

# Celtic

**The Celtic Football and Athletic Company Limited**  
**REPORT AND ACCOUNTS**  
**for the year to 30 June 1994**



# The Celtic Football and Athletic Company Limited

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# The Celtic Football and Athletic Company Limited

## Directors, Officers and Advisers

### Directors

J. K. Kelly (Chairman)

F. J. McCann MBA CA

J. C. McGinn

J. M. Farrell MA LLB

D. W. Keane ACIBS MBA

### Secretary

D. W. Keane ACIBS MBA

### Registered Office

Celtic Park

Glasgow

G40 3RE

### Auditors

Pannell Kerr Forster

Chartered Accountants

78 Carlton Place

GLASGOW

G5 9TH

### Solicitors

McGrigor Donald  
Pacific House  
70 Wellington Street  
Glasgow  
G2 6SB

Semple, Fraser W. S.  
130 St. Vincent Street  
Glasgow  
G2 5HF

### Bankers

Bank of Scotland

2 Trongate

Glasgow

G1 5ET

# The Celtic Football and Athletic Company Limited

Registered in Scotland  
No 3487

*Registered Office:*  
Celtic Park  
Glasgow. G40 3RE

18 August 1994

**NOTICE** is hereby given that the Annual General Meeting of The Celtic Football and Athletic Company Limited will be held at Celtic Park, 95 Kerrydale Street, Glasgow G40 3RE, on Tuesday, 13 September 1994 at 7.15 p.m. (or as soon thereafter as the preceding Extraordinary General Meeting shall have concluded or been adjourned) for the following purpose:

## **ORDINARY BUSINESS**

1. To receive and consider the Accounts for the year ended 30 June 1994 and the Report of the Directors and the Auditors thereon.
2. To fix the remuneration of the Directors.
3. To re-appoint Mr F. J. McCann as a Director.
4. To re-appoint Mr D.W. Keane as a Director.
5. To conduct any other competent business.

## **SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

6. To appoint Mr E. Riley as a Director.
7. To appoint Mr P. Ferrell as a Director.
8. To re-appoint Pannell Kerr Forster as Auditors and to authorise the Directors to fix their remuneration, special notice of this resolution having been given to the Company pursuant to Section 388 of the Companies Act 1985.

**BY ORDER OF THE BOARD**

**D.W. KEANE**

Secretary

Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in accordance with the Articles of Association of the Company in his place; a proxy need not be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company not less than 24 hours before the time appointed for the meeting.
2. Holders of only Convertible Cumulative Preference Shares of the Company are not entitled to attend and vote at the Annual General Meeting.

# The Celtic Football and Athletic Company Limited

## Statement by Fergus McCann, Managing Director

My first few months have been extremely demanding. I believe, however, that much has been achieved since I took up the position of Managing Director in early March. Before considering the company's current position and future, regrettably, I have to refer to the negative events of the recent past.

The damage to the company's financial condition by the failure to introduce new capital last November was very severe. Loss of confidence by supporters and commercial partners and the cost of urgent remedial measures have had an adverse effect on the year's trading. On the company's behalf, I believe that events of the past year must be thoroughly investigated and consideration given as to whether any redress is open to the company for the damage it has suffered.

I wish to draw your attention to certain items of exceptional operating expenses shown in the profit and loss account. These include the abortive costs of the Cambuslang "option", the hiring and removal of the wrong kind of management, and the provision for unpaid payroll taxes, previously not disclosed, and amount in all to £1.2 million. To this the unquantifiable costs of management operating from a position of financial weakness must be added. Furthermore, the notes to the accounts show that the company's overdraft was understated in last year's balance sheet by £611,000.

Since March, there have been many positive accomplishments and I ask for your support as we work towards the achievement of major goals for Celtic's future.

First, it is clear from the financial report that the condition of the company has been not only stabilised but strengthened considerably. All bank debt has been removed and the net asset position at the year end now stands in excess of £12.4 million. Since that time our cash position has been further strengthened by the sale of a record level of season tickets for the coming season.

Secondly, important appointments have been made to strengthen the company at management level. These include the appointment of a new Football Manager, the appointment of a new Financial Director and of a full-time Director of Marketing. Further appointments will be made which will build upon the inherent abilities of the present staff and senior management who for too long have had their excellent abilities hampered by limited resources and limited ambitions.

Thirdly, plans have now been lodged with Glasgow District Council for the redevelopment of Celtic Park as an outstanding football stadium within two years. Demolition of three-quarters of the present stadium is almost complete and the first phase of construction is planned to commence later this year. This should achieve a capacity of 34,000 excellent seats by August 1995.

Meantime, Celtic has contracted for the lease of Hampden Park over the coming season and although this is very costly, I believe it will give advantages to our construction programme while we meet the obligations of the Taylor Report. It is our long-term intention to offer a high-capacity stadium with a variety of facilities to meet the demands of the supporter at all price levels.

Fourthly, we are confident that over the next three years the company's revenue base from non-football activities can be built upon to achieve a significant increase in revenues from merchandising, licensing, catering, publishing, sponsorship and corporate support. Along with more aggressive marketing of both individual and season tickets and continuing donations from the pools and lotteries, higher income should be generated to provide much-needed strengthening of the playing side.

Celtic has come through a long period in the wilderness but I now believe that we have the foundations in place for long-term growth of the business and major successes on the field.

Finally, I would like to thank Tom Grant, who recently resigned from the Board, and Kevin Kelly and Jack McGinn, who are both resigning effective from 13 September, for their contributions to the company during the period since I was appointed to the Board.

**F. McCann**  
*Managing Director*

# The Celtic Football and Athletic Company Limited

## Directors' Report

The directors present their annual report together with the financial statements for the year ended 30 June 1994.

### Results and Dividends

The loss for the financial year after tax amounted to £117,300.

The directors recommend that no dividend be paid, and therefore, the loss for the year has been transferred to reserves.

### Review of the Business

The principal activity of the company continued to be the running of Celtic Football Club.

Despite an increase in match ticket prices, turnover fell by 8% reflecting lower attendances at league games. The company's commercial activities suffered from both the disappointing first team performance in all competitions and the apparent reluctance of the Directors to accept much-needed new capital. However, during March 1994 with the company on the verge of receivership, the Directors accepted the change in ownership and control. This change immediately stabilised the company's finances and with the approval of new Articles of Association in April 1994, facilitated the issue of new shares during May and June which raised almost £12.4 million.

Plans have recently been submitted to enhance the existing stadium by building three new stands at an estimated cost of £24 million and in preparation the demolition works have already commenced. The Directors intend to raise further funds by the issue of new shares to the public during the current financial year and resources have been placed with the football manager to enable him to strengthen his squad.

Since March, key personnel appointments have been made in all areas of the business and the Directors believe that the company can now look forward to improved performance on and off the field in the forthcoming year.

### Directors

The directors during the year and their interests in the shares of the company were:

|                                    | At 30 June 1994    |                                                | At 1 July 1993 or<br>subsequent date of<br>appointment |
|------------------------------------|--------------------|------------------------------------------------|--------------------------------------------------------|
|                                    | Ordinary<br>Shares | Cumulative<br>Convertible<br>Preference Shares | Ordinary<br>Shares                                     |
| F. J. McCann<br>(appointed 4/3/94) | 146,443<br>*11,100 | 9,000<br>*5,550                                | -                                                      |
| D. W. Keane<br>(appointed 4/3/94)  | 286                | -                                              | -                                                      |
| J. K. Kelly                        | 1,902              | 60                                             | 416<br>*1,371<br>**7,971                               |
| D. D. Smith<br>(resigned 11/3/94)  | -                  | -                                              | 953<br>**6,600                                         |
| J. C. McGinn                       | 169                | 24                                             | 123                                                    |
| J. M. Farrell                      | 408                | 24                                             | 362                                                    |
| C. D. White<br>(resigned 11/3/94)  | -                  | -                                              | 2,957<br>**6,640                                       |
| T. J. Grant<br>(resigned 10/8/94)  | 1,729              | -                                              | 1,729<br>**6,600                                       |
| M. Kelly<br>(resigned 11/3/94)     | -                  | -                                              | 665<br>**6,640                                         |

\* Held as Trustee

\*\*Joint interests in shares of the company

Messrs J. K. Kelly and J. C. McGinn have indicated their intention to resign in their capacity as Directors with effect from the next General Meeting of shareholders of the company or at an earlier date at their discretion.

# The Celtic Football and Athletic Company Limited

## Directors' Report *continued*

### Fixed Assets

Changes in fixed assets are shown in Note 13 to these financial statements.

The directors received, in November 1992, a valuation of freehold land and buildings based on depreciated replacement cost from James Barr & Son, Chartered Surveyors, Glasgow. The report gives an existing use capital value of the freehold land and buildings on this basis of £13,925,000.

### Auditors

During the year Messrs Hardie Caldwell, Chartered Accountants, resigned as Auditors and Pannell Kerr Forster, Chartered Accountants, were appointed in their place. A resolution to reappoint Pannell Kerr Forster will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**

Dominic W. Keane

*Secretary*

GLASGOW 16 August 1994



# The Celtic Football and Athletic Company Limited

## Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the prevention and detection of fraud and other irregularities.

## Auditors' Report to the Shareholders of The Celtic Football and Athletic Company Limited

We have audited the financial statements on pages 8 to 16 which have been prepared under the accounting policies set out on page 11.

### Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Pannell Kerr Forster*

**PANNELL KERR FORSTER**

Chartered Accountants

Registered Auditors

**GLASGOW 16 August 1994**

# The Celtic Football and Athletic Company Limited

## Profit and Loss Account

Year ended 30 June 1994

|                                                    |       | 1994                    | 1993                    |
|----------------------------------------------------|-------|-------------------------|-------------------------|
|                                                    | Notes | £                       | (as restated)<br>£      |
| Turnover                                           | 2     | 8,734,341               | 9,473,170               |
| Operating Expenses                                 | 3     | (8,454,636)             | (9,232,482)             |
| Exceptional Operating Expenses                     | 4     | (716,246)               | (340,122)               |
| Other Income                                       | 5     | <u>1,891</u>            | <u>1,891</u>            |
| <b>Operating Loss</b>                              |       | <b>(434,650)</b>        | <b>(97,543)</b>         |
| Interest receivable and similar income             | 9     | 29,957                  | 1,125                   |
| Interest payable and similar charges               | 10    | <u>(334,282)</u>        | <u>(511,779)</u>        |
| <b>Loss before player transfer fees</b>            |       | <b>(738,975)</b>        | <b>(608,197)</b>        |
| Player transfer fees                               | 11    | <u>621,675</u>          | <u>(367,000)</u>        |
| <b>Loss on ordinary activities before taxation</b> |       | <b>(117,300)</b>        | <b>(975,197)</b>        |
| Tax on loss on ordinary activities                 | 12    | <u>—</u>                | <u>—</u>                |
| <b>Loss for the year</b>                           | 20    | <b><u>(117,300)</u></b> | <b><u>(975,197)</u></b> |

## Statement of total recognised gains and losses

For the year ended 30 June 1994

The recognised gains and losses since the last annual report consist of the reported loss of £117,300 and certain prior year adjustments of £345,810. There were no gains or losses recognised in 1993 other than the loss for the year.

# The Celtic Football and Athletic Company Limited

## Balance Sheet



30 June 1994

|                                              | Notes | 1994             |                          | 1993<br>(as restated) |                       |
|----------------------------------------------|-------|------------------|--------------------------|-----------------------|-----------------------|
|                                              |       | £                | £                        | £                     | £                     |
| <b>Fixed Assets</b>                          |       |                  |                          |                       |                       |
| Tangible assets                              | 13    |                  | 8,518,458                |                       | 8,461,008             |
| <b>Current Assets</b>                        |       |                  |                          |                       |                       |
| Stocks                                       | 14    | 143,700          |                          | 130,239               |                       |
| Debtors                                      | 15    | 986,493          |                          | 859,343               |                       |
| Cash at bank and in hand                     |       | <u>6,291,171</u> |                          | <u>11,473</u>         |                       |
|                                              |       | <u>7,421,364</u> |                          | <u>1,001,055</u>      |                       |
| <b>Creditors</b>                             |       |                  |                          |                       |                       |
| Amounts falling due within one year          | 16    | 2,357,273        |                          | 7,681,159             |                       |
| Income deferred less than one year           | 17    | <u>733,783</u>   |                          | <u>1,131,473</u>      |                       |
|                                              |       | <u>3,091,056</u> |                          | <u>8,812,632</u>      |                       |
| <b>Net Current Assets/(Liabilities)</b>      |       |                  | <u>4,330,308</u>         |                       | <u>(7,811,577)</u>    |
| <b>Total Assets Less Current Liabilities</b> |       |                  | <u>12,848,766</u>        |                       | <u>649,431</u>        |
| <b>Creditors</b>                             |       |                  |                          |                       |                       |
| Amounts falling due after more than one year | 16    | 402,622          |                          | 329,100               |                       |
| <b>Accruals and Deferred Income</b>          |       |                  |                          |                       |                       |
| Deferred income                              | 18    | <u>13,239</u>    |                          | <u>15,130</u>         |                       |
|                                              |       |                  | <u>415,861</u>           |                       | <u>344,230</u>        |
| <b>Net Assets</b>                            |       |                  | <u><u>12,432,905</u></u> |                       | <u><u>305,201</u></u> |
| <b>Capital and Reserves</b>                  |       |                  |                          |                       |                       |
| Called up share capital                      | 19    |                  | 1,828,180                |                       | 19,963                |
| Share premium account                        | 20    |                  | 10,436,787               |                       | -                     |
| Capital reserve                              | 20    |                  | 150,083                  |                       | 150,083               |
| Development fund reserve                     | 20    |                  | -                        |                       | -                     |
| Profit and loss account                      | 20    |                  | <u>17,855</u>            |                       | <u>135,155</u>        |
| <b>Shareholders' Funds</b>                   | 22    |                  | <u><u>12,432,905</u></u> |                       | <u><u>305,201</u></u> |

Approved by the Board on 16th August 1994.

Fergus J. McCann, Director

Dominic W. Keane, Director

# The Celtic Football and Athletic Company Limited

## Cashflow Statement

Year ended 30 June 1994

|                                                                                    | 1994             |                   | 1993<br>(as restated) |                  |
|------------------------------------------------------------------------------------|------------------|-------------------|-----------------------|------------------|
|                                                                                    | £                | £                 | £                     | £                |
| <b>Net Cash (Outflow)/Inflow<br/>from Operating Activities (Note 23)</b>           |                  | <b>(35,844)</b>   |                       | <b>354,938</b>   |
| <b>Returns on Investments and Servicing of Finance</b>                             |                  |                   |                       |                  |
| Interest received                                                                  | 11,491           |                   | 1,125                 |                  |
| Interest paid                                                                      | <u>(334,282)</u> |                   | <u>(511,779)</u>      |                  |
| <b>Net Cash (Outflow) from Returns on<br/>Investments and Servicing of Finance</b> |                  | <b>(322,791)</b>  |                       | <b>(510,654)</b> |
| <b>Taxation</b>                                                                    |                  |                   |                       |                  |
| Corporation tax paid                                                               |                  | -                 |                       | -                |
| <b>Investing Activities</b>                                                        |                  |                   |                       |                  |
| Payments to acquire tangible fixed assets                                          | (381,742)        |                   | (217,055)             |                  |
| Receipts from sales of tangible fixed assets                                       | <u>65,168</u>    |                   | <u>56,948</u>         |                  |
| <b>Net Cash (Outflow) from Investing Activities</b>                                |                  | <b>(316,574)</b>  |                       | <b>(160,107)</b> |
| <b>Net Cash (Outflow) before Financing</b>                                         |                  | <b>(675,209)</b>  |                       | <b>(315,823)</b> |
| <b>Financing (note 24)</b>                                                         |                  |                   |                       |                  |
| Loan instalments paid                                                              | (12,500)         |                   | -                     |                  |
| Repayment of other loans                                                           | (32,650)         |                   | (68,675)              |                  |
| Grants received                                                                    | 54,000           |                   | 57,529                |                  |
| Share capital subscribed                                                           | 12,245,004       |                   | 4,963                 |                  |
| Repayment of hire purchase borrowings                                              | <u>(528)</u>     |                   | <u>(28,694)</u>       |                  |
| <b>Net Cash Inflow/(Outflow) from Financing</b>                                    |                  | <b>12,253,326</b> |                       | <b>(34,877)</b>  |
| <b>Increase/(Decrease) in Cash and Cash Equivalents (Note 25)</b>                  |                  | <b>11,578,117</b> |                       | <b>(350,700)</b> |

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements

Year ended 30 June 1994

### 1. Accounting Policies

#### (a) Accounting convention

The financial statements set out on pages 8 to 16 are prepared under the historical cost convention and comply with applicable accounting standards.

#### (b) Depreciation

Depreciation is not provided on freehold land and buildings. It is the company's policy to maintain all its properties in such a condition that the estimated aggregate residual disposal values are at least equal to their book values. Consequently any element of depreciation would, in the opinion of the directors, be immaterial. Residual disposal values are appraised each year by reference to the estimated depreciated replacement cost of the properties in aggregate, and the Celtic Park stadium in particular. Provision will be made against the cost of properties in the event of any permanent diminution in their value. Other tangible fixed assets are written off over their estimated useful lives on a reducing balance basis at the following annual rates:

|                                  |        |
|----------------------------------|--------|
| Plant and machinery              | 10%    |
| Fixtures, fittings and equipment | 10-20% |
| Motor vehicles                   | 25%    |

#### (c) Turnover

Turnover represents gate receipts, donations from the Celtic FC Development Fund Ltd and invoiced sales, exclusive of value added tax.

#### (d) Transfer fees

Fees payable and receivable on the transfer of players' registrations are dealt with through the profit and loss account in the accounting period in which the players' registrations are completed.

#### (e) Grants

Grants in respect of capital expenditure on assets 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.

Grants in respect of capital expenditure on assets which are not depreciated are deducted from the cost of the asset. This represents a departure from the requirements of the Companies Act 1985; the financial effect of this departure is disclosed in note 13. In the opinion of the directors the accounting treatment adopted is appropriate in order to show a true and fair view on the basis that the grants are specific to the acquisition of the assets concerned and not made as a contribution to finance the general activities of the company.

Other grants of a revenue nature are credited to revenue as received.

#### (f) Leasing obligations

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

#### (g) Stocks

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

#### (h) Pension costs

The company operates a defined contribution scheme providing benefits for employees additional to those from the State. The pension cost charge represents contributions payable by the company to the fund in respect of the year.

#### (i) Prior year adjustments – accounting policies changes

The accounting treatment of depreciation on freehold land and buildings noted at (b) above represents a change of accounting policy from prior years when certain items of freehold land and buildings were depreciated. The effect of this change is to increase the net book value of land and buildings by £920,493 and to reduce the 1993 depreciation charge by £140,909.

The accounting treatment of donations received from the Celtic FC Development Fund Ltd noted at (c) above represents a change of accounting policy from prior years when such donations were transferred directly to a development fund reserve. The effect of this change is to reduce the profit and loss account reserves deficit by £5,929,056 and to increase the 1993 turnover by £611,918.

The accounting treatment of grants in respect of capital expenditure on assets which are not depreciated as noted at (e) above represents a change of accounting policy from prior years when such grants were credited to the profit and loss account over a period approximating to the lives of the assets concerned. The effect of this change is to reduce the capital grant reserve by £786,463, fixed assets by £812,099 and 1993 other income by £25,546.

The cumulative effect of the above changes in accounting policies is to increase the profit and loss account reserves brought forward by £6,824,003 (note 20); the individual comparative figures have been adjusted to reflect this.

The above changes have been made to provide a fairer presentation of trading performance and financial position.

### 2. Turnover

Turnover derives from the company's principal activity and arises wholly within the UK.

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements *continued*

Year ended 30 June 1994

### 3. Operating expenses

|                                                  | 1994          | 1993          |
|--------------------------------------------------|---------------|---------------|
|                                                  | £             | £             |
| Operating expenses include the following charges |               |               |
| Auditors remuneration: audit fees                | 8,000         | 5,000         |
| : non audit fees                                 | 50,900        | 3,900         |
| Staff costs (note 6)                             | 4,861,762     | 4,529,152     |
| Depreciation (note 13)                           | 175,541       | 189,452       |
| Operating leases                                 | 52,000        | 74,721        |
| Loss on disposal of tangible fixed assets        | <u>29,583</u> | <u>16,017</u> |

### 4. Exceptional operating expenses

The exceptional operating expenses consists of the following:

|                                                                                           | 1994           | 1993           |
|-------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                           | £              | £              |
| Costs incurred on aborted capital projects                                                | 83,213         | 249,122        |
| Compensation costs in relation to former employees                                        | 528,457        | 91,000         |
| Legal and professional costs in relation to capital restructuring and change in ownership | <u>104,576</u> | <u>-</u>       |
|                                                                                           | <u>716,246</u> | <u>340,122</u> |

### 5. Other income

|                                | 1994         | 1993         |
|--------------------------------|--------------|--------------|
|                                | £            | £            |
| Other income comprised:        |              |              |
| Capital grants reserve release | <u>1,891</u> | <u>1,891</u> |

### 6. Staff particulars

|                        | 1994             | 1993             |
|------------------------|------------------|------------------|
|                        | £                | £                |
| Staff costs comprised: |                  |                  |
| Wages and salaries     | 4,370,597        | 4,083,646        |
| Social security costs  | 410,920          | 362,213          |
| Other pension costs    | <u>80,245</u>    | <u>83,293</u>    |
|                        | <u>4,861,762</u> | <u>4,529,152</u> |

Average number employed in the year:

|                                           | 1994       | 1993       |
|-------------------------------------------|------------|------------|
|                                           | Number     | Number     |
| Players, managerial and training staff    | 70         | 57         |
| Sales, administration and ancillary staff | <u>222</u> | <u>227</u> |
|                                           | <u>292</u> | <u>284</u> |

### 7. Directors emoluments

|                                                          | 1994           | 1993           |
|----------------------------------------------------------|----------------|----------------|
|                                                          | £              | £              |
| The aggregate amount of directors' emoluments comprised  |                |                |
| Fees                                                     | 17,500         | 17,500         |
| Salaries as executives (including pension contributions) | 108,355        | 83,452         |
| Paid to third parties                                    | <u>-</u>       | <u>39,675</u>  |
|                                                          | <u>125,855</u> | <u>140,627</u> |

Emoluments (excluding pension contributions) include the following:

|                       | 1994          | 1993          |
|-----------------------|---------------|---------------|
|                       | £             | £             |
| Chairman              | <u>14,409</u> | <u>8,019</u>  |
| Highest paid director | <u>43,410</u> | <u>42,820</u> |

The emoluments of the other directors (excluding pension contributions) fell in the following ranges:

|                   | 1994     | 1993     |
|-------------------|----------|----------|
|                   | Number   | Number   |
| £Nil - £5,000     | 4        | 3        |
| £10,001 - £15,000 | 1        | -        |
| £25,001 - £30,000 | 1        | -        |
| £30,001 - £35,000 | 1        | 1        |
| £40,001 - £45,000 | <u>-</u> | <u>1</u> |
|                   | <u>7</u> | <u>5</u> |

### 8. Pension costs

The assets of the company pension scheme are held separately from those of the company in a fund administered by the Prudential Life Assurance Company.

Contributions made by the company to the scheme during the year amounted to £80,245 (1993 - £83,293). Contributions of £8,853 (1993 - £5,713) were payable to the fund at the year end.

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements *continued*

Year ended 30 June 1994

### 9. Interest receivable and similar income

Interest receivable and similar income represented interest receivable on bank deposits.

### 10. Interest payable and similar charges

|                                                                 | 1994           | 1993           |
|-----------------------------------------------------------------|----------------|----------------|
|                                                                 | £              | £              |
| Interest payable and similar charges comprised:                 |                |                |
| On bank loans and overdrafts wholly repayable within five years | 286,714        | 492,168        |
| Interest on other loans                                         | 47,568         | 19,611         |
|                                                                 | <u>334,282</u> | <u>511,779</u> |

The interest payable on other loans of £47,568 relates to interest due on a loan granted to the company by Mr Fergus McCann, a director, during the year. This loan was repaid before the year end.

### 11. Player transfer fees

|                          | 1994               | 1993               |
|--------------------------|--------------------|--------------------|
|                          | £                  | £                  |
| Transfer fees receivable | 2,152,250          | 1,585,000          |
| Transfer fees payable    | <u>(1,530,575)</u> | <u>(1,952,000)</u> |
|                          | <u>621,675</u>     | <u>(367,000)</u>   |

### 12. Tax on loss on ordinary activities

As a result of taxation losses incurred, no provision for taxation is required. Estimated tax losses available for set-off against future trading profits amount to approximately £6,500,000 (1993: £6,400,000). This estimate is subject to the agreement of the current and prior year corporation tax computations with the Inland Revenue.

### 13. Fixed assets – tangible assets

The movement on these accounts during the year was as follows:

|                                       | Freehold<br>Land and<br>Buildings | Plant and<br>Machinery | Motor<br>Vehicles | Fixtures<br>Fittings and<br>Equipment | Total            |
|---------------------------------------|-----------------------------------|------------------------|-------------------|---------------------------------------|------------------|
| Cost                                  | £                                 | £                      | £                 | £                                     | £                |
| At 1 July 1993 as previously reported | 8,396,259                         | 473,058                | 190,028           | 878,840                               | 9,938,185        |
| Prior year adjustment (note 1)        | <u>(812,099)</u>                  | –                      | –                 | –                                     | <u>(812,099)</u> |
| At 1 July 1993 as restated            | 7,584,160                         | 473,058                | 190,028           | 878,840                               | 9,126,086        |
| Additions                             | 230,458                           | –                      | –                 | 97,284                                | 327,742          |
| Disposals                             | –                                 | –                      | (68,975)          | (105,362)                             | (174,337)        |
| Assets re-classified                  | <u>(312,340)</u>                  | 44,892                 | –                 | 267,448                               | –                |
| At 30 June 1994                       | <u>7,502,278</u>                  | <u>517,950</u>         | <u>121,053</u>    | <u>1,138,210</u>                      | <u>9,279,491</u> |
| Accumulated Depreciation              |                                   |                        |                   |                                       |                  |
| At 1 July 1993 as previously reported | 1,010,738                         | 217,675                | 62,349            | 294,809                               | 1,585,571        |
| Prior year adjustment (note 1)        | <u>(920,493)</u>                  | –                      | –                 | –                                     | <u>(920,493)</u> |
| At 1 July 1993 as restated            | 90,245                            | 217,675                | 62,349            | 294,809                               | 665,078          |
| Charge                                | –                                 | 25,538                 | 22,926            | 127,077                               | 175,541          |
| Disposals                             | –                                 | –                      | (23,196)          | (56,390)                              | (79,586)         |
| Assets re-classified                  | <u>(90,245)</u>                   | 6,370                  | –                 | 83,875                                | –                |
| At 30 June 1994                       | <u>–</u>                          | <u>249,583</u>         | <u>62,079</u>     | <u>449,371</u>                        | <u>761,033</u>   |
| Net Book Amount                       |                                   |                        |                   |                                       |                  |
| At 30 June 1994                       | <u>7,502,278</u>                  | <u>268,367</u>         | <u>58,974</u>     | <u>688,839</u>                        | <u>8,518,458</u> |
| At 30 June 1993 (restated)            | <u>7,493,915</u>                  | <u>255,383</u>         | <u>127,679</u>    | <u>584,031</u>                        | <u>8,461,008</u> |

Additions to Freehold Land and Buildings are net of grants received of £54,000 (1993 – £57,529)

### 14. Stocks

|                               | 1994           | 1993           |
|-------------------------------|----------------|----------------|
|                               | £              | £              |
| Raw materials and consumables | 6,139          | 5,688          |
| Goods for resale              | 137,561        | 124,551        |
|                               | <u>143,700</u> | <u>130,239</u> |

### 15. Debtors

|                                | 1994           | 1993           |
|--------------------------------|----------------|----------------|
|                                | £              | £              |
| Debtors comprised:             |                |                |
| Due within one year:           |                |                |
| Trade debtors                  | 478,541        | 260,941        |
| Other debtors                  | 271,680        | 276,781        |
| Prepayments and accrued income | <u>236,272</u> | <u>285,427</u> |
| Due after more than one year:  | 986,493        | 823,149        |
| Other debtors                  | –              | 36,194         |
|                                | <u>986,493</u> | <u>859,343</u> |

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements *continued*

Year ended 30 June 1994

### 16. Creditors

| Creditors comprised:               | Amounts falling due within one year |                  | Amounts falling due after more than one year |                |
|------------------------------------|-------------------------------------|------------------|----------------------------------------------|----------------|
|                                    | 1994                                | 1993             | 1994                                         | 1993           |
|                                    | £                                   | £                | £                                            | £              |
| Bank overdraft                     | -                                   | 5,298,419        | -                                            | -              |
| Loan instalments                   | 37,500                              | 12,500           | 250,000                                      | 287,500        |
| Other loans                        | 523,800                             | 556,450          | -                                            | -              |
| Trade creditors                    | 418,717                             | 895,810          | -                                            | -              |
| Other taxation and social security | 325,309                             | 350,521          | -                                            | -              |
| Other creditors                    | 365,500                             | 38,019           | -                                            | -              |
| Accruals                           | 686,447                             | 529,440          | 152,622                                      | 41,600         |
|                                    | <u>2,357,273</u>                    | <u>7,681,159</u> | <u>402,622</u>                               | <u>329,100</u> |

The bank overdraft was secured by a fixed charge over the company's properties and by a bond and floating charge over all its assets. These securities are in the process of being discharged.

The loan instalments relate to an unsecured interest free loan which is repayable by ninety-six equal monthly instalments which commenced in March 1994.

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

### 17. Income deferred less than one year

|                         | 1994           | 1993             |
|-------------------------|----------------|------------------|
|                         | £              | £                |
| Deferred revenue income | <u>733,783</u> | <u>1,131,473</u> |

Deferred revenue 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.

### 18. Deferred income

The movements on this account, which relates wholly to Football Trust grants, were as follows:

|                                                     | £                |
|-----------------------------------------------------|------------------|
| At 1 July 1993 as previously reported               | 245,145          |
| Transferred from Development Fund Reserve (note 20) | 556,448          |
| Prior year adjustment (note 1)                      | <u>(786,463)</u> |
| At 1 July 1993 as restated                          | 15,130           |
| Grant released                                      | <u>(1,891)</u>   |
| At 30 June 1994                                     | <u>13,239</u>    |

### 19. Called up share capital

| Authorised                                                                              | 1994             | 1993          |
|-----------------------------------------------------------------------------------------|------------------|---------------|
|                                                                                         | £                | £             |
| 250,000 (1993: 25,000) ordinary shares of £1 each                                       | 250,000          | 25,000        |
| 120,167 (1993: nil) 6% Convertible Cumulative preference shares of £60 each             | <u>7,210,020</u> | <u>-</u>      |
|                                                                                         | <u>7,460,020</u> | <u>25,000</u> |
| <b>Allotted and issued</b>                                                              | <b>1994</b>      | <b>1993</b>   |
|                                                                                         | £                | £             |
| 199,180 (1993 - 19,927) ordinary shares of £1 each fully paid                           | 199,180          | 19,927        |
| nil (1993 - 73) ordinary shares of £1 each 50p paid                                     | -                | 36            |
| 27,150 (1993 - nil) 6% Convertible Cumulative preference shares of £60 each, fully paid | <u>1,629,000</u> | <u>-</u>      |
|                                                                                         | <u>1,828,180</u> | <u>19,963</u> |

At an Extraordinary General Meeting of the company on 29 April 1994 it was resolved to increase the authorised share capital of the company from £25,000 to £7,460,020, divided into 250,000 Ordinary Shares of £1 each and 120,167 6% Convertible Cumulative Preference Shares ("Preference Shares") of £60 each.

In response to a Rights Issue on 20 May 1994, 178,444 Ordinary Shares of £1 each and 26,766 Preference Shares of £60 each were issued at an issue price of £60 per share to existing shareholders and certain individual investors who underwrote the issue.

During June 1994 the directors authorised the issue of 736 Ordinary Shares of £1 each and 384 Preference Shares of £60 each at an issue price of £60 per share.

During the year 178 Ordinary Shares held by shareholders who could not be traced were re-sold at an issue price of £60 per share; the proceeds of these re-sold shares have been credited to the share premium account.

The reason for the above share issues is to improve the capital base of the company.

The holders of the Preference Shares have no right to receive dividends out of the profits of the company prior to 1 July 1997. With effect from that date the holders of the Preference shares shall be entitled to a gross 6% preferential dividend per annum which is cumulative thereafter. Each holder of Preference Shares shall be entitled on or at any time after 30 June 2001 to convert each Preference share into one A Ordinary Share of £60. These A Ordinary Shares will have similar rights to the existing Ordinary Shares of £1 each.

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements *continued*

Year ended 30 June 1994

### 20. Reserves

The movement of reserves during the year was as follows:

|                                                                             | Capital Reserve | Development Fund Reserve | Profit and Loss Account | Share Premium Account |
|-----------------------------------------------------------------------------|-----------------|--------------------------|-------------------------|-----------------------|
|                                                                             | £               | £                        | £                       | £                     |
| At 1 July 1993 as previously reported                                       | 150,083         | 6,485,504                | (6,084,241)             | -                     |
| Transfer to capital grants reserve                                          | -               | (556,448)                | -                       | -                     |
| Prior year adjustments                                                      |                 |                          |                         |                       |
| - accounting policies changes (note 1)                                      | -               | (5,929,056)              | 6,824,003               | -                     |
| - fundamental errors (note 21)                                              | -               | -                        | (604,607)               | -                     |
| At 1 July 1993 as restated                                                  | 150,083         | -                        | 135,155                 | -                     |
| Retained loss for the year                                                  | -               | -                        | (117,300)               | -                     |
| Arising on shares issued during the year net of issue expenses of £145,515* | -               | -                        | -                       | 10,436,787            |
| At 30 June 1994                                                             | 150,083         | -                        | 17,855                  | 10,436,787            |

The transfer from the development fund reserve to the capital grants reserve relates to capital grants received which had been previously incorrectly credited to the development fund reserve.

\*Included in the issue expenses is £106,237 payable to Mr Fergus McCann, a director of the company, in respect of underwriting commission.

### 21. Prior year adjustments – fundamental errors

Due to failure to account for and remit payroll taxes in the periods prior to June 1992 it is estimated that the company is liable for additional taxes and associated professional costs, of £170,485. Bringing this into account increases the liability for other taxes and social security and decreases profit and loss account reserves brought forward by this amount.

Included in other debtors in the 1993 financial statements was an amount of £434,122 which related to pre-project expenditure for a new stadium development at Cambuslang. The recoverability of this asset was dependent on the viability of the project, which in turn was dependent on the availability of funding. When the 1993 financial statements were finalised the required funding had not been committed and the present directors are of the view that at that time it was clear that the project had little or no chance of proceeding. Accordingly, the costs relating to the project should have been written off. The effect of this correction is to decrease other debtors and profit and loss account reserves brought forward by this amount.

The cumulative effect of the adjustments for the above errors is to decrease the profit and loss account reserves brought forward by £604,607 (note 20); the individual comparative figures have been adjusted to reflect this.

### 22. Reconciliation of movements in shareholders' funds

|                                             | 1994       | 1993        |
|---------------------------------------------|------------|-------------|
|                                             | £          | £           |
| Loss for the financial year – as reported   | (117,300)  | (1,282,871) |
| Prior year adjustments                      | -          | 307,674     |
| Increase in share capital and share premium | 12,245,004 | 4,963       |
|                                             | 12,127,704 | (970,234)   |
| Balance at 1 July 1993 – as reported        | 305,201    | 1,237,299   |
| Prior year adjustments                      | -          | 38,136      |
| Balance at 30 June 1994                     | 12,432,905 | 305,201     |

At 30 June 1994 Shareholders Funds include £1,629,000 which is attributable to non-equity shareholders. This relates to the preference shares which were issued as part of the Rights Issue referred to in note 19.

### 23. Reconciliation of operating loss to net cashflow inflow from operating activities

|                                                     | 1994      | 1993      |
|-----------------------------------------------------|-----------|-----------|
|                                                     | £         | £         |
| Operating loss                                      | (434,650) | (97,543)  |
| Depreciation                                        | 175,541   | 189,452   |
| Loss on sale of tangible fixed assets               | 29,583    | 16,017    |
| Grants release                                      | (1,891)   | (1,891)   |
| (Increase)/decrease in stocks                       | (13,461)  | 39,909    |
| (Increase)/decrease in debtors                      | (108,684) | 724,568   |
| (Decrease) in creditors                             | (303,957) | (148,574) |
| Net transfer fees received/(paid)                   | 621,675   | (367,000) |
| Net cash (outflow)/inflow from operating activities | (35,844)  | 354,938   |

# The Celtic Football and Athletic Company Limited

## Notes to the Financial Statements *continued*

Year ended 30 June 1994

### 24. Analysis of changes in financing during the year

|                                       | Share<br>Capital<br>&<br>Share<br>Premium<br>1994<br>£ | Hire<br>Purchase<br>&<br>Loans<br>1994<br>£ | Share<br>Capital<br>&<br>Share<br>Premium<br>1993<br>£ | Hire<br>Purchase<br>&<br>Loans<br>1993<br>£ |
|---------------------------------------|--------------------------------------------------------|---------------------------------------------|--------------------------------------------------------|---------------------------------------------|
| At 1 July 1993                        | 19,963                                                 | 856,978                                     | 15,000                                                 | 954,347                                     |
| Loan instalments paid                 | -                                                      | (12,500)                                    | -                                                      | -                                           |
| Repayment of other loans              | -                                                      | (32,650)                                    | -                                                      | (68,675)                                    |
| Share capital subscribed              | 12,245,004                                             | -                                           | 4,963                                                  | -                                           |
| Repayment of hire purchase borrowings | -                                                      | (528)                                       | -                                                      | (28,694)                                    |
| At 30 June 1994                       | <u>12,264,967</u>                                      | <u>811,300</u>                              | <u>19,963</u>                                          | <u>856,978</u>                              |

### 25. Analysis of changes in cash and cash equivalents during the year

|                          | 1994<br>£        | Change<br>in year<br>£ | 1993<br>£          |
|--------------------------|------------------|------------------------|--------------------|
| Cash at bank and in hand | 6,291,171        | 6,279,698              | 11,473             |
| Bank overdraft           | -                | 5,298,419              | (5,298,419)        |
|                          | <u>6,291,171</u> | <u>11,578,117</u>      | <u>(5,286,946)</u> |

### 26. Capital and other financial commitments

#### (a) Capital Commitments

The directors have authorised, subject to the balance of required funding being raised, the redevelopment of the stadium. The estimated cost of the project is £24,000,000.

#### (b) Lease Commitments

The company has annual commitments under operating leases as follows:

|                                               | 1994                          |               | 1993                          |               |
|-----------------------------------------------|-------------------------------|---------------|-------------------------------|---------------|
|                                               | Land<br>and<br>Buildings<br>£ | Other<br>£    | Land<br>and<br>Buildings<br>£ | Other<br>£    |
| Expiring within one year                      | 450,000                       | 5,287         | -                             | -             |
| Expiring between two and five years inclusive | -                             | 34,069        | -                             | 48,109        |
| Expiring in over five years                   | -                             | 2,813         | -                             | 2,813         |
|                                               | <u>450,000</u>                | <u>42,169</u> | <u>-</u>                      | <u>50,922</u> |

### 27. Post balance sheet events

Purchases and sales of players' registrations since the balance sheet date have taken place to the net payment value of £100,000 (1993: net receipts of £700,000). This is subject to a final valuation of a compensation payment by an independent tribunal.

### 28. Contingent liabilities

For some time the Inland Revenue have been investigating the affairs of football clubs in the United Kingdom and in response to their specific request the directors commissioned a report in May 1992 to establish the extent, if any, of taxes which have not been declared. The directors have made provision in these accounts as indicated in note 21 above to the extent that they believe that a liability exists.

### 29. Comparative figures

The 1993 reported figures for debtors and bank overdraft were significantly understated due to the recording of post year-end cash receipts as pre year-end cash receipts. The amount involved was £610,910. The comparative figures in these financial statements have been adjusted accordingly.

Certain other comparative figures have been adjusted to ensure consistency with the presentation adopted this year.