAL 3 – Projects that develop and promote religious and ethnic harmony

Examples:-

Fablevision – Arts charity based in Govan. Has produced anti-sectarian community project which engaged 6 x unemployed young people aged 16-25 from both sides of the Old Firm divide. They worked in a production team over a 6 month period – creating brainstorming sessions, plans of action, storyboarding, filming and editing. Fablevision trained them in various technical skills. Project included interviewing schools, churches, families and people directly involved in targeting sectarianism. Culmination will be short documentary.

Spirit of Peace – Works with renowned international peace partners – main thrust of peace work currently in UK and Middle East. Donation supported 'Pathway to Peace: Conversation as a Pathway to Peace' training workshop in both Glasgow and Edinburgh, delivered to audience of up to 25 participants. Offered and delivered to diverse communities in Scotland. Targeting racial and ethnic tensions.

Mutual Roots – Started by group of people originally from Africa – seeks to work with ethnic minority communities and help them to integrate with mainstream Scottish communities through sports, arts, cultural heritage and networking. Also supports community groups in Africa. Donation was used to promote youth sports for disadvantaged children in Africa.

SUBSIDIARY 1 - Supporting the homeless

Examples:-

Emmaus Glasgow – 24-bed supported accommodation for people who have been homeless. Residents sign off benefits and work full time in Emmaus vans or shops, selling second hand furniture. Donation helped fund soup kitchen for homeless/rough sleepers.

Scottish Association for Mental Health (SAMH) – Scotland's leading mental health charity – Get Active Team was set up to promote mental health by encouraging participation in physical activity. Now delivering partnership project with the Celtic Foundation to promote physical and mental health among homeless and unemployed men and women with mental health issues in East End. Get Active team delivered mental health awareness training to Celtic Foundation coaching staff and are now piloting an 8 week course at Celtic Park offering dance classes to 10 participants and football skills/exercise to a further 10. Each session will involve a healthy living educational element and a graduation session at the end will celebrate achievements of participants.

Barnardos Scotland – Supports over 10,000 children, young people and their families in Scotland each year through 98 community-based projects. Donation enabled the 16+ Glasgow Service to refurbish and re-equip one Barnardos supported flat prior to new tenant moving in. Also provided further 15 young people in supported tenancies with 'home starter packs'.

SUBSIDIARY 2 - Helping the unemployed

Examples:-

North West Lifelong Learning Limited – Based NI. Provides training and support to those who are unemployed or who need to acquire new skills. Donation was used to further enhance and extend work with vulnerable young adults to improve their software skills and vocational qualifications. Worked with 8 participants over 12 month period in partnership with local secondary schools, offering academic alternative. Donation funded exam, subsistence and catering costs.

Newstart Education Centre – Based Belfast, works with young people aged 14-16 who have become disengaged from mainstream education. Provides accredited courses, vocational training placements, employability skills, unit awards in PHSE and substance misuse and promotes tolerance and inclusion through experiential learning. Donation helped fund equipment, etc. to support learning.

Tomorrow's People Trust Limited – Aims to help those furthest from job market to break the cycle of unemployment and welfare dependency. Since 2003, focus has been on 'Working it Out' – a 16 week volunteering programme for young people aged 16-24. Building on previous work, established element in programme to tackle sectarianism in the East End. Participants were 12 young people from different faiths aged 16-24 – info sessions, community activities, skills development, feedback and learning.

SUBSIDIARY 3 – Support and research for projects aiding the afflictions of illness, famine and innocent families within areas of war

Examples:-

Retrak – Works with street children in Africa to help them break away from poverty and homelessness – street visits, food, sporting activities and medical care are core components of outreach project; social workers then work with the children. Donation supported football-based HIV-Prevention Programme for around 420 street Children in Kampala, Uganda over 12 month period.

Comfort Rwanda – Aims to help street children in Rwanda through supporting education, health & wellbeing and offering opportunity of vocational training. Support is also given to any surviving relatives to help their children reintegrate into the family. Donation was used to increase the feeding programme for 12 months and increase the number of support staff working in vocational training centre and with the street children.

The Leprosy Mission Scotland (TLMS) – Exists to educate, encourage and enable individuals and groups in Scotland to advocate and fundraise on behalf of people affected by leprosy. Runs a children's home in Madurai, India with YWCA for young girls and adolescents who suffer social exclusion because their parents have leprosy. 59 young people presently stay at the home and are provided with food, accommodation, education and vocational training. Where possible, their parents are given work on agricultural, livestock and building projects at the school. Donation funded 50 cots/beds for the home.

We would like to record our sincere thanks to former Trustees Kevin Sweeney and John Maguire who worked tirelessly over many years to ensure the continued success of Celtic Charity Fund and the maintenance of the Club's charitable principles.

Joining existing Trustee Eric Riley in 2012, we would like to welcome new Trustees Chris Traynor (Chairman), Peter Lawwell, Neil Lennon, Gavin Kelly, Craig Paterson and Adrian Filby and wish them every success in their new roles.

As in previous years, we would like to record appreciation of the Celtic Charity Fund Raising Action Group members Charles Barnett and Tom Boyd for their superb efforts during 2011-12.

You can help us build on this

Individual charitable donations, without doubt, make a genuine difference but if we pool our resources and make cumulative contributions on behalf of the Celtic Family, together we can generate a huge impact.

It is our Charity Fund – the whole of the Celtic Family – from the owners/shareholders of the Club to players to other staff to supporters to sponsors to partners, so everyone should be given the opportunity to get involved and take more ownership of it.

We have a formidable and much admired reputation for lending a hand to those less fortunate, so please help us continue this vital work, which lies at the heart of our Club. Any amount you can afford, however large or small, would be greatly appreciated

If you wish to support Celtic Charity Fund, please contact:-

Jane Maguire
Celtic Charity Fund
c/o Celtic Football Club, GLASGOW G40 3RE
Tel:- 0141 551 4262
Email:- janemaguire@celticfc.co.uk







**Consolidated
Statement Of
Comprehensive
Income**

Year ended
30 June 2012

		2012			2011		
	Notes	Operations excluding intangible asset trading £000	Intangible asset trading £000	Total £000	Operations excluding intangible asset trading £000	intangible asset trading £000	Total £000
Continuing operations:							
Revenue	3, 4	51,341	-	51,341	52,557	-	52,557
Operating expenses (excluding exceptional operating expenses)	4, 5	(54,436)	-	(54,436)	(52,501)	-	(52,501)
(Loss)/profit from trading before asset transactions and exceptional items		(3,095)	-	(3,095)	56	-	56
Exceptional operating expenses	7, 16	(241)	(301)	(542)	(809)	(3,181)	(3,990)
Amortisation of intangible assets	5, 16	-	(6,367)	(6,367)	-	(8,155)	(8,155)
Profit on disposal of intangible assets		-	3,543	3,543	-	13,228	13,228
Loss on disposal of property, plant and equipment		(120)	-	(120)	(314)	-	(314)
Operating (loss)/profit		(3,456)	(3,125)	(6,581)	(1,067)	1,892	825
Finance costs:	11						
Bank loans and overdrafts				(246)			(179)
Convertible Cumulative preference shares				(544)			(544)
(Loss)/profit before tax				(7,371)			102
Income tax expense	12			-			-
(Loss)/profit and total comprehensive income for the year				(7,371)			102
(Loss)/profit attributable to equity holders of the parent				(7,371)			102
Total comprehensive income attributable to equity holders of the parent				(7,371)			102
Diluted (loss)/earnings per Ordinary Share from continuing operations and for the year	14			(8.17p)			0.11p
Diluted (loss)/earnings per share from continuing operations and for the year	14			(5.01p)			0.47p

Consolidated Balance Sheet

As at
30 June 2012

	Notes	2012 £000	2011 £000
Assets			
Non-current assets			
Property, plant and equipment	15	53,452	54,357
Intangible assets	16	7,333	10,364
		60,785	64,721
Current assets			
Inventories	18	2,160	2,250
Trade and other receivables	20	4,981	5,837
Cash and cash equivalents	21	8,198	10,818
		15,339	18,905
Total assets		76,124	83,626
Equity			
Issued share capital	22	24,264	24,264
Share premium	23	14,443	14,399
Other reserve	23	21,222	21,222
Capital reserve	23	2,630	2,629
Accumulated losses	23	(29,881)	(22,511)
Total equity		32,678	40,003
Non-current liabilities			
Interest-bearing liabilities/bank loans	24	10,594	10,968
Debt element of Convertible Cumulative Preference Shares		4,441	4,438
Deferred income	26	121	142
		15,156	15,548
Current liabilities			
Trade and other payables	25	15,069	15,815
Current borrowings	25	493	506
Deferred income	26	12,728	11,754
		28,290	28,075
Total liabilities		43,446	43,623
Total equity and liabilities		76,124	83,626

The financial statements were approved and authorised for issue by the Board on 18 September 2012 and were signed on its behalf by

Peter T Lawwell Director
Eric J Riley Director

Company Balance Sheet

As at
30 June 2012

			2012	2011
	Notes		£000	£000
Assets				
Non-current assets				
Property, plant and equipment	15		53,452	54,357
Intangible assets	16		7,333	10,364
Investment in subsidiaries	17		-	-
			60,785	64,721
Current assets				
Trade and other receivables	20		14,845	14,002
Cash and cash equivalents	21		7,316	10,703
			22,161	24,705
Total assets			82,946	89,426
Equity				
Issued share capital	22		24,264	24,246
Share premium	23		14,443	14,399
Other reserve	23		21,222	21,222
Capital reserve	23		2,630	2,629
Accumulated profits	23		1,216	509
Total equity			63,775	63,023
Non-current liabilities				
Interest bearing liabilities/bank loans	24		10,594	10,968
Debt element of Convertible Cumulative Preference Shares			4,441	4,438
			15,035	15,406
Current liabilities				
Trade and other payables	25		3,643	10,492
Current borrowings	25		493	505
			4,136	10,997
Total liabilities			19,171	26,403
Total equity and liabilities			82,946	89,426

The financial statements were approved and authorised for issue by the Board on 18 September 2012 and were signed on its behalf by

Peter T Lawwell Director
Eric J Riley Director

Statements Of Changes In Equity

Year ended
30 June 2012

Group	Share capital £000	Share premium £000	Other reserve £000	Capital reserve £000	Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 2010	24,246	14,359	21,222	2,646	(22,613)	39,860
Share capital issued	1	40	-	-	-	41
Transfer from capital reserve	17	-	-	(17)	-	-
Profit and total comprehensive income for the year	-	-	-	-	102	102
Equity shareholders' funds as at 30 June 2011	24,264	14,399	21,222	2,628	(22,510)	40,003
Share capital issued	-	44	-	-	-	44
Transfer to capital reserve	-	-	-	2	-	2
Loss and total comprehensive income for the year	-	-	-	-	(7,371)	(7,371)
Equity shareholders' funds as at 30 June 2012	24,264	14,443	21,222	2,630	(29,881)	32,678
Company	Share capital £000	Share premium £000	Other reserve £000	Capital reserve £000	Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 2010	24,246	14,359	21,222	2,646	380	62,853
Share capital issued	1	40	-	-	-	41
Transfer from capital reserve	17	-	-	(17)	-	-
Profit and total comprehensive income for the year	-	-	-	-	129	129
Equity shareholders' funds as at 30 June 2011	24,264	14,399	21,222	2,628	509	63,022
Share capital issued	-	44	-	-	-	44
Transfer to capital reserve	-	-	-	2	-	2
Profit and total comprehensive income for the year	-	-	-	-	707	707
Equity shareholders' funds as at 30 June 2012	24,264	14,443	21,222	2,630	1,216	63,775

**Consolidated
Cash Flow
Statement**

**Year ended
30 June 2012**

	Note	2012 £000	2011 £000
Cash flows from operating activities			
(Loss)/profit for the year		(7,371)	102
Depreciation	15	1,817	2,077
Amortisation of intangible assets	16	6,367	8,155
Impairment of intangible assets	16	301	3,181
Profit on disposal of intangible assets	16	(3,543)	(13,228)
Loss on disposal of property, plant and equipment		120	314
Finance costs	11	790	723
		(1,519)	1,324
Decrease/(increase) in inventories		90	(475)
Decrease/(increase) in receivables		415	(668)
Decrease/(increase) in payables and deferred income		2,552	(735)
Cash generated from operations		1,538	(554)
Interest paid		(246)	(179)
Net cash flow from operating activities - A		1,292	(733)
Cash flows from investing activities			
Purchase of property, plant and equipment		(879)	(807)
Purchase of intangible assets		(7,737)	(9,891)
Proceeds from sale of intangible assets		5,586	17,267
Net cash (used)/generated in investing activities - B		(3,030)	6,569
Cash flows from financing activities			
Repayment of debt		(384)	(382)
Dividends paid		(498)	(503)
Net cash used in financing activities - C		(882)	(885)
Net (decrease)/increase in cash equivalents A+B+C		(2,620)	4,951
Cash and cash equivalents at 1 July		10,818	5,867
Cash and cash equivalents at 30 June	21	8,198	10,818

**Company
Cash Flow
Statement**

**Year ended
30 June 2012**

	Note	2012 £000	2011 £000
Cash flows from operating activities			
Profit for the year		707	129
Depreciation	15	1,817	2,077
Amortisation of intangible assets	16	6,367	8,155
Impairment of intangible assets	16	301	3,181
Profit on disposal of intangible assets	16	(3,543)	(13,228)
Loss on disposal of property, plant and equipment		120	314
Finance costs	11	800	723
		6,569	1,351
Decrease in receivables		(1,282)	(1,454)
Increase in payables		(4,506)	385
Cash generated from operations		781	282
Interest paid		(256)	(176)
Net cash flow from operating activities – A		525	106
Cash flows from investing activities			
Purchase of property, plant and equipment		(879)	(807)
Purchase of intangible assets		(7,737)	(9,891)
Proceeds from sale of intangible assets		5,586	17,267
Net cash (used)/generated in investing activities – B		(3,030)	6,569
Cash flows from financing activities			
Repayment of debt		(384)	(382)
Dividends paid		(498)	(503)
Net cash used in financing activities - C		(882)	(885)
Net (decrease)/increase in cash equivalents A+B+C		(3,387)	5,790
Cash and cash equivalents at 1 July		10,703	4,913
Cash and cash equivalents at 30 June	21	7,316	10,703

1 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to both years presented, for both the Group and the parent Company.

These Financial Statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

A separate income statement for the parent Company has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the parent Company is disclosed in Note 23.

Adoption of standards effective in 2011/12

There have been no new standards effective and applicable to the Group since July 2011.

New standards not yet effective until 1 January 2013

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (amended)
- IAS 28 Investments in Associates and Joint Ventures (amended)
- IFRS 13 Fair Value Measurement

2 ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidation includes the Financial Statements of the Company and its subsidiary undertakings and is based on their audited Financial Statements for the year ended 30 June 2012.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

(b) Depreciation

Property, plant and equipment is stated at cost and written off to residual value over its estimated useful life at the following annual rates:

Plant and vehicles	10% - 25% reducing balance
Fixtures, fittings and equipment	10% - 33% reducing balance
IT equipment and other short life assets	25% - 33% straight line
Buildings (excluding Stadium)	4% - 10% straight line
Football Stadium	1.33% straight line

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate. Gains or losses on disposal are reported in the consolidated statement of comprehensive income. The Group assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value and where impairment is present, impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

Freehold land is not depreciated.

Freehold land and buildings includes capitalised interest of £0.43m (2011: £0.43m).

(c) Intangible assets

Costs directly attributable to the acquisition and retention of football personnel are capitalised and treated as intangible assets. Subsequent amounts are capitalised only when they become unavoidable due to the elimination of all contingent events relating to their payment and where the value of the asset is enhanced by the underlying event. All of these amounts are amortised to consolidated statement of comprehensive income over the contract period remaining from their capitalisation to nil residual values.

(d) Impairment policy

The Group and Company tests impairment at each balance sheet date. In determining whether an intangible asset is impaired account is taken of the following:

- (i) management's intentions in terms of each specific asset being part of the plans for the coming football season;
- (ii) the evidence of this intention such as the level of an asset's participation in the previous football season;
- (iii) the level of interest from other clubs in paying a transfer fee for the asset;
- (iv) market knowledge of transfer appetite, activity and budgets in the industry through discussion with agents and other clubs;
- (v) the financial state of the football industry;
- (vi) the level of appetite from clubs for football personnel from Scotland;
- (vii) levels of 'cover' for each playing position;
- (viii) the football personnel's own career plans and personal intentions for the future, and
- (ix) contract terminations.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Comprehensive Income.

(e) 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 are also derived from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic Development Pools Limited, UEFA participation fees and revenues derived from the hiring of Celtic Park for football and non-football events.

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

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

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

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

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

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

(f) Grants

Grants in respect of capital expenditure on property, plant and equipment, which are depreciated, are treated as deferred income, a proportion of which is transferred to revenue annually over the estimated useful life of the asset. Other grants of a revenue nature are credited to the income statement as received.

(g) Financial instruments

The Group and 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 Group becomes a party to the contractual provisions of the instrument.

(h) Leasing obligations

Leasing charges in respect of operating leases are recognised in the consolidated statement of comprehensive income over the lives of the lease agreements as incurred on a straight line basis.

(i) Inventories

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

(j) Trade receivables

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

(k) Trade payables

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

(l) Pension costs

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

(m) Foreign exchange

Non monetary items denominated in foreign currency are translated at the date of the transaction. Monetary foreign currency assets and liabilities at the year-end are translated at the year end exchange rate. Any resulting exchange gain or loss is dealt with in the Consolidated Statement of Comprehensive Income in the period in which they arise.

(n) Deferred tax

Deferred tax is provided using the full provision method and is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised within the Financial Statements to the extent that it is considered probable that future taxable profits will be available against which assets can be utilised.

(o) Share based payments

The Group has applied the exemption available under IFRS 1 and elects to apply IFRS 2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 January 2006. Options are measured at fair value at grant date using the Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share-based payment transactions results in the recognition of a liability at its current fair value. Details of the Group's share option schemes are provided in the Remuneration Report on page 24.

(p) Exceptional operating expenses

It is the Group's policy to categorise the impairment of tangible or intangible assets, onerous contract costs, compromise payments and ancillary direct costs as exceptional operating expenses in the consolidated statement of comprehensive income.

(q) Critical accounting estimates and judgements

Judgements used and applied in the preparation of the Financial Statements are continually evaluated by management. The critical judgements applied within the Financial Statements are in respect of income recognition, as noted at 2(e) above, impairment of intangible assets, noted at 2(d) above, and the calculation of the debt element of compound financial instruments, noted at 2(g) above.

(r) Financial instruments

Cash and cash equivalents: Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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

3 SEGMENTAL REPORTING

The Group is organised into three main operating divisions: Football and Stadium Operations, Merchandising and Multimedia and other commercial activities. These divisions are the basis on which the Group reports its primary segment information. The Group operates in the UK and as a result does not have any geographical segments.

Year to 30 June 2012	Football and stadium operations £000	Merchandising £000	Multimedia and other commercial activities £000	Consolidated £000
External revenue	28,941	13,342	9,058	51,341
(Loss)/profit from segment before asset transactions and exceptional operating expenses	(14,138)	4,166	6,878	(3,094)
Exceptional operating expenses				(542)
Amortisation of intangible fixed assets				(6,367)
Profit on disposal of intangible fixed assets				3,543
Loss on disposal of property, plant and equipment				(120)
Profit before finance costs and tax				(6,581)
Finance costs				(790)
Taxation				-
Loss for the year				(7,371)
Other information:				
Segment assets	62,274	3,953	748	66,975
Unallocated corporate assets				9,149
Consolidated total assets				76,124
Segment liabilities	20,056	1,352	112	21,520
Unallocated corporate liabilities				21,926
Consolidated total liabilities				43,446
Capital expenditure	963	34	35	1,032
Depreciation	1,537	9	271	1,817
Intangible asset additions	5,239	-	-	5,239
Amortisation	6,367	-	-	6,367
Impairment losses	301	-	-	301

Year to 30 June 2011	Football and stadium operations £000	Merchandising £000	Multimedia and other commercial activities £000	Consolidated £000
External revenue	30,986	14,330	7,241	52,557
(Loss)/profit from segment before asset transactions and exceptional operating expenses	(9,852)	4,613	5,295	56
Exceptional operating expenses				(3,990)
Amortisation of intangible fixed assets				(8,155)
Profit on disposal of intangible fixed assets				13,228
Loss on disposal of property, plant and equipment				(314)
				825
Profit before finance costs and tax				
Finance costs				723
Taxation				-
Profit for the year				102
Other information:				
Segment assets	65,301	5,247	1,010	71,558
Unallocated corporate assets				12,068
Consolidated total assets				83,626
Segment liabilities	18,816	658	1,878	21,352
Unallocated corporate liabilities				22,271
Consolidated total liabilities				43,623
Capital expenditure	884	-	11	895
Depreciation	1,661	401	15	2,077
Intangible asset additions	10,294	-	-	10,294
Amortisation	8,155	-	-	8,155
Impairment losses	3,181	-	-	3,181

**Notes To
The Financial
Statements**

**Year ended
30 June 2012**

4 REVENUE AND OPERATING EXPENSES

REVENUE	2012 £000	2011 £000
The Group's revenue comprised:		
Football and Stadium Operations	28,941	30,986
Merchandising	13,342	14,330
Multimedia and other commercial activities	9,058	7,241
	51,341	52,557

OPERATING EXPENSES	2012 £000	2011 £000
The Group's operating expenses comprised:		
Football and Stadium Operations (excluding exceptional items and asset transactions)	43,079	40,838
Exceptional items and asset transactions:	241	809
Impairment of intangible assets	301	3,181
Amortisation of intangible assets	6,367	8,155
Profit of disposal of intangible assets	(3,543)	(13,228)
Loss on disposal of property, plant and equipment	120	314
Total Football and Stadium Operations	46,565	40,069
Merchandising	9,177	9,717
Multimedia and other Commercial Activities	2,180	1,946
	57,922	51,732

5 (LOSS)/PROFIT BEFORE FINANCE COSTS AND TAX

	Note	2012 £000	2011 £000
Group (loss)/profit before finance costs and tax is stated after charging:			
Staff costs	8	33,882	32,660
Depreciation of property, plant and equipment	15	1,817	2,077
Amortisation of intangible assets	16	6,367	8,155
Impairment losses on intangible assets	16	301	3,181
Operating lease expense	27	1,138	1,195
Cost of inventories recognised as expense		6,515	6,302

6 AUDITOR'S REMUNERATION

	2012 £000	2011 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	17	17
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	15	15
Other services relating to taxation	13	15
All other services	19	15

7 EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £0.16m (2011: £3.99m) can be analysed as follows:

	2012 £000	2011 £000
Exceptional operating expenses comprised		
Impairment of intangible assets (Note 2d)	301	3,181
Compromise payments on contract termination	192	(428)
Onerous contract costs	49	1,237
	542	3,990

8 STAFF PARTICULARS

Group	2012 £000	2011 £000
Wages and salaries	30,163	28,952
Social security costs	3,374	3,398
Other pension costs	345	310
	33,882	32,660

Company	2012 £000	2011 £000
Wages and salaries	2,300	2,646
Social security costs	186	279
Other pension costs	169	163
	2,655	3,088

Employee numbers Group	2012 Number	2011 Number
Average number of full time equivalents employed in the year:	451	476

Company	2012 Number	2011 Number
Average number of full time equivalents employed in the year:	86	89

Notes To The Financial Statements

Year ended
30 June 2012

9 DIRECTORS' EMOLUMENTS

	Salary/fees £	Bonus £	Benefits in kind £	Pension Contributions £	2012 Total £	2011 Total £
T Allison	25,000	-	-	-	25,000	25,000
I Bankier*	44,794	-	-	-	44,794	1,805
D Desmond	25,000	-	-	-	25,000	25,000
B Duffy	25,000	-	-	-	25,000	25,000
P Lawwell	507,625	399,000	16,760	76,144	999,529	800,200**
I Livingston	30,000	-	-	-	30,000	30,000
Dr J Reid***	14,418	-	-	-	14,418	50,000
E Riley	144,325	27,061	27,969	21,648	221,003	248,216
B Wilson	25,000	-	-	-	25,000	25,000
	841,162	426,061	44,729	97,792	1,409,744	1,230,221

* Reflects increase in fees on becoming Chairman, part year only for 2011/12, and part year standard fees only in 2010/11.

** Mr Lawwell deferred payment of his entire bonus entitlement (£200,000) awarded for financial year 2010/11 until a future, as yet unspecified date.

*** Retired 14 October 2011 and therefore part year only.

Under the terms of the Company's Long Term Incentive Plan, Peter Lawwell and Eric Riley had accumulated entitlements to £650,000 and £250,000 respectively over the 4 financial years from and including 2007/2008 to and including 2010/2011. These amounts, £900,000 in aggregate, were provided for in the 2010/11 annual accounts and disclosed in that year's Annual Report. The sums due were released to the directors concerned in August 2011.

The aggregate emoluments and pension contributions of the highest paid director were £1,573,385 (2011: £724,057) and £76,144 (2011: £76,143) respectively. The aggregate emoluments of the highest paid director include bonus provision and release of the accumulated LTIP entitlement. During the year, contributions were paid to defined contribution money purchase pension schemes in respect of 2 (2011: 2) directors.

10 RETIREMENT BENEFIT OBLIGATIONS

The Group and 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 Group and Company by The Standard Life Assurance Company. Contributions made by the Group and Company to the scheme during the year amounted to £214,158 (2011: £200,868) and £59,171 (2011: £65,534) respectively. Group and Company contributions of £32,894 (2011: £25,901) and £8,855 (2011: £7,447) respectively were payable to the fund at the year-end. In addition to this the Group and Company also made contributions to the personal pension plans of certain employees.

11 FINANCE COSTS

	2012 £000	2011 £000
Finance costs comprised:		
On bank and other loans	246	179
On Convertible Cumulative Preference Shares of 60p each	544	544
Total finance costs	790	723

12 TAX ON ORDINARY ACTIVITIES – GROUP

No provision for corporation tax or deferred tax is required in respect of the year ended 30 June 2012. Estimated tax losses available for set-off against future trading profits amount to approximately £33m (2011: £27m) and, in addition, the available capital allowances pool is approximately £13.99m (2011: £14.55m). These estimates are subject to the agreement of the current and prior years' corporation tax computations with HM Revenue and Customs.

The corporation tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 28% (2011: 28%). The differences are explained below:

	2012 £000	2011 £000
Profit/(loss) on ordinary activities before tax	(7,371)	102
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2011: 28%)	(1,916)	29
Effects of:		
Expenses not deductible for tax purposes	5	21
Depreciation for the period (below)/in excess of capital allowances	173	(277)
Dividends reclassified as interest	141	152
Untaxed income	(187)	(188)
Other	20	69
Losses utilised in the year	1,764	194
Current corporation tax charge for year	-	-

An explanation regarding the movement in deferred tax is provided at Note 19.

13 DIVIDENDS PAYABLE

A 6% (before tax credit deduction) non-equity dividend of £0.54m (2011: £0.54m) was paid on 31 August 2012 to those holders of Convertible Cumulative Preference Shares on the share register at 29 July 2012. On 31 August 2007 the entitlement to a dividend on the Convertible Preferred Ordinary Shares ceased. A number of shareholders elected to participate in the Company's scrip dividend reinvestment scheme for the financial year to 30 June 2012. Those shareholders have received new Ordinary Shares in lieu of cash. The implementation of the presentational aspects of IAS32 ("Financial Instruments: disclosure") in the preparation of the annual results, requires that the Group's Preference Shares and Convertible Preferred Ordinary Shares, as compound financial instruments, are classified as a combination of debt and equity and the attributable non-equity dividends are classified as finance costs. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

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14 EARNINGS PER SHARE

	2012 £000	2011 £000
Reconciliation of (loss)/earnings to basic earnings/(loss):		
Net (loss)/earnings attributable to equity holders of the parent	(7,371)	102
Basic (loss)/earnings	<u>(7,371)</u>	<u>102</u>
Reconciliation of basic (loss)/earnings to diluted (loss)/earnings:		
Basic earnings/(loss)	(7,371)	102
Non-equity share dividend	544	544
Diluted (loss)/earnings	<u>(6,827)</u>	<u>646</u>
	No.'000	No.'000
Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:		
Basic weighted average number of ordinary shares	90,247	90,069
Dilutive effect of convertible shares	46,125	46,150
Diluted weighted average number of ordinary shares	<u>136,372</u>	<u>136,219</u>

Earnings per share has been calculated by dividing the loss for the period of £7.37m (2011: £0.10m profit) by the weighted average number of Ordinary Shares of 90.2m (2011: 90.07m) in issue during the year. Diluted earnings per share as at 30 June 2012 has been calculated by dividing the loss for the period by the weighted average number of Ordinary Shares, Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the balance sheet date, and the full exercise of outstanding share purchase options, if dilutive, in accordance with IAS33 Earnings Per Share. As at June 2012 and June 2011 no account was taken of potential share purchase options, as these potential Ordinary Shares were not considered to be dilutive under the definitions of the applicable accounting standards.

15 NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

The movement on these accounts during the year to 30 June 2012 was as follows:

Group and Company	Freehold Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2011	49,170	4,560	20,215	73,945
Additions	453	318	261	1,032
Disposals	(21)	-	(1,620)	(1,641)
At 30 June 2012	49,602	4,878	18,856	73,336
Accumulated Depreciation				
At 1 July 2011	1,451	2,379	15,758	19,588
Charge for year	527	242	1,048	1,817
Eliminated on disposal	(21)	-	(1,500)	(1,521)
At 30 June 2012	1,957	2,621	15,306	19,884
Net Book Value				
At 30 June 2012	47,645	2,257	3,550	53,452
At 30 June 2011	47,719	2,181	4,457	54,357

Group and Company

The movement on these accounts during the year to 30 June 2011 was as follows:

Group and Company	Freehold Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2010	48,859	4,514	21,142	74,515
Additions	311	59	525	895
Disposals	-	(13)	(1,452)	(1,465)
At 30 June 2011	49,170	4,560	20,215	73,945
Accumulated Depreciation				
At 1 July 2010	1,274	2,191	15,196	18,661
Charge for year	177	201	1,699	2,077
Eliminated on disposal	-	(13)	(1,137)	(1,150)
At 30 June 2011	1,451	2,379	15,758	19,588
Net Book Value				
At 30 June 2011	47,719	2,181	4,457	54,357
At 30 June 2010	47,585	2,323	5,946	55,854

Freehold land and buildings include capitalised interest of £0.43m (2011: £0.43m).

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16 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Group and Company	2012 £000	2011 £000
Cost		
At 1 July	29,618	30,283
Additions	5,239	10,294
Disposals	(6,120)	(10,959)
At 30 June	28,737	29,618
Amortisation		
At 1 July	19,254	16,514
Charge for year	6,367	8,155
Provision for impairment	301	3,181
Disposals	(4,518)	(8,596)
At 30 June	21,404	19,254
Net Book Value		
At 30 June	7,333	10,364

	2011 No.	2011 £000	2010 No.	2010 £000
The number of players with a book value in excess of £1m by contract expiry date is as follows:				
Contract expiry within 1 year	-	-	-	-
Contract expiry within 2 years	1	1,286	2	2,522
Contract expiry within 3 years	-	-	1	1,113
Contract expiry within 4 years	-	-	-	-
	1	1,286	3	3,635

No individual intangible asset included above accounted for more than 16.8% of the total net book value of the intangible assets (2011: 14%). The opening net book value of intangible assets at 1 July 2011 was £10.36m and on 1 July 2010 was £13.77m.

The net gain on sale of intangible assets in the year was £3.54m (2011: £13.23m). The impairment provision in 2011 within the football segment reflects the Directors' view that the recoverable amount of the intangible asset is lower than the carrying value, as per Note 2(d) above, and recognises a write down to fair value less costs to sell. The valuation of players is based on an independent valuation carried out with reference to the market for player transfers. The impairment charge of £0.3m comprises two players whose contracts both expire within one year.

17 INVESTMENTS

Subsidiaries

The Company's subsidiary undertaking continued to be Celtic F.C. Limited, the main activity of which is the operation of a professional football club.

In turn, Celtic F.C. Limited holds 100% of the issued ordinary share capital in each of the following companies:

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

These companies are registered in Scotland and are all included in the consolidated financial statements.

Other Investments

The Company also holds an investment of 8.33% in the equity share capital of The Scottish Premier League Limited, a company registered in Scotland.

18 INVENTORIES

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Raw Materials	19	32	-	-
Finished goods	2,141	2,218	-	-
	2,160	2,250	-	-

Inventories written down during the year amounted to £0.16m (2011: £0.26m). Inventories of £nil (2011: nil) are carried at net realisable value.

19 DEFERRED TAX ASSET

Group

The Group follows the accounting treatment for deferred taxation as prescribed in IAS 12 Income Taxes. At the balance sheet date the value of deferred tax asset was £8.42m (2011: £6.90m) which represents losses carried forward of £33.27m @ 24% (2011: £26.48m). This asset would be recoverable against future taxable profits of the Group. In addition, advance corporation tax of £250,000 would be recoverable against future taxable profits of the Group, while the Group has an available capital allowances pool of approximately £13.99m (2011: £14.55m). In line with IAS 12 Income Taxes and given the financial difficulties currently being experienced by the football sector, the Group has not recognised the deferred tax asset nor the advance corporation tax asset in the financial statements because it is not considered probable that future taxable profits will be available against which these assets can be utilised in the foreseeable future.

Company

At 30 June 2011, the deferred tax asset not reflected in the Company's Financial Statements was £0.42m (2011: £0.28m).

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20 TRADE & OTHER RECEIVABLES

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Receivables comprised:				
Trade and other receivables	5,103	5,871	14,547	14,002
Provision for doubtful debts (see below)	(122)	(34)	-	-
	4,981	5,837	14,002	14,002
Analysed as follows:				
Prepayments and accrued income	1,937	2,391	477	568
Related party receivables	-	-	12,804	11,287
Trade and other receivables	3,044	3,446	1,564	2,147
	4,981	5,837	14,845	14,002

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
The movement in the provision for doubtful debts was as follows:				
Opening balance	34	482	-	-
Balances written off	(45)	(437)	-	-
Change in provision	127	(83)	-	-
Balances recovered	6	72	-	-
Closing balance	122	34	-	-

The decrease in trade receivables is largely as a result of increased amounts receivable in instalments in respect of the disposal of intangible assets.

Related party receivables reflects the intercompany balance between the Company and its principal subsidiary, Celtic F.C. Limited.

21 CASH AND CASH EQUIVALENTS

	2012 Group £000	2011 Group £000	2012 Company £000	2012 Company £000
Balances with banks	8,176	10,792	7,316	10,703
Cash on hand	22	26	-	-
Cash and cash equivalents	8,198	10,818	7,316	10,703

22 SHARE CAPITAL

Group and Company	Authorised 30 June		Allotted, called up and fully paid 30 June			
	2012 No 000	2011 No 000	2012 No 000	2012 £000	2011 No 000	2011 £000
Equity						
Ordinary Shares of 1p each	220,120	220,096	90,275	903	90,136	901
Deferred Shares of 1p each	496,924	495,754	496,924	4,969	495,754	4,957
Non-equity						
Convertible Preferred Ordinary Shares of £1 each	15,960	15,972	13,972	13,972	13,984	13,984
Convertible Cumulative Preference Shares of 60p each	19,282	19,283	16,782	10,069	16,783	10,069
Less reallocated to debt under IAS 32	-	-	-	(5,649)	-	(5,647)
	752,286	751,105	617,953	24,264	616,657	24,264

On 1 September 2011, 113,704 new Ordinary Shares of 1p each were issued in respect of mandates received from holders of Convertible Cumulative Preference Shares ("CCP Shares").

From 1 September 2007, the Convertible Preferred Ordinary Shares may be converted into Ordinary Shares and Deferred Shares on the election of the shareholder. The number of Ordinary Shares and Deferred Shares to which a holder of Convertible Preferred Ordinary Shares is entitled on conversion was determined by reference to the middle market price of Ordinary Shares in the three dealing days immediately prior to 1 September 2007. As a result each Convertible Preferred Ordinary Share converts into 2.08 Ordinary Shares and 97.92 Deferred Shares. As at 14 September 2012, the latest practicable date before publication no conversion notices had been received in respect of conversion of Preferred Ordinary Shares.

Each Convertible Cumulative Preference Share of 60p carries the right, subject to the availability of distributable profits, to the payment of a fixed preference dividend equal to 6% (less tax credit deduction) of its nominal value, cumulative with effect from 1 July 1996. The first dividend was paid on 31 August 1997. Holders of Preference Shares of 60p are entitled to convert each Preference Share into one Ordinary Share of 1p and 59 Deferred Shares of 1p each. During the year ended 30 June 2012, 500 Preference Shares were converted in accordance with these provisions. The Ordinary Shares of 1p each, arising on conversion rank pari passu in all respects with the existing Ordinary Shares of 1p each. The Deferred Shares are non-transferable, carry no voting rights, no class rights and have no valuable economic rights. As at 14 September 2012, the latest practicable date before publication, notices had been received in respect of the conversion of 500 Preference Shares.

Reconciliation of number of Ordinary Shares in issue:	2012 No.'000	2011 No.'000
Opening balance	90,136	89,940
Shares issued re scrip dividend scheme	114	90
Shares issued re Convertible Preferred Ordinary Share conversions	1	96
Shares issued re Preference Share Conversion	24	10
Closing Balance	90,275	90,136

Reconciliation of number of Deferred Shares in issue:	2012 No.'000	2011 No.'000
Opening balance	495,754	490,638
Shares issued re Convertible Preferred Ordinary Share conversions	1,141	4,520
Shares issued re Preference Share Conversion	29	596
Closing Balance	496,924	495,754

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Reconciliation of number of Convertible Preferred Ordinary Shares in issue:	2012 No.'000	2011 No.'000
Opening balance	13,984	14,031
Convertible Preferred Ordinary Share conversions to Ordinary and Deferred Shares	(12)	(47)
Closing Balance	13,972	13,984

Reconciliation of number of Convertible Cumulative Preference Shares in issue:	2012 No.'000	2011 No.'000
Opening balance	16,783	16,793
Convertible Cumulative Preference Share conversions to Ordinary and Deferred Shares	(1)	(10)
Closing Balance	16,782	16,783

23 RESERVES

In accordance with Resolution No 8 at the 2002 Annual General Meeting and the Court Order obtained on 9 May 2003, the previous Share Premium Account balance was cancelled and transferred to the Other Reserve. Under the terms of this cancellation, an amount equal to three times the Executive Club loans, currently equal to £354,000 (2011: £390,000) will remain non-distributable from this Other Reserve until such loans are repaid by the Company.

The Capital Reserve has arisen following the reallocation of an element of the Convertible Preferred Ordinary Share capital from equity to debt in line with the capital maintenance requirements of the Companies Act. This reserve increases as debt is repaid but will ultimately be reallocated to equity on the conversion of the Convertible Preferred Ordinary Shares to Ordinary Shares.

The increase in the share premium account reflects the premium on the Ordinary Shares issued in the year.

The profit for the year for the parent company was £0.71m (2011: £0.13m).

24 BORROWINGS – GROUP AND COMPANY

The Co-operative Bank	2012 £000	2011 £000
Interest bearing liabilities	10,969	11,344
Interest	1,124	1,315
	12,093	12,659

Interest payable as follows:	2012 £000	2011 £000
Within 1 year	191	191
Between 2 and 5 years	701	701
In more than 5 years	232	423

The Interest bearing liabilities are represented by loans from the Co-operative Bank. These loans bear interest at London Inter-Bank Offered Rate plus 1.125%. The loans are floating rate loans and therefore expose the Group to cash flow risk. These loans form part of a £21.94m loan facility which is repayable in equal quarterly instalments from October 2009 until April 2019 and £16.69m is repayable in July 2019. The Group has the option to repay the loans earlier than these dates without penalty. The bank loans are secured over Celtic Park, land adjoining the stadium and at Westhorne and Lennoxtown.

25 TRADE AND OTHER PAYABLES

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Current portion of non-current borrowings	375	375	375	375
Other loans	118	130	118	130
Accrued expenses	9,964	12,284	2,015	7,926
Trade and other payables	5,105	3,532	1,628	2,566
	15,562	16,321	4,136	10,997

Other loans comprise interest free loans from members of the Executive Club which are repayable within thirty days of demand.

26 DEFERRED INCOME

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Income deferred less than one year	12,728	11,754	-	-

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

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Income deferred after more than one year	121	142	-	-

Deferred income due after more than one year comprises elements of income, the cash for which has been received prior to the year-end in respect of the years beyond 2012/13.

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27 CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Capital commitments.

Group & Company	2012 £000	2011 £000
Authorised and contracted for	130	-

b. Other commitments

At 30 June 2012 the Group had commitments under operating leases as follows:

Amounts payable:	Land & Buildings		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Within 1 year	973	1,075	11	22
Between 2 and 5 years	2,285	3,058	4	13
In more than 5 years	832	1,232	-	-

Lease payments recognised in the income statement for the period amounted to £1.14m (2011: £1.00m).

c. Contingent transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations, additional amounts would be payable/receivable by the Group if specific future conditions are met. Such future conditions include first team competitive appearances, football success, international appearances and being a registered Celtic player at a certain point in time. Amounts in respect of such contracts at 30 June 2012 could result in an amount payable of £3.60m (2011: £3.33m), of which £2.50m could arise within one year and amounts receivable of £2.93m (2011: £1.05m), of which £1.43m (2011: all) could arise within one year.

Group & Company	2012 £000	2011 £000
Conditions for triggering additional amounts payable:		
Appearances	1,204	1,280
Success achievements	50	-
Appearances and success achievements	906	600
Registered at a pre-determined date	1,442	1,445
	3,602	3,335

Number of players contingent transfer fee payable relates to

34 23

d. Cross guarantees

Cross guarantees exist between the Company and its subsidiary undertakings. The extent of these at 30 June 2012 was £ nil (2011: £nil).

28 FINANCIAL INSTRUMENTS – GROUP AND COMPANY

The principal financial instruments during the financial year ended 30 June 2012 and as at the balance sheet date were trade receivables (Note 20) and payables (Note 25), bank borrowings (Note 24), cash and compound financial instruments (Note 22). The financial assets are trade debtors and cash. These are all categorised as loans and receivables. The financial liabilities are trade payables, bank borrowings other creditors and the debt element of the Convertible Cumulative Preference Shares. These are all categorised as financial liabilities measured at amortised cost.

Trade receivables are subject to standard payment terms and conditions and terms in respect of trade payables are as noted below.

The principal risks arising from the Group's and the Company's financial instruments are interest rate risk and credit risk. The majority of the transactions undertaken in the year are in sterling; therefore the Group's and Company's exposure to foreign currency risk is minimal. Where appropriate, the Group and Company may hedge its position utilising forward contracts. The Group and Company benefitted from low interest rates during the year.

It is widely accepted that the economic conditions have not improved over the last year with several major banks continuing to receive financial support from the Government to continue to trade. To date Celtic has not seen a material impact on its business and subject to that there has been no change in financial risks from 2011.

Interest Rate Risk

The working capital of the Group and Company is funded largely by bank borrowings. The Group and Company has a £33.49m facility with the Co-operative Bank of which £12m is in the form of overdraft and £21.94m in long-term loans. While the nature of the overdraft results in the application of a floating rate, the loans offer the possibility to lock into a longer-term interest rate. £10.97m (2011: £11.34m) of the loan facility is required to be drawn down for the term of the facility agreement. In 2011/12, fixed rate periods were each for three months and the average balance on the loans was £11.14m (2011: £11.53m). During the course of the year the Group had an average credit balance on the overdraft facility of £1.92m (2011: £4.93m). The average overdraft rate applicable during the year was 1.50% (2011: 1.50%) and the average loan rate 2.15 %, (2011: 2.00%). In terms of the overall risk management process, executive management liaise closely with advisers in managing the risk profile of the Group and Company. In times of interest rate volatility, executive management take advice as to the various instruments that may protect the Group and Company against increased costs, whether this be an interest rate cap, collar or other mechanism. No such mechanisms were utilised during the year nor in 2011.

Based on the average levels of debt in the year to 30 June 2012 it is estimated that a 1% increase in interest rates would result in a net increase in finance costs, and thus reduction in profit and equity of £0.11m (2011: £0.06m). The calculation in both years incorporates the terms and conditions of the agreement with the Co-operative Bank as noted above, the terms of which have not altered from 2011.

The bank loans and overdraft bear interest at LIBOR plus 1.125% and base rate plus 1.0% respectively, as was the case in the year ended 30 June 2011. The other loans of the Group and Company are interest free. It is the Group and Company policy to secure funding at the most cost-effective rates of interest available to the Group.

The maturity profile of the Group and Company's financial liabilities at 30 June 2012 and 30 June 2011 and details of applicable interest rates on these liabilities are disclosed in Notes 24 and 25.

The Group achieves short-term liquidity flexibility through use of a bank overdraft.

Of the available bank facilities of £33.94m (2011: £34.69m), of which £21.94m is represented by long-term loans and £12m by overdraft, £22.97m (2011: £23.34m) remains undrawn at the balance sheet date as follows:

	2012 £000	2012 £000
Loans repayable within one year	375	375
Loans repayable between two and five years	1,500	1,500
Loans repayable in more than five years	9,094	9,469
Overdraft repayable on demand	12,000	12,000
	22,969	23,344

Credit Risk

Although the vast majority of individual transactions entered into with customers are low value, business objectives rely on maintaining a high quality customer base and place strong emphasis on good credit management. Prior to entering into significant contracts extensive credit checks on potential customers are carried out with the results having a strong bearing on the selection of trading partner. Executive management 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.

As at 30 June 2012, £0.62m representing 20% of trade receivables of the Group of £3.04m were past due but not impaired (2011 : £0.46m, 13%) and £0.20m representing 13% of the trade receivables of the Company of £1.56m were past due but not impaired (2011: £0.3m, 14%). Group trade receivables of £0.12m (2011: £0.03m) were considered to be impaired at the year end. Details of trade receivables are included in Note 20. An analysis of trade receivables past due but not impaired is as follows:

Trade receivables	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Up to 30 days past due	428	95	134	9
Between 60 and 30 days past due	58	15	24	6
Over 60 days past due	134	349	37	289
	620	459	195	304

The Group and Company are also exposed to credit risk through cash balances held with the Co-operative Bank and Allied Irish Bank as follows:

	2012 Group £000	2011 Group £000	2012 Company £000	2011 Company £000
Co-operative Bank	8,105	10,677	7,316	10,703
Allied Irish Bank	71	114	-	-
Sub total	8,176	10,791	7,316	10,703
Cash on hand	22	27	-	-
Cash and cash equivalents	8,198	10,818	7,316	10,703

The Group deposits surplus funds only in approved high quality banks in order to restrict credit risk to financial assets in the form of monetary deposits. However, throughout both 2012 and 2011, the Co-operative Bank was in a net lending position as £10.97m (2011: £11.34m) of the available loan facility, as noted above, is required to be drawn down for the term of the facility agreement. To minimise any credit risk in respect of balances held with the Allied Irish Bank, such amounts are remitted to the Co-operative Bank on a regular basis.

Liquidity Risk

The financial liabilities of the Group and Company, principally trade payables and bank borrowings, are repayable in accordance with the respective trading and lending terms entered into by the Group. Trade payables are payable monthly in arrears where undisputed or alternatively in accordance with particular contract terms. As at 30 June 2012 63% of trade payables of the Group were due to be paid within one month (2011: 28%) and 28% of trade payables of the Company were due to be paid within one month (2011: 17%).

The maturity profile of the bank borrowings of the Group and Company is as set out in Note 24. Other loans held by the Company of £0.12m (2011: £0.13m) are repayable on demand.

The Group and Company prepare annual budgets including a cash flow forecast. Monthly management accounts are produced which report performance against budget and also provide a forecast of the annual financial performance and cash flow. This is monitored closely by the executive management and corrective action taken where appropriate.

Contractual maturity analysis for financial liabilities:

	2012 Group £000	2012 Group £000	2012 Group £000	2012 Group £000	2012 Group £000	2012 Group £000
	Due between 0 to 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Due after 5 years	In perpetuity	Total
Non-current borrowings	-	-	2,392	9,326	-	11,718
Trade and other payables	13,339	937	250	-	-	14,526
Current borrowings	118	-	-	-	-	118
Current portion of non-current borrowings	94	281	-	-	-	375
Convertible Cumulative Preference Share dividends*	-	-	-	-	544	544
Total	13,551	1,218	2,642	9,326	544	27,281

	2011 Group £000	2011 Group £000	2011 Group £000	2011 Group £000	2011 Group £000	2011 Group £000
	Due between 0 to 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Due after 5 years	In perpetuity	Total
Non-current borrowings	-	-	2,392	9,892	-	12,284
Trade and other payables	12,862	459	1,951	-	-	15,272
Current borrowings	130	-	-	-	-	130
Current portion of non-current borrowings	94	281	-	-	-	375
Convertible Cumulative Preference Share dividends*	-	-	-	-	544	544
Total	13,086	740	4,343	9,892	544	28,605

* The amount above represents the annual amount payable in the future in respect of the Convertible Cumulative Preference Share dividends.

Compound Financial Instruments

The Company's non-equity Convertible Preferred Ordinary Shares are convertible to equity (Ordinary and Deferred) shares at the discretion of the shareholder. The conversion rate however will remain fixed as at 1 September 2007.

The Company's non-equity Convertible Cumulative Preference Shares are convertible to equity (Ordinary and Deferred) shares on or any time after 1 July 2001 at the discretion of the shareholder. Until these shares are converted to equity, the holders are entitled to a fixed dividend of 6% less tax credit.

Fair value of financial assets and financial liabilities

The fair value of the Group and Company's financial assets and liabilities, as defined above, are not materially different to their book value with the exception of the debt element of the Convertible Cumulative Preference Shares, the fair value of which is considered to be £9.08m (2011: £9.08m). The fair value of the debt element of the compound financial instruments has been calculated by reference to the discounted value of future cash flows.

Capital management

The Group and Company's capital base is as set out in the Statement of Changes in Equity and in Notes 22 and 23 (Share Capital and Reserves respectively). It is the policy of the Board that trading plans should result in cash positive results, providing shareholder value and satisfying all dividend requirements. The bank borrowing facility of £33.94m is utilised to fund working capital. The Board consider carefully all significant capital projects and where necessary ensures that the funding of such is achieved through utilisation of the most appropriate funding mechanism whether borrowings or additional equity. The Board considers all these things by reference to projected costings and budgets, taking into account funding structures and sources and its overall objectives and policies to mitigate risk. Neither the Group nor Company is subject to any regulatory capital requirements.

29 POST BALANCE SHEET EVENTS

Since the balance sheet date further capital expenditure on intangible assets of £2.98m (2011: £1.64m) has been committed. Post year-end player registrations have been disposed of amounting to £5.43m.

30 RELATED PARTY TRANSACTIONS

Celtic plc undertakes related party transactions with its subsidiary company Celtic FC Limited which are governed by a management services agreement. This agreement covers the recharge of certain direct expenditure and or income from Celtic plc to Celtic F.C. Limited and the rental of certain properties at Celtic Park to Celtic F.C. Limited. Amounts recharged in the year by Celtic plc to Celtic F.C. Limited was £14.35m (2011: £18.97m). The balance outstanding at the year end is disclosed in Note 20.

During the year Celtic F.C. Limited entered into a number of transactions, principally for the supply of goods and services, as part of its routine course of business, with organisations in which some Directors have an interest, as directors or shareholders of the other contracting party. Such transactions were conducted on an arm's length basis and were of an insignificant nature.

**Directors,
Officers And
Advisers**

Year ended
30 June 2012

Directors

Ian P Bankier (Chairman)
Thomas E Allison*§
Dermot F Desmond*
Brian Duffy*
Peter T Lawwell (Chief Executive)
Ian P Livingston*
Eric J Riley (Financial Director)
Brian D H Wilson*

* Independent Non-Executive Director
§ Senior Independent Director

Company Secretary

Robert M Howat

Company Number

SC3487

Registered Office

Celtic Park
Glasgow, G40 3RE

**Directors of The Celtic Football and
Athletic Company Limited**

Peter T Lawwell
Eric J Riley
John S Keane*
Michael A McDonald*
Kevin Sweeney*

Football Manager

Neil Lennon

Auditors

PKF (UK) LLP
78 Carlton Place
Glasgow, G5 9TH

Remuneration Committee

Thomas E Allison (Chairman)
Brian Duffy
Ian P Bankier
Brian D H Wilson

Audit Committee

Ian P Livingston (Chairman)
Brian Duffy
Dermot F Desmond
Brian D H Wilson

Nomination Committee

Ian P Bankier (Chairman)
Thomas E Allison
Dermot F Desmond

Solicitors

DLA Piper LLP
249 West George Street
Glasgow, G2 4RB

Bankers

The Co-operative Bank plc
29 Gordon Street
Glasgow, G1 3PF

Stockbroker and Nominated Adviser

Seymour Pierce Limited
20 Old Bailey
London, EC4M 7EN

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 3FA

