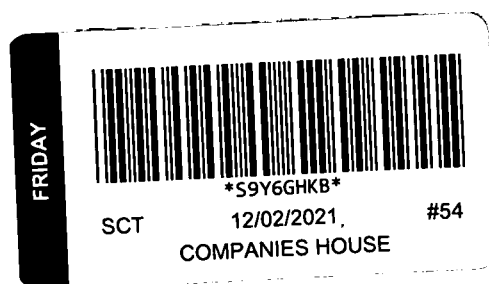


Celtic plc

ANNUAL REPORT

YEAR ENDED 30 JUNE 2020



Registered No: SC3487

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Celtic plc

SUMMARY OF RESULTS FOR THE YEAR ENDED 30 JUNE 2020

Operational Highlights

- Winner of our 9th consecutive SPFL Premiership title and our 11th consecutive domestic trophy success
- Winner of the Scottish League Cup for the 4th season in a row
- Finished top of our Europa League group, qualifying for the Round of 32 for the third year in a row
- 26¹ home matches played at Celtic Park (2019: 30 games)

Financial Highlights

- Group revenue decreased by 15.8% to £70.2m (2019: £83.4m)
- Operating expenses including labour decreased by 7.3% to £80.5m (2019: £86.9m)
- Gain on sale of player registrations of £24.2m (2019: £17.7m)
- Acquisition of player registrations of £20.7m (2019: £6.2m)
- Profit before taxation of £0.1m (2019: £11.3m)
- Year-end cash net of bank borrowings of £18.2m (2019: £28.6m)

¹due to the early curtailment of the Scottish domestic season, 4 home SPFL Premiership matches were unfulfilled.

Celtic plc

DIRECTORS, OFFICERS & ADVISERS

DIRECTORS, OFFICERS AND ADVISERS

Directors

Ian P Bankier (Chairman)
Thomas E Allison*§
Sharon Brown*
Dermot F Desmond*
Peter T Lawwell (Chief Executive)
Christopher McKay (Financial Director)
Brian D H Wilson*

Company Secretary

Michael Nicholson

Company Number

SC3487

Registered Office

Celtic Park
Glasgow, G40 3RE

Directors of The Celtic Football and Athletic Company Limited

John S Keane (Honorary Chairman) (resigned 5 July 2019)*
Peter T Lawwell
Eric J Riley*
Michael A McDonald*

§ Senior Independent Director

* Independent Non-Executive Director

Auditor

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow, G2 8JX

Solicitors

Pinsent Masons LLP
141 Bothwell Street
Glasgow, G2 7EQ

Bankers

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

Remuneration Committee

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

Audit Committee

Sharon Brown (Chairman)
Dermot F Desmond
Brian D H Wilson

Nomination Committee

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

Stockbroker and Nominated Adviser

Canaccord Genuity Limited
88 Wood Street
London, EC2V 7QR

Registrars

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

Web Site

www.celticfc.net

Celtic plc

CHAIRMAN'S STATEMENT

The overwhelming event in the year under review was the emergence of Covid-19 and the attendant restrictions on social movement and trade. This has had an adverse impact on our operations and our balance sheet. At the time of writing we, like many football clubs and indeed many businesses, are still grappling with the challenges the pandemic presents including the near term uncertainty. However, the Board continues to monitor the situation closely, taking proactive measures to ensure the Club and our colleagues remain safe and is in the best position to allow football to continue.

The SFA and the SPFL suspended football at all levels on 13th March 2020. By this time, we had retained the Betfred Cup for the fourth successive season and had reached the semi-final of the Scottish Cup. In addition, we enjoyed a 13-point lead in the Scottish Premiership.

As a club we were involved in discussions with the SFA and SPFL concerning the plans for Scottish Football. Like many of our peers, our strongest desire was to finish season 2019/20. As it became increasingly obvious that a compromise would have to be made in order to protect the seasonal calendar for 2020/21 and remove the financial burden on many Scottish Clubs of an extensive and uncertain delay, we accepted, reluctantly, that the current season's football would have to be curtailed. This view was widely shared across Scottish Football and we supported an SPFL resolution which afforded the SPFL Board the power to call an end to the season. The resolution also gave the SPFL Board the power to award the league title based on an average points basis. On 18th May 2020 the SPFL formally ended the season and Celtic were declared Champions for the ninth consecutive season. We warmly congratulate Neil and the team for this record equalling achievement.

Unsurprisingly, Covid-19 has had a material detrimental effect on the financial results and the year ended 30 June 2020 saw revenue fall to £70.2m (2019: £83.4m) and profit before tax fall to £0.1m (2019: £11.3m). As discussed in more detail in the Strategic Report, this was largely attributable to the value destructive impact of the pandemic across many aspects of our business. Nevertheless, these results are satisfactory in the circumstances at hand. Our year end cash net of bank borrowings was £18.2m (2019: £28.6m). Post year end we also took the opportunity to increase our existing revolving credit facility from £2m to £13m to provide a further buffer should it ever be required.

Following the suspension of football, the Club's executive worked successfully on developing protocols and engaging with both the football authorities and Government authorities to have our players return to training and to then commence season 2020/21 on time. Additionally, they focussed on protecting our key revenue streams and retaining our people infrastructure. I am pleased to report that all of our commercial sponsorship arrangements are intact and season 2020/21 saw us welcome Adidas as our new kit supplier. The response to the launch of the Adidas products in August was outstanding and exceeded our expectations.

The governmental restrictions imposed to protect public health continue to have a negative financial impact on the football industry. Our hard work and measured approach to investment in recent years has provided a degree of protection, but given the inherent uncertainty of the current environment, we must proceed and invest with a degree of caution. Nevertheless, we remain confident in the fundamentals of our football model and since the balance sheet date we have strengthened our player squad. We invested in the registrations of Vasilis Barkas, Albion Ajeti, David Turnbull and brought in loan signings Shane Duffy and Diego Laxalt. We also extended the loan of Mohamed Elyounoussi. Moreover, we have retained all of our key players from last season.

As we look ahead, our immediate priorities are to work with the football authorities and Government to have fans return to watching football in our stadium in a safe manner. Having qualified for the 2020/21 UEFA Europa League against a challenging backdrop of single leg qualification ties, we are matched against AC Milan, Lille and Sparta Prague in what is sure to be both a testing and exciting, group stage. Domestically, the overriding objective is to win our tenth consecutive league title.

In closing, I sincerely thank our supporters for their commitment to buying season tickets and also our sponsors, partners and all of the colleagues at Celtic Football Club for their steadfast support in these most difficult of times. Please be assured that the Board recognises the challenges and sacrifices made and is determined to balance the objective of success with the strategy of long term sustainability.



Ian P Bankier, Chairman
26 October 2020

Celtic plc

CHIEF EXECUTIVE'S REVIEW

The last six months have been an extremely challenging time for the global economy, the global health environment, the football industry and the Club. The adverse effect of Covid-19 has been both deep and prolonged and the outlook is still uncertain on many levels. Your Board has always managed the Club by balancing the objective of delivering football success and retaining sufficient reserves to manage downturns. Whilst the scale and impact of the current Covid-19 crisis could never conceivably have been predicted, our prudent strategy puts us in a better position than many as we seek to navigate an exit from the current crisis with the Club intact.

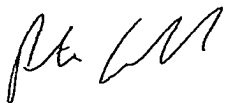
Being crowned champions for the ninth season in a row, winning the Betfred Cup and reaching the semi-final of the Scottish Cup had put us on a trajectory for yet another record breaking season through the potential to secure a quadruple treble. We also reached the last 32 of the Europa League for the third consecutive season. My thanks go to Neil, his backroom team and all of the players for their tremendous achievements. We also recognise the efforts made by the players and coaching staff following the curtailment of football in March in maintaining high professional standards during "lockdown", thus putting themselves and the Club in the best possible position when football resumed.

The last 18 months saw the Club invest record sums into the playing squad with the key objective of maintaining our domestic dominance and making an impact in European competition and this strategy has been successful to date. At the beginning of last season, we also welcomed our new head of football operations, Nick Hammond. Nick brings a wealth of experience and has developed and enhanced our recruitment processes yet further. The Club is now seeing the benefits and we expect more to come. We continue to invest into our academy to bring through the best talent in Scotland and the transfer of Kieran Tierney to Arsenal F.C. demonstrates the quality that our academy can produce. As football evolves, we also strive to be at the forefront in investing into world class technology to support football analysis, sports science and medical care. We will continue to invest into key areas where we believe it enhances our ability to compete at a high level. This strategy has served us well and has resulted in us having significant value in our playing squad that will serve us this season and beyond. We believe that we have built a modern, internationally recognised football club that operates to the highest standards and one that our fans can be proud of.

The commencement of season 2020/21 has presented many challenges; from demonstrating to the football and Government authorities our ability to safely play matches behind closed doors, to developing and implementing a rigorous Covid-19 player testing regime, to negotiating single leg European qualification matches all without the crucial backing of our fans in our stadium. Our immediate objective was Champions League qualification, and whilst we were disappointed not to progress to the group stages this year, we secured Europa League football and find ourselves in a group alongside quality opposition. We also look forward to completing season 2019/20's Scottish Cup tournament. This involves playing a semi-final against Aberdeen and, should we overcome this, a final against either Heart of Midlothian F.C. or Hibernian F.C. We do not underestimate the scale of the task at hand but if we are successful then the history books will show an historic quadruple treble.

The year ahead is unpredictable and Celtic are not immune to the extent of the challenges that we could face at many levels. Whilst we will continue to invest and not deviate from our strategy, we are also cognisant that we may have to endure the Covid-19 restrictions for longer than we would all hope and therefore must balance our desire to progress the Club against long-term sustainability. The transfer market is likely to be unpredictable as clubs around Europe struggle to adapt and many of the key stakeholders in European football are expected to be inward facing and adopting defensive strategies. It is important that Celtic's interests and that of Scotland's are represented within European football and through my role at the European Club Association, I will continue to promote these interests.

In closing, I sincerely thank our fans for backing us in the summer of 2020 with a remarkable response to our season ticket campaign and the outstanding generosity shown in backing Celtic FC Foundation's Football For Good initiative, all against a backdrop of being unable to attend matches and an uncertain economic environment. Your support has arguably never been more important than the present. The dedication and sacrifices made by the support are fully understood by both your Board and myself and are not underestimated or taken for granted. Finally, I would like to thank our employees for whom this has been a deeply unsettling and uncertain time. Their commitment and dedication in the face of the numerous challenges has been an outstanding reflection of their character and the values of our Club.



Peter Lawwell, Chief Executive
26 October 2020

Celtic plc

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 30th June 2020.

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

The Strategic Report discusses the following areas:

- Covid-19
 - Financial and other implications on the business (refer to pages 6 – 21)
 - Management decisions and mitigating actions (refer to pages 6 – 8)
- Strategic management
 - Strategy, the business model and objectives (refer to page 8)
 - Principal risks and uncertainties (refer to pages 14-17)
- Business performance
 - Fair review of the Group's business (refer to pages 9-12)
 - Key performance indicators (refer to page 9)
- Business environment
 - Main trends and factors (refer to pages 17-20)

COVID-19

The Group was on track for another successful year in terms of financial performance and football success. Our interim report at 31 December 2019 demonstrated a significant improvement over the corresponding prior period with revenue up 7% to £53.3m and operating profit up 28% to £24.2m. The second half of the financial year also started strongly prior to the onset of Covid-19. We enjoyed a 13-point lead at the top of the SPFL and had reached the semi-final of the Scottish Cup. The UK was then subjected to the onset of the Covid-19 pandemic.

MITIGATING ACTION AND PROTECTIVE MEASURES

EVENTS LEADING UP TO LOCKDOWN

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

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

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

Celtic plc

STRATEGIC REPORT

STRATEGY FOLLOWING LOCKDOWN

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

IMPACT ON OUR STAKEHOLDERS

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

EMPLOYEES

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

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

SUPPORTERS

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

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

SUPPLIERS

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

IMPACT ON THE BUSINESS TO DATE

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

Celtic plc

STRATEGIC REPORT

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

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

CASHFLOW, LIQUIDITY MANAGEMENT AND PROTECTING THE BUSINESS

The immediate priority of the Board was cash flow & liquidity management along with accessing any local and UK Government support schemes available to allow us to protect the business and employment. Recognising the inherent uncertainty, discussions were initiated with the Group's bankers, The Co-Operative Bank plc, with respect to the Group's funding arrangements. These discussions resulted in an increase in the Group's existing available banking facilities from £2m to £13m. It is unclear at this stage whether this will need to be utilised in the year ahead given the uncertainty. As at 30 June 2020 cash net of bank debt amounted to £18.2m and all banking covenants were passed with significant headroom.

Following the announcement of the UK Government's Job Retention Scheme ('JRS'), the Group took the decision to place a number of employees on furlough owing to the fact that Government restrictions effectively resulted in the employees having no work. The Group initially placed 539 (75%) of its employees on furlough along with a further 402 casual match day workers. This number has progressively reduced each month as we gradually restart operations and return our employees to work in a safe manner.

The Group also benefited from rates relief for Celtic Park and other trading properties. This was part recognised in the year ended 30 June 2020 with the balance being recognised in the year ended 30 June 2021. VAT payable for March 2020 was also deferred until 2021 following utilisation of Government support measures.

The preference share dividend in relation to the year ended 30 June 2020, was paid in full in August in line with our contractual obligations to our preference shareholders.

All capital expenditure is being closely monitored and largely limited to non-discretionary spend. In addition, costs will be actively managed to minimise non-discretionary operating expenditure. Over the last 3 years the Group has spent on average £1.8m per annum on capital projects around the stadium and Lennoxtown.

BALANCE SHEET RESILIENCE AND PREPARING FOR A RECOVERY

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

STRATEGY, THE BUSINESS MODEL AND OBJECTIVES

Notwithstanding the current challenges arising from Covid-19, the Group's objective is unchanged – to create a world class football club through our strategy and business model for growth focusing on three key areas:

- (i) **Core Business** – football operations with a self-sustaining financial model, relying upon: youth academy; player development; player recruitment; management of the player pool; sports science and performance analysis; and football success.
- (ii) **Development of the Celtic Brand** – incorporating the Celtic Park Masterplan and the development of international revenues.
- (iii) **Improvement in the football environment in which Celtic plays** – representation within football governance and administration at domestic and European level.

Celtic plc

STRATEGIC REPORT

THE BUSINESS REVIEW

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 a subsidiary of Celtic plc, 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.

The operation of a professional football club encompasses a wide range of activities including: football operations and investment; operation of the Celtic FC Youth Academy; match ticketing; merchandising; partner programmes; marketing and brand protection; multimedia; stadium operations; facilities and property; catering and hospitality; public relations and supporter relations; and human resources.

The Group has three key revenue streams:

- (i) Football and Stadium Operations;
- (ii) Merchandising; and
- (iii) Multimedia and Other Commercial Activities.

A segmental analysis of these streams is reported in Note 5 to the Financial Statements. Football and stadium operations includes all revenue in relation to all football operations, ticket office, stadium and youth development. Merchandising includes all retail, wholesale and e-commerce activities. Multimedia and other commercial activities include all other revenue generating departments including sponsorship and rights sales. Given the nature of the business, all revenue streams are inextricably linked to the success of the first team.

Each of these divisions have been impacted in different ways by Covid-19 and this, along with the actions taken by management to mitigate the impact, are discussed in more detail below.

KEY PERFORMANCE INDICATORS

The Group monitors performance against the following key performance indicators:

- Football success (refer to page 10, Overview and page 49 Five Year Record);
- Match attendance statistics (refer to page 11, Stadium and Matchday Operations and page 49 Five Year Record);
- Sales performance per revenue stream (refer to The Financial Review page 17 and Note 5, Segmental Reporting);
- Wage and other costs (refer to page 18, Operating Expenses and page 20, Current Trading and Outlook);
- Capital expenditure (refer to page 19, Property Plant and Equipment);
- Profit and cash generation (refer to page 20, Current Trading and Outlook);
- Shareholder value (with weekly share price reporting disseminated within the business); and
- Player trading (refer to page 18, Net Player Trading).

The key components of these KPIs are discussed on the following pages.

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

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

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

Celtic plc

STRATEGIC REPORT

A review of the performance of the Group, particularly in relation to football success and match attendance statistics, sales performance, wage and other costs, and player trading is outlined in this Strategic Report, under the sub headings which follow, as appropriate.

(i) FOOTBALL AND STADIUM OPERATIONS

FIRST TEAM PERFORMANCE

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

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

With the entire domestic season curtailed as noted above, the Scottish FA Cup was not played to completion however the Club had reached the semi-final stages and hope to re-commence their participation in the competition in November 2020 when the matches are currently scheduled to be played.

Our European participation took the form of the Europa League with a highly impressive performance in the group stages including a home and away victory against Lazio, our first on Italian soil, and finishing top of the group with 13 points. We therefore progressed to the round of 32 where we were eliminated by Danish side Copenhagen over 2 legs.

Our individual players were again recognised for their achievements during the season with Odsonne Edouard receiving the Scottish Football Writers Association player of the year. The Professional Footballers Association Scotland awards were cancelled for the season.

We remain committed to the strategy of careful use of our financial resources, particularly in the current climate, whilst being focused on strengthening the first team squad as well as identifying and developing young, high potential talent. Our training centre at Lennoxton continues to offer numerous benefits, helping to ensure that players are recruited, developed and supported in a professional and progressive manner while being as cost effective as possible.

Targeted strategic investment continues in the Club's infrastructure, providing first class people, resources, systems and facilities and thereby offering the greatest opportunity for ongoing football success.

YOUTH ACADEMY

The Club has continued its strategy of investing in the Academy in order to develop high potential talent who can progress to become first team regulars and provide on field success as well as potentially generating significant returns in the transfer market. The potential gains from this strategy have been highlighted during the financial year by the record £25m sale of Kieran Tierney to Arsenal in August 2019, a player who has helped the Club to significant success in recent years and has now helped to provide a means for reinvestment in the squad.

The first team retain a strong presence of Academy graduates, with Callum McGregor and James Forrest being two of the most experienced members of the squad, Michael Johnston now being a highly rated mainstay of the squad and other members such as Scott Robertson, Karamoko Dembele and Stephen Welsh having made inroads towards first team football.

We continue to utilise the loan market to allow young players to gain first team experience with a number of players enjoying successful loan spells during the season and we hope to see the benefits of this over the coming seasons.

The plan to develop our training facility at Barrowfield to provide a focussed and top class environment for our Academy players remains in place, however due to the Covid-19 environment we are currently experiencing, the uncertainty around football matches being played and the need to monitor cash flows even more closely than usual, the timing of this development is likely to be pushed back from our initial intentions.

Celtic plc

STRATEGIC REPORT

Celtic F.C. Development Fund Limited under which 'Celtic Pools' operates, continues to provide a significant base of financial funding for our Academy. In spite of the funding available being impacted by the early end to the season, donations of over £1m were paid over to the Academy highlighting the importance the Celtic Pools operation continues to have.

WOMEN'S FOOTBALL

In December 2018, the Club committed to taking its women's first team squad to full time status and as at the start of the 2020 SWPL season this commitment was fulfilled.

Significant work has been undertaken behind the scenes to bring this to fruition including engaging with commercial sponsors and partners to provide investment and exposure for the women's game as well as in recruitment of management and players to ensure the Club has the best opportunity for success.

Unfortunately, this first season was brought to an early and unexpected end as a result of Covid-19. However, season 20/21 has recommenced in October 2020 and we look forward to hopefully achieving some success for the Club in the near future.

STADIUM AND MATCHDAY OPERATIONS

During season 2019/20, Celtic Park hosted 26 first team fixtures consisting of 15 SPFL Premiership, 8 UEFA competition, 2 League Cup and 1 friendly. With the early curtailment of the domestic season there were 4 Premiership home fixtures which were not fulfilled.

Season ticket numbers continue to reach almost record levels with the total across all categories (Standard, Premium and Corporate Hospitality) for season 19/20 being once again sold out. Individual match ticket sales and hospitality packages remain a significant source of revenue and during the season we have once again performed strongly in this area as fans look to participate in the current successes of the Club.

With regard to season 2020/21 we have seen an outstanding response from our support under the current challenging circumstances. Our standard season tickets have sold in record numbers and in excess of season 19/20, in spite of supporters having no guarantee as to when attendance at football fixtures will be sanctioned.

NON MATCHDAY OPERATIONS

The Club continues to provide a high standard conference and banqueting service, including our highly popular Number 7 Restaurant, and once again we achieved a complete sell out of our Christmas party nights during November and December 2019.

In common with other hospitality businesses, our restaurant and conference & banqueting operations were closed just before lockdown on 23rd March. In response to a partial lifting of lockdown restrictions, our restaurant was re-opened at the start of August having implemented a number of Covid-19 safe measures. However, the business was once again closed in October owing to local restrictions.

Our stadium tours business was on track to deliver revenue growth over the prior year however lockdown resulted in all tours being suspended. In tandem with the re-opening of our restaurant, we have re-introduced a Covid-19 safe socially distanced limited offering. As noted above however, this was suspended again in October.

(ii) MERCHANDISING

Season 2019/20 saw the final year of our retail partnership with New Balance which has proved to be a huge success over the 5 year period.

As has been noted above our retail division was adversely impacted by the lockdown across the UK, affecting all our stores in Scotland as well as in Belfast and Dublin. However, prior to this we experienced another extremely pleasing trading performance with our retail stores performing above expectation. We had record takings over the Christmas period, and our online platform continued to grow, taking advantage of the closure of high street shopping for the final quarter of the year and as a result achieving a record level of sales.

Celtic plc

STRATEGIC REPORT

(iii) MULTIMEDIA AND OTHER COMMERCIAL ACTIVITIES

COMMERCIAL PARTNERSHIPS

Our commercial activities continue to provide the business with an essential revenue stream which contributes to the operation of the football club and gives the Club and commercial partners significant exposure, domestically and beyond. Our now longstanding partnership with Dafabet, which is entering its 6th season and will run to June 2025, remains the most lucrative sponsorship agreement in Scottish football history. The Club have received great support from them during the recent challenging period and we are looking forward to the continuation of our successful relationship.

The Club also benefits from a number of other prominent commercial partners including Magners, Eden Mill, Coca Cola and Intelligent Car Leasing, displaying the wide range of industries to which the Celtic brand appeals. In addition we continue to strive to use our assets to benefit the football department and as such have secured partnerships with Science in Sport and Primal Strength which will provide the club access to nutritional goods and fitness equipment.

As noted above, our commercial department have taken a lead role in our women's team becoming full time, with a number of new partnerships entered into including Eleven Sports, Indigo E-Commerce Digital, Utilita Energy and BeCordial.

DIGITAL MEDIA

The Club continues to use our various digital media platforms as a prime communication tool, ensuring continuous fan engagement and reporting exclusive Club content, as well as being a significant revenue driver for ticketing, online merchandise and various other areas of the business.

During the period of the Covid-19 lockdown, our social media streams were essential in providing news and information to our supporters as well as ensuring there was a platform for celebrating the success of our 9th League title in a row which culminated in a virtual title party broadcast on Celtic TV.

SUPPORTER RELATIONS

During the year the Club's Supporter Liaison Officer ("SLO") continued the now established practice of meeting with all of our recognised and unaffiliated supporters groups on a regular basis as well as assisting supporters at all of the first team matches, covering issues such as transport, ticketing, stadium access and co-ordination and preparation of fan displays, as well as providing any consular advice on away European trips. To ensure that fans' needs are identified and addressed, the SLO attends all pre-match operational planning meetings and will liaise with the host Club and other safety and security agencies.

Since the restrictions surrounding Covid-19 came into effect in March 2020, the SLO has continued to work to keep fans informed of developments within the Club, providing information on all aspects relating to the end of season 2019/20 and plans for season 2020/21. Our SLO and Disability Access Officer ("DAO") also held a virtual Fan Forum to maintain a level of face-to-face engagement with supporters who regularly attend the Fan Forum meetings, providing updates on plans to get fans back to football and taking feedback from those in attendance. It is the intention to continue with these until we can return to meeting fans in person.

The Club strives to provide the best possible service to those supporters with disabilities of any kind. As such, the SLO and DAO continue to have regular engagement with the Celtic Disabled Supporters Association with the DAO attending all domestic matches in order to provide as much information and assistance as possible for all fans who have specific needs. We have built a strong relationship with CAFE (Centre for Access to Football in Europe) and had planned to introduce a new range of initiatives for the new season 2020/21, specifically focussing on fans with autism. This initiative will be taken up at a time when we are able to have fans back in the stadium.

Whilst Covid-19 continues to bring limitations on our operations and activities, it is the role of our SLO and DAO to continue to provide detailed and relevant supporter information through their dedicated social media channels as well as working with individual fans and fan groups, to identify ways in which they may best serve our supporters during these unprecedented times.

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STRATEGIC REPORT

OUR PEOPLE

The Club reviewed its salary rates in January 2020 and as at 1 July 2020 all permanent members of staff are paid a minimum rate of at least £9.30 per hour, which is at the same level as the Living Wage currently recommended by the Living Wage Foundation.

Celtic remains the only professional football club in Scotland to hold the prestigious Investors in People award, having first been accredited in 2007. The Club was re-assessed in January 2020 and was recognised at the Gold level of award, an improvement on the previously held Silver award. This demonstrates the continued commitment shown by the Club to invest in its people and, while we are proud of this achievement, we continue to strive for further improvement. This will be performed through the continued review and consideration of the recommendations made following our re-assessment, with the aim of ensuring employee voices are heard and acted upon.

Due to Covid-19 and in line with the decision by the Government Equalities Office (GEO) and the Equality and Human Rights Commission (EHRC), Group subsidiary and main trading entity Celtic F.C. Limited has not reported its Gender Pay Gap figures for the 2019/20 reporting year. Previous reports remain available on the Club's website and are also reported on the Government website <https://gender-pay-gap.service.gov.uk>.

Safeguarding continues to be high on the Club's agenda. As the first club in Scotland to appoint a dedicated Safeguarding Manager, back in March 2013, we continue to lead the way in the implementation and improvement of safeguarding processes, training and communications. These continue to provide a safe environment for all children and vulnerable adults working for and engaging with the Club – employees and fans alike.

In addition to the above our safeguarding team are producing a 5 year child and young people's wellbeing strategy to ensure children's rights are paramount and are at the heart of all of our activities.

The club are compliant with SFA directives which were implemented to improve the consistency of safeguarding children across Scottish Football. The Club has adopted and implemented such guidance including:

1. Policy Statements
2. Code of conduct for safeguarding children's wellbeing
3. Anti-bullying guidelines
4. Procedure for responding to concerns about a child
5. Procedure for responding to concerns about the conduct of an adult
6. Procedure for reviewing the management of concerns
7. Safeguards: best practice guidelines

The Club also places great importance on health and safety within the workplace. The Club's 'Health & Safety Steering Group' meets regularly and we have continued to ensure that staff training receives top priority in this area.

Following Covid-19 the Club engaged external consultants and prioritised the development and implementation of a series of Covid-19 oriented policies. The objective of these was to immediately preserve the health and well-being of all our employees. Following the implementation of these policies, attention immediately turned to the development of a Covid-19 secure environment at our Lennoxton training facility. This in turn led to the development of a Covid-19 secure operational plan to allow firstly the re-commencement of training, then playing behind closed doors, followed by a plan for football in front of a limited number of spectators.

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STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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

In addition to the uncertainties inherent in football, there are many risks associated with running any business. These risks are included within a risk matrix, which is regularly reviewed internally and with the Audit Committee on behalf of the Board, and updated as necessary. We also currently, and for the short term at least, have a further significant risk in the form of Covid-19 and this is referred to specifically below although it is inherent in almost all aspects of our business.

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

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

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

(i) *Covid-19*

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

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

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

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

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

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

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

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

(iii) Matchday revenues

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

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

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

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

(iv) Revenues from broadcasting contracts and football competitions

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

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

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

(v) *Financial Risk*

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

These risks are managed through regular reforecasting, adopting hedges where appropriate, an assessment of key economic and market indicators and customer risk diligence. Further information is provided in Note 33 to the Financial Statements as to how the Group addresses these risks.

(vi) *Brexit*

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

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

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

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

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(vii) *Stadium Safety Certificate*

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

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

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

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

THE FINANCIAL REVIEW

The Group's financial results for the year to 30 June 2020 reflect the significant impact of Covid-19.

	2020	2019
	£m	£m
Revenue	70.2	83.4
Operating expenses	(80.5)	(86.9)
Exceptional operating expenses	(2.0)	(1.8)
Amortisation of intangible assets	(12.2)	(9.7)
Profit on disposal of intangibles assets	24.2	17.7
Other income	-	8.8
Net financing income/(charges)	0.4	(0.2)
Profit before tax	0.1	11.3

Despite an extremely challenging year due to the impact of Covid-19, the Group are pleased to report a profit before tax of £0.1m. The fact that this was delivered in a season where the Club was faced with the significant adverse impact of Covid-19, demonstrates the sustainable nature and flexibility of our business model.

Our strategy of maintaining tight cost control, developing our own players and utilising the inherent value in the squad as and when appropriate, has been evident in this financial period and has enabled us to report a satisfying financial result.

REVENUE

	2020	2019
	£m	£m
Football and stadium operations	35.8	43.2
Merchandise	15.0	18.1
Multimedia and other commercial activities	19.4	22.1
Group Revenue	70.2	83.4

The Group's revenues were significantly impacted by Covid-19. Compared to 2019, revenue fell by £13.2m (15.8%) to £70.2m. This was mainly due to the season being curtailed early, resulting in 4 home matches being cancelled. In addition, the Club missed out on a semi-final and potentially a final in the Scottish Cup. Our retail stores also had to close from March, the majority of which did not re-open until post year end.

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Revenue from football and stadium operations fell significantly, decreasing by £7.4m (17.1%) to £35.8m. This was mainly due to only 26 home matches being completed in the period (2019: 30). This was slightly offset by an increase in season ticket and match by match sales revenues in the year relative to the prior period.

Merchandising reported a decrease of £3.1m (17.1%) to £15.0m. As discussed above, the closure of the stores had a significant impact on the Group's ability to trade along with a delay in the launch of our new Adidas partnership until post year end which was originally scheduled for May 2020. The Group's online retail platform which has now been managed in-house for 2 years, benefited from the closure of high street retail, resulting in record income through this channel, partially offsetting the lost revenue from the high street stores and partner royalties.

Multimedia and other commercial activities revenue saw a decrease of £2.7m (12.2%) to £19.4m. In relation to rights revenues, one of the main drivers for this variance was in the UEFA final account settlements from the prior year competition participation. In 2019, the Group received a final settlement from a UCL campaign, whereas in 2020, this settlement was in relation to a UEL campaign. Also, the incompleteness of the Scottish Cup competition due to Covid-19, meant that the broadcast revenues for the later rounds were not received in the period and some TV rights income was lost owing to the League being curtailed. In addition, due to the inability to fulfil all commercial sponsor/partner rights some reduction in revenues was also experienced in this area.

OTHER INCOME

There was no other income to report in 2020 (2019: £8.8m). The prior year figure related to the compensation received from Leicester City FC following the departure of the previous management team.

OPERATING EXPENSES

	2020	2019
	£m	£m
Labour	(54.3)	(56.1)
Other Operating Expenses	(26.2)	(30.8)
Operating Expenses	(80.5)	(86.9)

Total operating expenses (before exceptional operating expenses and asset transactions) have decreased from last year by £6.4m (7.4%) to £80.5m. Labour has decreased by £1.8m (3.2%) to £54.3m, largely as a result of reduced activity due to the impact of Covid-19. Other operating costs also fell by £4.6m. This was partly due to decreased activity as well as savings in travel costs, with European away matches being played in locations less costly to reach by air charter.

Wage inflation continues to be an area of concern throughout the worldwide football industry. The Board recognises the need to maintain strict control over wage costs and this will continue to be closely monitored. On-going financial controls remain in place to ensure that labour costs are maintained at a manageable level, particularly in relation to revenues.

EXCEPTIONAL OPERATING EXPENSES

Exceptional operating expenses of £2.0m (2019: £1.8m) represent an impairment charge of £2.4m (2019: £2.0m) in relation to intangible assets which have been deemed irrecoverable, together with onerous employment contract costs of £0.03m (2019: £0.4m) and the reversal of a previously provided sum for onerous employment contract costs. These events are deemed to be unusual in relation to what management consider to be normal operating conditions.

NET PLAYER TRADING

	2020	2019
	£m	£m
Amortisation of player registrations	(12.2)	(9.7)
Gain on sale of player registrations	24.2	17.7
Net Player Trading	12.0	8.0

Total amortisation costs at £12.2m represent an increase of £2.5m (25.8%) in comparison to the previous year. This is due to the additional amortisation costs incurred as a result of the investment in the first team squad.

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The gain on sale of £24.2m (2019: £17.7m) primarily reflects gains achieved on the sale of Kieran Tierney to Arsenal and Lewis Morgan to Inter Miami as well as contingent fees crystallising on previous player transfers. This compares to 2019 where the most significant disposal was that of Moussa Dembele to Lyon.

FINANCE INCOME & COSTS

Total net finance income for the year of £0.4m (2019: charge £0.2m) reflect decreased interest due on the Company's borrowing facilities with The Co-operative Bank plc together with the classification of Preference Share dividends as interest in accordance with the requirements of IFRS.

It also includes notional interest charges and income relating to long term player trading receivables and payables, as required under IFRS reporting. The change from a net cost in 2019 to net income in 2020 is primarily a result of higher notional interest income relating to player sales and a reduced notional interest expense due to a decrease in long term player payables.

TAXATION PROVISION

The corporation tax charge for the year ended 30 June 2020 is £0.5m (2019: £2.6m). An available capital allowance pool of £7.5m (2019: £9.0m) will be carried forward for use in future years.

PROPERTY, PLANT AND EQUIPMENT

The capital expenditure additions to property, plant and equipment in the period of £0.9m (2019: £2.5m) includes the Club website upgrade, the new stadium Internet Protocol TV system as well as works at the Barrowfield training site.

In addition to this, the Group also had the capitalisation of leasehold assets valued at £2.2m. This is an accounting adjustment following the implementation of IFRS 16, which is discussed further in Note 3.

INTANGIBLE ASSETS

The increase in the net book value of intangibles during the year of £5.7m to £19.8m reflects the investment in football personnel of £20.7m (2019: £6.2m) less the amortisation charge of £12.2m (2019: £9.7m), the net impairment charge of £1.8m (2019: £1.8m), and the net book value of disposals of £1.0m (2019: £1.4m). The investment in football personnel is represented by the costs associated with the permanent acquisitions of Christopher Jullien, Boli Bolingoli, Hatem Abd Elhamed, Patryk Klimala, Ismaila Soro, Luca Connell and Greg Taylor along with the temporary acquisitions of Fraser Forster, Moritz Bauer and Mohamed Elyounossi. Additionally, the costs associated with the renewal of player contracts and the registration of youth players are also included.

During the financial year the Group permanently disposed of the registrations of Kieran Tierney, Lewis Morgan, Eboue Kouassi and Scott Sinclair.

INVENTORIES

The level of stockholding at 30 June 2020 of £1.3m compares to £2.6m reported last year. This decrease is attributable to the timing of the launch of our new kit partnership which occurred in August 2020. As noted above, this had been impacted by Covid-19 related restrictions.

RECEIVABLES

Total receivables as at 30 June 2020 is £42.0m compared with £33.5m in 2019. The current year balance includes the remaining instalments due for the transfers of Moussa Dembele, Stuart Armstrong, Eboue Kouassi and Kieran Tierney. As at 30 June 2019 the amounts due included the remaining instalments for the transfers of Moussa Dembele, Erik Sviatchenko, Stuart Armstrong and the final instalment for the sell on fee from Virgil van Dijk's transfer from Southampton to Liverpool.

NON-CURRENT LIABILITIES

The decrease in non-current liabilities of £4.0m since June 2019 to £12.9m is the result of transfer fees being settled in the period, repayments on the term loan and the decrease in provisions for onerous employment contracts.

CURRENT LIABILITIES

The increase in current liabilities of £5.5m in the year to £49.9m is largely due to the timing of payments due to HMRC (PAYE and VAT) across both year ends as well as balances relating to 19/20 season tickets, held on the balance sheet as at 30 June 2020.

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Deferred income less than one year of £21.3m compares to the £25.6m reported last year and reflects the cash received and invoices raised predominantly in relation to 2020/21 season tickets, prior to 30 June 2020 in respect of the financial year ended 30 June 2021. The decrease compared to 2019 is due to the timing of ticket sales, which was impacted by Covid-19.

NET ASSETS AND FUNDING

Under IFRS reporting, elements of the preference shares are required to be classified as debt and non-equity dividends to be classified as interest.

Net cash at bank is £18.2m (2019: £28.6m) and includes all cash at bank and in hand offset by bank borrowings. The movement from 30 June 2019 is principally as a result of net trading of player registrations, including instalments due in respect of prior period purchases. Some player trading is subject to accounting adjustments to allow for deferred consideration. In addition, there was also capital expenditure in respect of tangible asset additions and repayments of the term loan, 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 21, 22, 25, 26, 27 and 33 to the Financial Statements.

BANK FACILITIES

The lending agreement with The Co-operative Bank plc as at 30 June 2020 had a combined borrowing facility of £6.2m (2019: £7.4m), which consisted of a £2.0m (2019: £2.0m) revolving credit facility ('RCF') and a £4.2m (2019: £5.4m) long-term loan. This facility was amended and restated in August 2020 resulting in a revised borrowing facility of £17.2m comprising of a long term loan of £4.2m and an RCF of £13.0m. The RCF expires in September 2023 and currently remains undrawn.

For the year ended 30 June 2020 the long-term loan bore interest at London Inter-Bank Offered Rate plus 3% and a non utilisation fee of 1.2% was payable on the RCF. The long-term loan is a floating rate loan and therefore exposes the Group to cash flow risk. Repayment of the loan is made in equal quarterly instalments of £0.3m from the commencement date until full repayment in July 2023. The Group has the option to repay the loan earlier without penalty.

The borrowing facilities noted above were secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxton.

CURRENT TRADING AND OUTLOOK

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

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

The reported profit before tax of £0.1m for the year ended 30 June 2020 after gains from player trading amounting to £24.2m emphasises the importance of player trading. The year-end net cash at bank of £18.2m is a decrease from £28.6m last year. This cash balance provides a platform along with our £13m undrawn banking facilities to strike a balance between football investment and navigating the challenges associated with Covid-19 in season 2020/21.

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

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

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

The summer 2020 transfer window was anomalous in the sense that it closed on 5th October 2020, around five weeks later than ordinarily would be the case. A number of permanent signings and loan signings were acquired and we are pleased with the quality of personnel recruited.

As noted above, we will compete in the group stages of the UEL and will face AC Milan, Lille and Sparta Prague. This represents an exciting and attractive group and we look forward with enthusiasm to participating in the tournament.

The biggest on-going challenges for the year ahead and potentially beyond facing the Board continues to be the value destruction associated with Covid-19, the balancing of increasing salary and transfer costs with achieving football success with its consequent impact on financial results. It is unclear at this stage the extent to which the global impact Covid-19 has had on the football industry will influence transfer fees and player salaries. It may be the case that values become depressed and/ or that there is a decrease in the volume of transactions as clubs seek to preserve cash and retain squads.

We look forward to the season ahead with our vastly experienced manager Neil Lennon with cautious optimism as we balance our confidence in the quality of our squad against the inherent unpredictability we face along with many other businesses.

STAKEHOLDER ENGAGEMENT

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

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

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

Celtic plc

STRATEGIC REPORT

Stakeholder Group	Principal Methods of Engagement
Shareholders	<p>The publication of the annual report, interim statements and periodic trading updates throughout the year facilitates and promotes shareholder engagement. In addition, the Annual General Meeting ('AGM') is recognised as being well attended and this gives all shareholders, many of whom are supporters of the Club, the opportunity to engage directly with the Board on a wide variety of matters. The Board views the AGM as a key event in the calendar in terms of shareholder engagement and particularly in relation to those with smaller shareholdings, many of whom use this opportunity to raise specific queries to the Board which will often result in follow up action in order to find a resolution on these issues.</p> <p>Throughout the year the Board also maintains very regular one to one dialogue with major shareholders and takes into consideration their views on a wide variety of matters. In addition, the Group's largest shareholder occupies a seat on the Board and is an active participant on key decisions.</p>
Employees	<p>Celtic's primary business is that of a football club which is run on a professional basis. We strive for excellence on and off the field in everything we do. The Club also recognises its wider role and its responsibility as a major Scottish social institution promoting health, well-being and social integration. This culture and the promotion of these values underpins the behaviours we expect from all our employees and we seek to promote these values across the entire organisation.</p> <p>Celtic Pride was formed a number of years ago and serves as a conduit between employees and the Board. It is chaired by our Human Resources team and has all departments represented. The objective of Celtic Pride is to promote the values of the Club and capture views and take recommendations and proposals to the executive on matters that are important to employees. Celtic Pride ordinarily meets monthly and also hosts quarterly staff wide meetings whereby information is disseminated around various aspects of the business. These meetings also act as a forum for active discussions and are attended by the executive Directors and members of the senior executive team. This forum has proven to be highly effective in delivering on its objectives.</p> <p>In addition, all Board documents contain a dedicated Human Resource report whereby all significant employee matters are brought to the attention of the Board and are actively discussed at Board meetings with follow up actions taken as appropriate.</p>
Supporters	<p>Celtic benefits from a highly engaged supporter base and the emotional attachment held by our supporters and commitment they consistently show cannot be underestimated. This is one of Celtic's greatest assets. The Board fully recognises the unique position the Club finds itself in this regard when compared to other businesses.</p> <p>The attachment of our supporters brings with it a great deal of interest across many aspects of the Club and this gives Celtic both the opportunity and impetus to engage with our supporters. Celtic does this through many channels and we have invested over the years in dedicated public relations resource to communicate key events and developments around the Club through traditional media and various digital media channels. In return we receive a high level of supporter feedback which we take on board and action where appropriate. The Club also maintains regular day-to-day dialogue via our Supporter Liaison Office and Disability Access Officer. Further details of these roles are contained above in this Strategic Report.</p> <p>A shareholder resolution was passed at our 2016 AGM with the aim of constituting a supporter forum with the objective of convening three meetings each year with a cross section of the supporter base. This is attended by the at least one Board member and is chaired by a non-executive Board member. This has proven to be a highly effective channel of communication between the supporters and the board and has resulted in the implementation of a number of actions. A report of the meetings is also tabled at the AGM each year. Further details of the supporter forum including the minutes for all meetings held are contained on our website at www.celticfc.net.</p>
Commercial partners	<p>The Group has a number of key commercial and sponsorship partners who the Club works alongside to promote their brands using the global reach of Celtic.</p>

Celtic plc

STRATEGIC REPORT

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

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STRATEGIC REPORT

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

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

Celtic plc

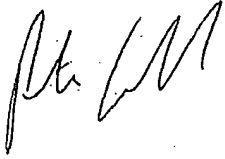
STRATEGIC REPORT

<p>Level of investment in Year</p>	<p>The year ended 30 June 2020 saw the largest ever sum received in Scotland from a player registration disposal in the sale of Kieran Tierney to Arsenal FC. Following this, the sum re-invested by the Group on the acquisition of player registrations amounted to the highest in the history of the Club in any given season.</p> <p>The Board reviews and approves all player registration acquisitions above a certain limit and in the year the Board specifically approved the purchase of certain players who met specific investment thresholds e.g. Christopher Jullien.</p> <p>For differing reasons, shareholders, supporters and commercial partners place a high value on football success. The re-investment strategy adopted by the Board was aimed at delivering the key objective of football success by strategically investing a significant sum back into the playing squad to meet this objective. As noted above, despite the challenges of Covid-19, season 2019/20 represented a successful year in footballing terms.</p> <p>Investment in new players and resulting football success are key priorities for our supporters (who value the emotion of football success); for our shareholders (who benefit from the associated value creation); and for our commercial partners (who benefit from greater brand exposure). The Board however has to balance this appetite for investment against the long-term objectives of the Group. In determining an appropriate investment level, dialogue took place with the Group's major shareholder and the expectations of supporters were considered through our various communication channels.</p>	<p>Shareholders, supporters, commercial partners</p>
<p>Curtailment of season 19/20</p>	<p>In May 2020 the SPFL Board introduced a shareholder resolution to all member clubs which, in summary terms, requested that the member clubs grant the SPFL Board the power to formally curtail season 2019/20 and declare the league champion based on an average point basis, should it determine at any point that it was unlikely that the season could be completed in full.</p> <p>The Club considered a number of factors including the current Covid-19 environment: the financial challenges faced by other clubs; the fact that there was at the time no proposed timetable to resume competitive football; and the risk of season 2019/20 stretching beyond the proposed start of season 2020/21, which could have threatened the new single broadcaster media rights deal with Sky Television.</p> <p>Discussions with our supporter groups, key shareholders and commercial partners indicated that it was their preference that the Club voted in favour of the resolution. It was decided that the voting in favour of the resolution would bring the required certainty to a challenging situation and it was in the best long-term interest of Scottish Football. The resolution was overwhelmingly passed by the SPFL member clubs and on 18 May 2020, Celtic were declared champions.</p>	<p>Shareholders supporters commercial partners</p>


Celtic plc

STRATEGIC REPORT

APPROVED ON BEHALF OF THE BOARD



Peter Lawwell, Chief Executive
26 October 2020



Christopher McKay, Financial Director
26 October 2020

Celtic plc

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group together with the Financial Statements and auditor's report, for the year ended 30 June 2020.

DIVIDENDS

Dividends of £0.5m were paid in cash on 28 August 2020 to those Preference Shareholders not participating in the scrip dividend reinvestment scheme. The record date for the purpose of the Preference Share dividend was 31 July 2020.

Mandates representing 1,762,793 Preference Shares are in place for the scrip dividend reinvestment scheme. Approximately £64,039 (2019: £63,689) of dividends for the financial year to 30 June 2020 will be reinvested. 55,686 new Ordinary Shares were issued under the scheme at the beginning of September 2020.

The scrip scheme was extended at the AGM in November 2019 until 27 November 2024.

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

The loss after tax of £0.4m has been charged to reserves.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Strategic Report sets out the Business Review (pages 9-12) and Current Trading and Outlook (pages 20-21). As the Company and its principal subsidiary are managed and controlled as a single entity, the business review and future developments reflect the performance of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the Balance Sheet date are contained in Note 34 to the Financial Statements.

SHARE CAPITAL

Details of and changes to the Company's authorised and issued share capital are set out in Note 23 to the Financial Statements.

FINANCIAL INSTRUMENTS

Details and changes to the financial instruments used by the Group are included in Note 33 to the Financial Statements.

CORPORATE GOVERNANCE

Details of the Group's Corporate Governance can be found on pages 34-41.

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DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARE CAPITAL

The Directors serving throughout the year and at 30 June 2020 and their interests, including those of connected persons, in the share capital of the Company were as follows:

Name	30 June 2020			1 July 2019		
	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	84,875	3,357,505	-	84,875	3,357,505	-
I Bankier	-	30,000	-	-	30,000	-
S Brown	-	-	-	-	-	-
D Desmond	8,000,000	32,772,073	5,131,300	8,000,000	32,772,073	5,131,300
P Lawwell	-	356,000	-	-	356,000	-
C McKay	-	-	-	-	-	-
B Wilson	-	3,000	500	-	3,000	500

No changes in Directors' shareholdings between 30 June 2020 and 23 October 2020 have been reported to the Company.

Details of agreements that may give rise to payments to Executive Directors are set out in the Remuneration Report. Brief biographical details of the Directors serving as at 30 June 2020 are provided within the Corporate Governance Report on pages 37-38.

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

Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson have each served more than 9 years as non-executive Directors. The Company continues to be committed to high standards of corporate governance and in particular is committed to the ongoing assessment of the independence of the non-executive Directors of the Company. Accordingly, given their length of service as Directors, Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson each retires and offers himself for re-election.

Sharon Brown will also stand 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.

A statement as to the Board's view of the independence of Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson is set out at pages 38-39 of this Report.

The Directors recommend that Thomas Allison, Dermot Desmond, Ian Bankier, Brian Wilson and Sharon Brown be re-elected, as Directors of the Company.

The Articles of Association of the Company require that each Director stand for re-election at least every three years and that at least one third of the Board stand for re-election each year. These requirements are satisfied by the above.

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

Celtic plc

DIRECTORS' REPORT

SUBSTANTIAL INTERESTS

In addition to the Directors' interests set out above, the Company has been notified or is aware of the following interests of over 3% in its issued Ordinary Share capital as at 23 October 2020:

Registered Holder	Ordinary Shares of 1p each	Percentage of Issued Ordinary Share capital
The Bank of New York (Nominees) Limited	16,812,283	17.82%
Christopher D Trainer	9,796,784	10.38%
James Mark Keane	5,909,847	6.26%

In addition to the Directors' interests 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 as at 23 October 2020:

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	12.53%
Hanom 1 Limited	625,000	4.89%
The Bank of New York (Nominees) Limited	500,900	3.92%

DONATIONS

The Group made direct charitable donations of £10,000 (2019: £10,000), which represents a donation to Celtic FC Foundation's Christmas appeal.

In addition, the Group continued to contribute in-kind support to Celtic FC Foundation, including use of stadium, management and administrative assistance together with a variety of items including match tickets, signed merchandise and stadium tours, which were used for fundraising purposes.

GENERAL GROUP AND COMPANY POLICIES

Engagement with Employees

Information on our engagement with employees and our regard to this stakeholder on the principal decisions taken by the Company during the financial year is included in the Stakeholder Engagement report on pages 21-26.

Through the Group's Celtic Pride initiative, an employee award is made quarterly following a nomination process to recognise exceptional contributions made by individuals in the quarter. This is then followed by an annual employee of the year award. These sessions also provide an opportunity for all staff to ask any questions or raise any concerns directly with the executive Directors.

In addition, the Celtic Pride presentations are periodically used to provide employees a more detailed overview of the financial characteristics of the business and the key variables that influence financial performance. Regular news stories are also prepared and disseminated to all employees providing the financial highlights at the time of our interim reporting and year end reporting.

Further to this, regular internal communication takes place with all staff providing information on developments within the Club covering major developments e.g. new commercial partners and new player signings. Throughout the Covid-19 pandemic the Group has also maintained regular dialogue with all employees regarding the latest Government advice and resources available that may be of assistance in the challenging Covid-19 environment.

The Group does not currently facilitate an employee share option scheme.

The Group encourages its employees to support Celtic FC Foundation through a payroll giving scheme and to involve themselves in the numerous charitable events organised by Celtic FC Foundation throughout the year.

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DIRECTORS' 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, age, sex, religion, colour, race, ethnic origin or disability. A registration is maintained with Disclosure Scotland.

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

Social Responsibility

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

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

The Group's policies on Ethical Trading and Modern Slavery & Human Trafficking can be found on the Group's website.

Suppliers and customers

Information on our engagement with suppliers and customers along with our regard for these stakeholders is detailed further in the stakeholder engagement report on pages 21-26. Additionally, we recognise the importance of prompt supplier payment with all payment terms and we report on a half-yearly basis on our payment practices, policies and performances in line with the Reporting on Payment Practices and Performance Regulations 2017.

GREENHOUSE GAS EMISSIONS REPORTING

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

Celtic plc

DIRECTORS' REPORT

The table below shows energy consumption and total gross greenhouse gas emissions in tonnes of CO₂ ("tCO₂e") in the year ended 30 June 2020 for all UK based operations.

	unit of measurement	
Energy consumption used to calculate emissions:		
Gas	kWh	5,804,754
Electricity	kWh	5,849,397
Transport fuel	kWh	<u>1,003,711</u>
Total	kWh	12,657,862
Emissions from combustion of gas (Scope 1)	tCO ₂ e	1,067
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO ₂ e	-
Emissions from purchased electricity (Scope 2, location based)	tCO ₂ e	1,364
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO ₂ e	<u>234</u>
Total gross CO₂e based on above	tCO₂e	2,665
Intensity ratios:		
per home first team fixture	tCO ₂ e	103
per employee	tCO ₂ e	2.6

Methodology:

Group locations include Celtic Park, Lennoxton, the Barrowfield training facilities, and all retail stores.

Scope 1 emissions from combustion of natural gas are calculated in kWh from energy supplier invoices.

Scope 1 emissions from combustion of fuel from company owned vehicles are nil.

Scope 2 indirect emissions from purchased electricity are calculated in kWh from energy supplier invoices.

Scope 3 emissions relate to business travel in rental cars or employee owned vehicles where Celtic is responsible for purchasing the fuel. Fuel purchases (in litres) and mileage paid to employees are converted to kWh using UK Government conversion factors.

The Group uses number of first team fixtures taking place in the reporting period to calculate the intensity ratio.

Recognising that Celtic Park accounts for the most significant energy consumption, this allows emissions to be monitored over time and is the most appropriate ratio to allow comparison with competitors in the sports events industry.

An additional intensity ratio of emissions per employee is provided to allow comparison with companies in other business sectors.

Energy efficiency action:

Celtic seeks to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas emissions.

Within the reporting period (July 2019 – June 2020) the group entered into a new agreement for electricity supply based on a green tariff, at a premium compared to that offered by non-renewable resources.

Additionally, online energy management software provides data analysis tools which improve efficiency and reduce consumption. The Group also completed and submitted its Energy Savings Opportunities Scheme Phase 2 report in November 2019. These actions follow substantial investment in energy efficient new LED stadium floodlighting in the previous year.

Celtic plc

DIRECTORS' REPORT

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 (6th 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 Act 1974 and associated regulations.

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

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

INFORMATION SUPPLIED TO THE AUDITOR

So far as each 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 auditor is unaware; and
2. each Director has taken all steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

At the Annual General Meeting on 27 November 2019, BDO LLP was re-appointed as auditor to the Company.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report. In addition, Note 33 to the Financial Statements includes the Group'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.

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

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

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

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

Celtic plc

DIRECTORS' REPORT

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

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

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

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

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

BY ORDER OF THE BOARD



Michael Nicholson, Secretary
26 October 2020

Celtic plc

CORPORATE GOVERNANCE

Chairman's Introduction

On 28 September 2018 amendments were made to the AIM rules requiring all companies listed on AIM to apply a recognised corporate governance code and detail how the company complies with the principles of the code. The Board resolved to adopt the Quoted Company Alliance code (the "QCA Code") in line with this requirement. The QCA Code is constructed around ten broad principles and a set of accompanying disclosures. Our compliance with the QCA Code is demonstrated through a combination of disclosures on our website (www.celticfc.net) and in the Annual Report.

In addition to applying the ten principles, the Chairman of the Board must prepare a "Corporate Governance Statement" explaining how the Company applies the QCA Code and this is contained below.

Corporate Governance Statement

As Chairman, I am responsible for leading the Board in setting and monitoring strategic objectives. It is my responsibility to ensure that the executive Directors and non-executive Directors work as a team to fulfil those objectives and I am responsible for setting the style and tone of Board discussions in order to create the conditions necessary for overall Board and individual Director effectiveness. I recognise that good corporate governance is vital to providing effective leadership and assisting in the efficient running of the Group. I therefore have a responsibility to ensure the Group is following best practice in corporate governance, appropriate to its size and nature, and in accordance with the regulatory framework that applies to AIM companies.

The Company has operated as a public company since 1995, initially on the official list of the London Stock Exchange then on AIM since 2005. As of 2005, the Combined Code no longer mandatorily applied to AIM companies and there was no equivalent code applied to those companies on the AIM. However, the Group has continued to, not only maintain, but enhance its governance framework where appropriate. The application of this stems from a clear direction from the Board ensuring that the principles are embedded in our culture and captured where appropriate in our documented policies and procedures. The objective of this is to promote a robust governance environment that features in our day-to-day operating activities. This promotes well informed day-to-day decisions and allows an understanding of business risks. These are key features in supporting our medium and long-term success.

Business culture, values and behaviours

The primary business of the Group is the operation of a football club, which is run on a professional business basis. The Club strives to be best in class in all that we do from delivering football success, promoting our brand and improving our football environment all in a way consistent with behaving in line with the high standards expected of us by our stakeholders. The Club also has a wider role and the responsibility of being a major Scottish social institution promoting health, well-being and social integration. In addition, the Club continues to place great importance on our safeguarding processes and controls in order to continue to provide a safe environment for all children and vulnerable adults connected with the Club.

These core principles are captured in our policies and procedures and in turn the organisational culture and behaviours of all of our employees. To promote our values we facilitate regular employee meetings hosted by our leadership team, operate a confidential whistleblowing hotline to provide a forum for employees to raise concerns, have in place an employee assistance programme open to all staff and facilitate ongoing training and development of our employees. Senior members of the business also participate in regular risk review meetings with the key outputs from these meetings featuring as a standing item in our regular Audit Committee meetings. In addition, certain other areas such as health and safety also feature as standing items in our regular Board meetings. The Board currently assess that the measures in place have fostered a culture consistent with our objectives, strategy and one that allows us to understand and manage our principal risks and uncertainties.

The Board

The Board provides leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board set the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance.

Celtic plc

CORPORATE GOVERNANCE

All Directors must act in what they consider are the best interests of the Group, consistent with their statutory duties. To this end, 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 Group's principal external advisers, Directors, football manager and senior executives, are all subject to Board approval.

The Group's executive management is delegated with authority to enter into and implement contracts authorised by the Board or otherwise falling within specified authorisation levels, conduct the Group'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 or is impractical to physically convene. In such circumstances, meetings are convened by telephone or video conference and/or proposals are circulated to the Board members for individual approval.

In addition to the Directors, the Board is supplemented by the Company Secretary who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Moreover the Company Secretary has a general responsibility within the Company for ensuring compliance with the legal and regulatory framework to which the Club is subject.

As the Senior Independent Director, Thomas Allison provides a sounding board for the Chairman and where necessary acts as an intermediary for the other Directors, working with them to address concerns that are unable to be discussed through the normal channels. The Senior Independent Director is also responsible for appraisal of the Chairman's performance as part of the Board's commitment to the ongoing review of the performance of its Directors.

Matters reserved for the Board

The Board of Directors has legal and financial responsibility for the affairs of the Group and Company. The Board monitors the Group's financial performance against budgets and a rolling 5 year business plan as well as making specific decisions on key areas of the Group's business, risk management and setting future strategy. The Board operates, through the Audit Committee, a comprehensive set of internal financial controls which are reported on regularly by the Internal Auditor and reviewed each year by the external auditors.

The Board provides leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. A list of matters reserved exclusively for decision by the Board is maintained and applied. Compliance is monitored by the Company Secretary.

Delegated authority

The Board delegates day-to day operational responsibility to the executive Directors. This includes authority to enter into and implement contracts authorised by the Board or otherwise falling within specified authorisation levels, conduct the Group'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, the Financial Director and otherwise as required.

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. Membership of each standing Committee is restricted to non-executive Directors. Only independent non-executive Directors are entitled to sit on the Audit and Remuneration Committees. Executive Directors, the Company Secretary and other executives and advisers attend Committee meetings as required, but are not Committee members.

Audit Committee

The Audit Committee comprises Sharon Brown as Chairman, Dermot Desmond and Brian Wilson. The external auditor, Company Secretary, Financial Director, Internal Auditor and other members of the finance team attend routinely. Business is also conducted without executive Directors and the external auditor being present, when appropriate.

Celtic plc

CORPORATE GOVERNANCE

The Audit Committee helps protect shareholders' interests and ensures all relevant financial information published presents a true and fair view. The Audit Committee has a number of key roles, which are defined in the Audit Committee Report.

Remuneration Committee

The Remuneration Committee comprises Thomas Allison as Chairman, Ian Bankier and Brian Wilson. 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 Remuneration Committee and performance against these reported to the Board. The Remuneration Committee also monitors the implementation of other executive and employee incentive and bonus schemes. A detailed report is included within the Annual Report.

Nomination Committee

The Nomination Committee comprises Ian Bankier as Chairman, Dermot Desmond and Thomas Allison. The Nomination Committee meets as necessary, principally to consider and recommend new appointments to the Board and senior positions in the Company for succession purposes.

The Nomination Committee did not sit during the financial year.

Evolution of governance framework

The Directors view corporate governance not just as a perfunctory exercise to serve bureaucratic expediency, but instead as a real and intrinsic part of the Group's culture and operations. The Board continues to apply corporate governance principles in a sensible and pragmatic fashion having regard to the individual circumstances of the Group's business, with the overarching objective to create, safeguard and enhance accountability, risk management, commercial success and shareholder value.

Celtic plc

CORPORATE GOVERNANCE

The Directors

Thomas E. Allison

Non-executive Director and Senior Independent Director (72)

Appointment Date:
September 2001

Experience:

Mr Allison is a very experienced businessman and holds directorships in large corporate and public company environments. His experience spans numerous sectors over several decades.

Committees:

Chair of the Remuneration Committee
Member of the Nomination Committee

Key Appointments:

- Chairman of Peel Ports Limited
- Chairman of Tulloch Homes Group Limited
- Ambassador for The Prince and Princess of Wales Hospice in Glasgow
- Chairman of Cammell Laird Shiprepairs and Shipbuilders Limited
- Chairman of Atlantic and Peninsula Marine Services Limited

Number of Board Meetings Attended:
7 out of 7

Ian P. Bankier

Non-executive Chairman (68)

Appointment Date:
June 2011

Experience:

Mr Bankier has been involved in the Scotch whisky industry for over 20 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 in McGrigors for 15 years, where he specialised in corporate law.

Committees:

Chair of the Nomination Committee
Member of the Remuneration Committee

Key Appointments:

- Executive Chairman of Glenkeir Whiskies Limited, a company he co-owns

Number of Board Meetings Attended:
7 out of 7

Dermot F. Desmond

Non-executive Director (70)

Appointment Date:
May 1995

Experience:

Mr Desmond is the Chairman and founder of International Investment and Underwriting UC, a private equity company based in Dublin. He has investments in a variety of start-up and established businesses worldwide, in the areas of financial services, technology, education, information systems, leisure, aviation, health and sport (including Celtic plc). He also promoted the establishment of a financial services centre in Dublin in 1986. Today more than 500 companies trade from the IFSC.

Committees:

Member of the Nomination Committee
Member of the Audit Committee

Key Appointments:

- Chairman of International Investment and Underwriting UC

Number of Board Meetings Attended:
7 out of 7 (attended by representative)

Celtic plc

CORPORATE GOVERNANCE

Peter T. Lawwell

Chief Executive Officer (61)

Appointment Date:
October 2003

Experience:

Mr Lawwell 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 Coal.

Key Appointments:

- Member of the Board of the European Club Association
- Member of the Professional Football Strategy Council of UEFA
- Member of the Scottish Professional Football League board (elected July 2020)

Number of Board Meetings Attended:
7 out of 7

Christopher McKay

Financial Director (45)

Appointment Date:
January 2016

Experience:

Mr McKay spent 18 years in professional services, most recently in a senior position with global consultancy firm Deloitte, which he left to join the Company. He qualified as a Chartered Accountant with Deloitte in 2000 and spent the next 15 years within the Financial Advisory area. He has extensive corporate financial advisory experience in many industries across the UK and International Markets.

Key Appointments:

- Member of European Club Association Finance Working Group

Number of Board Meetings Attended:
7 out of 7

Brian Wilson

Non-executive Director (71)

Appointment Date:
June 2005

Experience:

Formerly a Member of Parliament, Mr Wilson also held several ministerial posts during his political career. In 2011, he was named UK Global Director of the Year by the Institute of Directors. He is an experienced journalist and Privy Councillor for the UK Government and a visiting professor at the University of Strathclyde.

Committees:

Member of the Audit Committee
Member of the Remuneration Committee

External Appointments:

- Chairman of Harris Tweed Hebrides Limited
- Director of Shetland Space Centre Limited

Number of Board Meetings Attended:
7 out of 7

Sharon Brown

Non-executive Director (51)

Appointment Date:
December 2016

Experience:

Mrs Brown has served as a Director, and chaired the Audit Committees, of a number of companies, primarily in the retail and financial sectors. Between 1998 and 2013, she was Finance Director and Company Secretary of Dobbies Garden Centres plc and, in addition to her current appointments, was previously a Director of Fidelity Special Values plc and McColl's Retail Group plc.

Committees:

Chair of the Audit Committee

External Appointments:

- Non-executive Director of Baillie Gifford Japan Trust plc
- Non-executive Director of BMO Capital & Income Investment Trust plc
- Non-executive Director of European Opportunities Trust plc

Number of Board Meetings Attended:
7 out of 7

All Directors recognise that the nature of football requires significant time commitment beyond that expected in many other businesses. As well as attending all Board meetings, Directors represent the Club by attending football matches, non-matchday events associated with the Club and meetings with the shareholders and other stakeholders which frequently occur. This represents a significant time commitment beyond the duties included in their respective letters of appointment. However, the Directors view these events as opportunities for facilitating regular dialogue for the Board as well as with external stakeholders.

Independence

The Club has an on-going commitment to applying good corporate governance principles, and as such, the Board assesses the independence of each of the independent non-executive Directors on an annual basis.

Dermot Desmond has completed more than nine years' service and has a substantial shareholding. However, the Board has considered whether the Director is independent in character and judgement and whether there are relationships or circumstances, which are likely to affect, or could appear to affect, the Director's judgement. Accordingly, the Board is satisfied that in his work for and support of the Group, 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.

Celtic plc

CORPORATE GOVERNANCE

Thomas Allison has completed more than nine years' service and has a substantial shareholding. Again, having considered his independence and his contribution to the Board and Group throughout the year, the Board is also satisfied that Mr Allison remains independent, notwithstanding these factors.

Brian Wilson has completed more than nine years' service as a Director. Again, having considered his independence and his contribution to the Board and Group throughout the year, the Board is also satisfied that Mr Wilson remains independent, notwithstanding his length of service.

Additionally, Ian Bankier has now completed more than nine years' service as Non-executive Chairman. The Board has considered whether Mr Bankier is independent in character and judgement and whether there are relationships or circumstances, which are likely to affect, or could appear to affect, his judgement. Accordingly, the Board is satisfied that in his work as Non-executive Chairman of the Group, Mr Bankier displays independence of mind and judgement and objectivity in his contribution. Along with the non-executive Directors who have completed more than nine years' service, Mr Bankier will now resign and offer himself for re-election on an annual basis.

The Board has therefore determined that all of the continuing non-executive Directors were independent throughout the year and continue to be so.

The independent non-executive Directors do not participate in any Company bonus schemes, Executive Long Term Incentive Plans ("ELTIP") or Long Term Performance Incentive Plans ("LTPIP"). Save for individual shareholdings, none of the non-executive Directors has a financial interest in the Company or Group.

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.

Board 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.

Risk Management

The principle risks and uncertainties relevant to the group are identified within the Strategic Report on pages 14-17

Reporting and Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Risk management, compliance and internal audit 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 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 fair, balanced and understandable assessment of the Group's financial position and prospects is presented so that shareholders can assess the Group's performance, business model and strategy. 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.

Celtic plc

CORPORATE GOVERNANCE

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 by the Internal Audit function covers the key risk and systems of control within the business.
- In addition to an ongoing assessment of the effectiveness of the Group'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 maintenance and reliability of proper accounting records and financial information used within the business or where published.
- The overall mitigation of risk which could perceivably cause failure to the operation of the business strategy and model.

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 as well as relevant guidance published from time to time to the extent the Board considers this as relevant to the Company and Group.

Governance and Communication

The Company communicates with its key stakeholders in several ways, helping to maintain a healthy dialogue. Shareholder communication is made primarily through the Annual Report, Full and Half Year announcements and the Annual General Meeting (AGM). Additionally, significant events which may affect the share price of the Company are communicated through market announcements as required.

As soon as practicable after any general meeting has concluded, the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website within the investor section.

Were there to be any significant proportion of votes cast against a resolution at any general meeting the Company would explain on a timely basis what action we would take to understand the reasons behind the vote result and any action we would intend to take as a result.

Supporters' Forum

Following a resolution approved at the 2016 AGM, the Company was delighted to establish a Supporters' Forum. This is a consultative body with a remit to jointly discuss matters of importance and interest to the Celtic support regarding the Company in an open and transparent environment, taking into account at all times all legal and regulatory requirements and duties of confidentiality to which the Company and its Directors are bound. The Forum comprises representatives of the Company and the Celtic support, including delegates from the recognised Celtic supporter organisations. The Forum meets on at least three occasions in the course of the football season, such dates being set at the beginning of each season after fixtures have been settled.

Meetings took place in October 2019 and February 2020 prior to the restrictions imposed as a result of Covid-19, with a virtual meeting taking place after the year end, in September 2020. The proceedings of the Forum are considered by the Board with appropriate action taken.

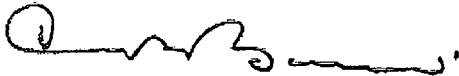
Celtic plc

CORPORATE GOVERNANCE

Employee Communication

Colleagues at all levels are kept informed regularly of matters that affect the progress of the 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 relevant business units to consult on business development, safety and operational matters.

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



Ian P Bankier, Chairman
26 October 2020

Celtic plc

AUDIT COMMITTEE REPORT

Sharon Brown, Chairman of the Audit Committee

I am pleased to present this Audit Committee (the "Committee") report on behalf of the Board for the year ended 30 June 2020.

The primary responsibilities of the Committee are to ensure the integrity of the Group and Company's financial reporting, the appropriateness of the risk management and internal controls processes and the effectiveness of the independent audit process. This report details how we carry out this role.

Key responsibilities

The Committee's authority and duties are defined in its terms of reference, which were reviewed during the year and are available on the Celtic plc corporate website.

In accordance with the terms of reference, the Committee is required, among other things, to:

- Monitor the integrity of the Financial Statements of the Group;
- Review the Group's internal financial control system and risk management systems;
- Monitor and review the effectiveness of the Group's internal audit function;
- Make recommendations to the Board in relation to the appointment of the external auditor and to approve their remuneration and terms of engagement; and
- Monitor and review the external auditor's independence, objectivity and effectiveness.

Committee governance

The members of the Committee are myself as Chairman, Dermot Desmond and Brian Wilson. The members of the Committee consider that they have the requisite skills and experience to fulfil the Committee's responsibilities. The Committee meets a minimum of two times per year with representatives from the external auditors, BDO LLP ("BDO"), and the Financial Director present. In addition, the Company Secretary, Internal Auditor and other members of the finance team routinely attend meetings.

The Board conducts an evaluation of the performance of the Committee along with the individual members therein. This was done principally by way of individual discussions with the Chairman.

Significant matters considered during the financial year

The committee considers and discusses key accounting matters raised by the external auditors and noted in the Independent Auditor's Report and, where necessary, considers other significant matters as they arise.

During the year the most significant accounting matters discussed were those in relation to Covid-19 and how this impacted the annual report, both around the content included to ensure compliance with the Financial Reporting Council (FRC) guidance and the corresponding accounting treatment of certain items within the Financial Statements, most notably revenue recognition. Additionally, the first year adoption of IFRS16 was also an area of focus and discussion.

External audit

BDO were first appointed in 2013 post PKF (UK) LLP merger and have acted as the Group's independent external auditor for the year ended 30 June 2020. The auditor is required to rotate the audit partner every five years and as Alastair Rae was appointed as lead partner in 2016, this will be his last year as audit partner.

The Committee reviews the objectivity and independence of the auditor when considering re-appointment, taking into account the audit plan and team, the auditor's arrangements for any conflicts of interests, the extent of any non-audit services and the confirmation by the auditor that it remains independent within the meaning of the regulations and the professional standards.

During the year, the Group engaged BDO for a limited amount of non-audit work, including the interim review and a review of the parent Company and its subsidiaries' corporation tax returns prior to submission. The total fees paid to BDO during the period for non-audit fees amounted to 58% of audit fees paid during the year. For the year ended 30 June 2021, BDO will not be providing tax compliance services and a new adviser has been appointed. In the Committee's view, the nature and extent of the non-audit work carried out by BDO did not impair their independence or objectivity. The fees paid to BDO for audit and non-audit services for the financial period ended 30 June 2020 are disclosed in Note 7.

Celtic plc

AUDIT COMMITTEE REPORT

The Committee is satisfied that BDO have sufficient expertise, resources and integrity to provide a high quality audit and they continue to provide evidence of a comprehensive understanding of the Group's business. As such, the Committee has recommended to the Board that the auditor be re-appointed, and there will be a resolution to this effect at the forthcoming AGM.

Risk management and Internal control

The Board has overall responsibility for the system of internal controls and risk management. Risk management, compliance and internal audit programmes are approved, monitored and reviewed by the Committee throughout the year on behalf of the Board. The results of these programmes are reported to the Committee in detail at its meetings and then communicated to the Board at the next Board meeting.

The Committee ensures that the focus of the internal audit function is regularly reviewed, reflecting the current social, political and economic environment which the Group operates in. In doing so, the internal audit function maintains a risk register, updated on a real time basis, which is reviewed at risk meetings held quarterly with the CEO, the Financial Director and members of the senior management team. The results of these meetings, along with an ongoing assessment of the Group's risk register are presented to the Committee at each meeting. This allows the Committee to have an up to date and comprehensive assessment of the risk environment within the business and how effectively this is being managed.

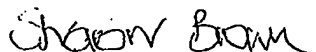
The internal audit function also performs internal audit work on cyclical bases on specific financial, operational and regulatory areas of the business. This is directed through a plan set by the Committee, which is regularly reviewed and challenged in meetings to ensure the control environment is operating effectively. In the current year, the internal control environment has continued to improve through a co-ordinated assurance approach from both the internal audit function and members of the finance team.

The Committee received reports from the internal audit function throughout the year and was satisfied with the effectiveness of internal controls and risk mitigation. It supports recommendations made by the internal audit function and is satisfied with the actions taken and plans in place by management for further improvement. The Committee seeks to continually improve and evolve the risk management and internal control framework of the Group.

Whistleblowing, Anti- Bribery and Tax Evasion

The Group has policies on whistleblowing, anti-bribery and tax evasion. These policies set out the Group's zero tolerance approach to these matters along with guidance on dealing with them. It is important to the business that any fraud, misconduct or wrongdoing is reported and dealt with properly. The Group is satisfied that these policies are operating effectively.

APPROVED ON BEHALF OF THE AUDIT COMMITTEE



Sharon Brown, Chairman of the Audit Committee
26 October 2020

Celtic plc

REMUNERATION REPORT

This Report has been approved and adopted by the Remuneration Committee (the "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 36.

Remuneration Policy

The main objective of the Group's remuneration policy remains to attract, retain and motivate experienced and capable individuals who will make a significant contribution to the long term success of the Group whilst taking account of the marketplace. Account is taken of remuneration packages within other comparable companies and sectors, 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 seeks guidance 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 some permanent 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 Directors and Senior Executives

Payments made to Directors in the financial year are set out in Note 10.

There are several main elements to the Company's executive remuneration packages: basic salary, annual performance related bonus, long term incentive plans, pension contributions and other customary benefits. In 2017 long term incentive plans were introduced for certain Directors and senior executives, as noted below.

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 Celtic merchandise and certain other products.

Celtic plc

REMUNERATION REPORT

Annual Performance Related Bonus Scheme

The Group operates a bonus scheme for participating executive Directors and some permanent employees. The scheme has 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 50% 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. Stakeholder arrangements are available to qualifying employees. The Company does not operate any defined benefit (final salary) schemes.

Long Term Performance Incentive Plan ("LTPIP")

Given the importance of the Chief Executive to the consistent and successful performance of the Group, the Board determined that the Chief Executive shall participate in a Long Term Performance Incentive Plan ("LTPIP"), the purpose of which is to link the performance of the Chief Executive to performance targets which have the objective of improving Group performance, the football performance of Celtic FC and generating shareholder value.

The criteria for the LTPIP to become payable as determined by the Board is that Celtic FC qualifies for and participates in the group stages of the UCL in the applicable financial year. The first LTPIP period was from 1 June 2016 to 30 June 2019. In order to receive payment for this period the participant must have been employed by the Company at 31 December 2018. Awards under this arrangement accrued in each applicable financial period and those accumulated during the first LTPIP period were paid during the prior financial year on 25 January 2019.

The second LTPIP period is 1 June 2019 to 30 June 2022 the conditions of which are in line with those above. If these conditions are fulfilled, this will be paid in January 2022 subject to Board approval and the employee remaining employed by the Company on 31 December 2021.

Executive Long Term Incentive Plan ("ELTIP")

An ELTIP was adopted and approved by the Board and was introduced with effect from 1 July 2016 with the objective of retaining and rewarding, through financial incentives, key executives within the Group over the medium to long term. This did not include the CEO who participates in the LTPIP as noted above.

Celtic plc

REMUNERATION REPORT

Under the original terms of the ELTIP, in return for these individuals remaining with the Group for a minimum of 4 years up to 30 June 2020, and during that period the Group achieving performance criteria determined by the Board ("vesting criteria"), annual awards are made. These awards accrued in each applicable financial period and were due to be paid at the end of the 4 year period. The vesting criteria determined by the Board are: (i) that the participant is employed by the Group on 30 June in the applicable financial year and at the end of the 4 year period; and, separately, (ii) that Celtic FC qualifies for and participates in the group stages of the UCL in the applicable financial year. Both conditions are exclusive of one another and attract fixed values of award on crystallisation.

As a consequence of Covid-19, the decision was taken to postpone the payment date by one year for the benefits accrued as at 30 June 2020. In addition, the individuals who participate in the scheme will be entitled to another year's benefits under the conditions noted above regarding employment and UCL qualification. In the event that an individual should part with the Company prior to 30 June 2021, the benefits accrued to 30 June 2020 would become payable at this point with no benefits payable relating to the year ending 30 June 2021. In the case of one member of the executive team, the scheme was not extended and the accrued benefits were paid in July 2020.

The vesting criteria were selected because the Board believes that they are consistent with the medium to longer term strategic objectives of the Group, taking account of the rolling 5 year business plan and the nature of the Group's business.

Service Agreements

Executive Directors

Chief Executive

Mr Lawwell's service contract commenced on 25 October 2003. It continues subject to twelve months' notice by him to the Company or by the Company to him. With effect from 1 July 2016, Mr Lawwell is entitled to a bonus not exceeding 20% of basic salary, determined by the Board having regard to applicable performance criteria and such other factors and/or circumstances as the Board shall consider relevant. Mr Lawwell is also a member of the LTPIP scheme as noted above. No amounts in relation to the LTPIP were accrued or paid during the year ended 30 June 2020.

During the year ended 30 June 2020 Mr Lawwell served on the Executive Board of the European Club Association and the Professional Football Strategy Council of UEFA. No fee is payable for these posts.

Financial Director

Mr McKay's service contract commenced on 1 January 2016, when he joined the Board as Financial Director. It continues subject to six months' notice by him to the Company or by the Company to him. Mr McKay is entitled to a maximum payment under the Company's bonus scheme of 50% of basic salary, if all performance conditions are satisfied.

Mr McKay participates in the ELTIP scheme. The Committee was satisfied that Mr McKay had satisfied one of the vesting criteria for the financial year to 30 June 2020. Accordingly, the awards set out in the table below have vested for the benefit of Mr McKay, during the financial year to 30 June 2020. As noted above, payment will take place subsequent to 30 June 2021 subject to final board approval.

	ELTIP interest at 1 July 2019	Award for year ended 30 June 2020	Total ELTIP interest at 30 June 2020	Qualifying period
C McKay	£125,000	£25,000	£150,000	4 financial years to 30 June 2020

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.

Celtic plc

REMUNERATION REPORT

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 are 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.

Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson each retire annually given their length of service.

Remuneration of Directors

Directors' remuneration and benefits are detailed in Note 10 to the Financial Statements.

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. 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 in some cases. They do not participate in any bonus scheme, long term incentive plan, 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.

BY ORDER OF THE BOARD



Michael Nicholson, Secretary
26 October 2020

Celtic plc

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and 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 Group and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Celtic plc

FIVE YEAR RECORD

	2020	2019	2018	2017	2016
FINANCIAL	£000	£000	£000	£000	£000
Revenue	70,233	83,410	101,573	90,639	52,009
(Loss) / profit from trading before asset transactions and exceptional items	(10,316)	(3,494)	14,490	14,310	(5,240)
(Loss) / profit after taxation	(368)	8,738	15,423	6,897	459
Non equity dividends incurred	569	502	573	558	502
Total equity	81,467	81,762	72,934	57,423	50,470
Shares in issue (excl deferred) no. '000	122,859	122,812	122,606	122,468	122,350
(Loss) / earnings per ordinary share	(0.39)p	9.30p	16.47p	7.38p	0.49p
Diluted (loss) / earnings per share	(0.39)p	6.78p	11.72p	5.46p	0.49p
Number of employees*	1,019	1,029	1,036	507	465
FOOTBALL	2020	2019	2018	2017	2016
League position	1	1	1	1	1
League points**	80	87	82	106	86
Scottish cup	TBC	WINNERS	WINNERS	WINNERS	SEMI FINAL
League cup	WINNERS	WINNERS	WINNERS	WINNERS	SEMI FINAL
European ties played	8	8	7	6	6
CELTIC PARK	2020	2019	2018	2017	2016
Celtic Park investment to date (£'000)	79,336	78,390	76,042	72,132	70,315
Stadium seating capacity (no.)	60,363	60,363	60,477	60,294	60,447
Average home league attendance (no.)	57,857	56,729	55,943	54,159	42,201
Total season ticket sales (no.)	52,457	52,520	52,229	48,723	39,309

*the figures reported for 2016 and 2017 relate to full time equivalents as opposed to average employee numbers for 2018, 2019 and 2020.

**League curtailed in season 19/20 owing to Covid-19 with 8 games remaining.

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

Opinion

We have audited the financial statements of Celtic PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and company cash flow statements and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

In our opinion:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk description	Our response to the risk
Revenue recognition As detailed in note 3 (e), the group's revenue is generated from football and stadium operations, merchandising, multimedia and other commercial activities. Each revenue stream has different	We reviewed the revenue accounting policies and practices as well as the basis of material recognition estimates for consistency of application and whether it was in accordance with

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

characteristics and is derived from different, sometimes individual, commercial contract terms. Some include areas of judgement such as when to recognise the right to revenue arising from participation in particular competitions or accounting adjustments such as the deferral of revenue for future season ticket sales.

For the year ended 30 June 2020 there is also judgement around the recognition of revenue as a result of the Scottish Premier League being curtailed and the resulting implications on performance obligations of certain commercial contracts and other revenue.

Given the nature and complexity of revenue and its importance to the activities of the business, it is of significant interest to the users of the financial statements. We considered there to be a significant risk arising in respect of the completeness and existence of revenue in all revenue streams. As a result, we consider revenue recognition to be a key audit matter.

the requirements of the applicable accounting standards.

We tested the group's material revenue streams individually according to their characteristics, identifying and testing the operating effectiveness of key controls and performing detailed testing, included testing samples of revenue items recorded to supporting documentation as well as testing key reconciliations, to gain assurance over the completeness, existence and accuracy of reported revenue.

We selected key contracts and arrangements in multimedia and merchandise revenue and confirmed that revenue was accounted for in accordance with the underlying contracted terms and the requirements of the applicable accounting standards. As a result of the Covid-19 pandemic and the curtailment of the football season, we reviewed documentation which agreed the amount of revenue to be recognised following discussions over the fulfilment of performance obligations. For areas of variable consideration, we reviewed documentation of right to revenues and agreed samples of transactions from source documentation to the financial records and receipt of cash.

Following the curtailment of the Scottish Premier League we reviewed a sample of major contracts and considered management's assessment that there were performance obligations which may not have been fulfilled. We considered management's assessment of the revenue to be recognised on these based on the performance obligations set out in the contracts/arrangements and their status at the year end date. We verified the status of the contracts/arrangements at the year end to correspondence between the Group and the relevant third party.

We performed procedures on all material revenue streams for defined periods before and after the year end and agreed samples of revenue recognised to originating documentation to gain assurance that transactions were recorded in the correct period. We also agreed samples of cash movements in the periods before and after the year end to originating documentation and the accounting records to gain assurance that the transactions were recorded in the correct period.

We tested the calculation of material accrued and deferred revenue amounts by recalculating the expected amounts based on the contractual

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

	<p>arrangements in place or confirming amounts to source information.</p> <p><i>Key observations</i></p> <p>Based on our procedures we found management's judgements to be within an appropriate range.</p>
<p>Intangible assets</p> <p>As detailed in notes 3(c) and 3(d) to the financial statements, intangible assets relate to football personnel and are reviewed at each balance sheet date for any indicators of impairment. Intangible asset transactions comprise significant individual transactions, a number of which are material to the financial statements. Each transaction is underpinned by individual contract terms.</p> <p>Accounting for the acquisition of intangible assets requires consideration of individual contractual terms including deferred consideration arrangements, the rights of agents and the personnel involved. Judgement is required in deferred consideration calculations and in the calculation and recognition of the probable cost of the acquisition.</p> <p>Due to unforeseen events during the life of intangible assets, individual assets may become impaired and the related contracts may become onerous in certain circumstances. These areas may require significant levels of judgement to determine whether there is an indicator of impairment of an intangible asset, the calculation of such impairment or if a contract has become onerous.</p> <p>As with the acquisition of intangible assets, accounting for the disposal of intangible assets requires consideration of the specific contractual terms of the transaction, which may include deferred consideration or future profit sharing arrangements.</p> <p>The uncertainty inherent in the calculations, both for initial recognition and potential impairment, together with the degree of management judgement involved increases the risk of material misstatement in this area and also the potential for management override of controls. Accordingly we considered this to be an area of significant risk for our audit and a key audit matter.</p>	<p>We considered the appropriateness of the intangible assets accounting policies and practices as well as the basis of any recognition estimates and whether it was in accordance with the applicable accounting standards.</p> <p>We agreed a sample of additions to acquisition agreements with football clubs and to agent contracts. We reperformed calculations of discounted purchase agreement amounts and checked that an appropriate discount rate had been used by recalculating the rate with reference to the Group's cost of borrowing and latest market information.</p> <p>We reviewed the amortisation rates applied to intangible assets and confirmed the amortisation charges were calculated in accordance with the stated policy.</p> <p>We reviewed intangible assets for indications of impairment and onerous contract positions by reviewing football personnel's involvement in the football squads, the presence of alternative squad personnel and football transfer activity.</p> <p>We assessed the existence and accuracy of the impairment and onerous contract provisions calculated by management by verifying obligations to contracts and estimated future operating contributions to the data underlying management's assessment of value in use. We assessed the judgements and estimates applied in calculating the provisions, including management's assessment of market value by reference to transfer window interest; the individual asset and the discount rates applied.</p> <p>We reviewed a sample of unimpaired intangible assets for evidence of their contribution to the business in order to assess the completeness of the provisions. We reviewed the adequacy of disclosures in respect of impairment charges and onerous contract provisions.</p>

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

	<p>We verified disposals to supporting contract documentation to gain assurance over the accurate treatment of disposals in respect of cut-off of related receivables, costs payable and discounting adjustments and recalculated the profit or loss on disposal of intangible assets.</p> <p><i>Key observations</i></p> <p>Based on our procedures we found management's key assumptions to be within an appropriate range.</p>
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Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level, the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £700,000 (2019: £700,000). This was determined with reference to 1% of normalised revenue averaged over a three year period, which we consider to be the principal consideration in assessing the financial performance of the Group as the Group considers revenue to be their key performance indicator which demonstrates less volatility than other performance measures. The materiality for the Parent Company was set at £665,000 (2019: £665,000). This was determined with reference to 95% of Group materiality (2019: 95%).

Performance materiality was set at 75% (2019: 75%) of the above materiality levels, for the Group and Parent Company being £525,000 (2019: £525,000) and £498,000 (2019: £498,000) respectively.

Component materiality was set at £665,000 (2019: £665,000) with performance materiality set at £498,000 (2019: £498,000).

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of £21,000 (2019: £21,000) for the Group and £19,000 (2019: £19,000) for the Parent Company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group manages its operations from a single location in the UK and has common financial systems, processes and controls covering all significant components.

In assessing the risk of material misstatement in the group financial statements, and to ensure we had adequate quantitative coverage of significant amounts in the financial statements, we determined that two significant components, Celtic plc and Celtic F.C. Limited, represented the principal business units within the group. A full scope audit was undertaken on these components by the group audit team.

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow, United Kingdom
Date: 26 October 2020

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

Celtic plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
Revenue	4,5	70,233	83,410
Operating expenses (before intangible asset transactions and exceptional items)		(80,549)	(86,904)
Loss from trading before intangible asset transactions and exceptional items		<u>(10,316)</u>	<u>(3,494)</u>
Exceptional operating expenses	8	(1,957)	(1,789)
Amortisation of intangible assets	17	(12,244)	(9,709)
Profit on disposal of intangible assets		24,188	17,717
Other Income		-	8,795
Operating (loss) / profit	6	<u>(329)</u>	<u>11,520</u>
Finance Income	12	1,479	1,059
Finance expense	12	(1,049)	(1,267)
Profit before tax		101	11,312
Tax expense	13	<u>(469)</u>	<u>(2,574)</u>
(Loss) / profit and total comprehensive (loss) / income for the year		<u>(368)</u>	<u>8,738</u>
Basic (loss)/earnings per Ordinary Share for the year	15	<u>(0.39)p</u>	<u>9.30p</u>
Diluted (loss) / earnings per Share for the year	15	<u>(0.39)p</u>	<u>6.78p</u>

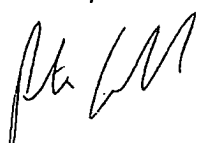
The notes on pages 62 to 106 form part of these Financial Statements.

Celtic plc

Registered number: SC3487
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	Notes	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant and equipment	16	58,752	58,690
Intangible assets	17	19,828	14,156
Trade receivables	21	13,527	8,089
		<u>92,107</u>	<u>80,935</u>
Current assets			
Inventories	19	1,269	2,643
Trade and other receivables	21	28,478	25,426
Cash and cash equivalents	22	22,406	34,057
		<u>52,153</u>	<u>62,126</u>
Total assets		<u>144,260</u>	<u>143,061</u>
Equity			
Issued share capital	23	27,166	27,157
Share premium	24	14,849	14,785
Other reserve	24	21,222	21,222
Accumulated profits	24	18,230	18,598
Total equity		<u>81,467</u>	<u>81,762</u>
Non-current liabilities			
Borrowings	25	2,844	4,108
Debt element of Convertible Cumulative Preference Shares	23	4,174	4,183
Trade and other payables	27	3,542	6,943
Lease liabilities	30	637	-
Provisions	28	272	455
Deferred tax liabilities	20	1,366	1,139
Deferred income	29	29	57
		<u>12,864</u>	<u>16,885</u>
Current liabilities			
Trade and other payables	26	20,744	13,957
Lease liabilities	30	604	-
Borrowings	25	1,364	1,364
Provisions	28	5,942	3,479
Deferred income	29	21,275	25,614
		<u>49,929</u>	<u>44,414</u>
Total liabilities		<u>62,793</u>	<u>61,299</u>
Total equity and liabilities		<u>144,260</u>	<u>143,061</u>

The Financial Statements were approved and authorised for issue by the Board on 26 October 2020 and were signed on its behalf by



Peter T Lawwell, Director



Christopher McKay, Director

The notes on pages 62 to 106 form part of these Financial Statements.

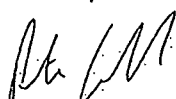
Celtic plc

Registered number: SC3487
COMPANY BALANCE SHEET
AS AT 30 JUNE 2020

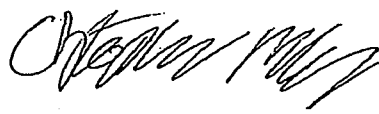
	Notes	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant and equipment	16	57,621	58,690
Intangible assets	17	19,828	14,156
Investment in subsidiaries	18	-	-
Trade receivables	21	13,527	8,089
		<u>90,976</u>	<u>80,935</u>
Current assets			
Trade and other receivables	21	21,353	17,189
Cash and cash equivalents	22	16,841	32,389
		<u>38,194</u>	<u>49,578</u>
Total assets		<u>129,170</u>	<u>130,513</u>
Equity			
Issued share capital	23	27,166	27,157
Share premium	24	14,849	14,785
Other reserve	24	21,222	21,222
Accumulated profits	24	1,959	2,531
Total equity		<u>65,196</u>	<u>65,695</u>
Non-current liabilities			
Borrowings	25	2,844	4,108
Debt element of Convertible Cumulative Preference Shares	23	4,174	4,183
Trade and other payables	27	3,542	6,942
Deferred tax liabilities	20	1,701	1,327
Provisions	28	-	35
		<u>12,261</u>	<u>16,595</u>
Current liabilities			
Trade and other payables	26	44,433	43,686
Borrowings	25	1,364	1,364
Provisions	28	5,916	3,174
		<u>51,713</u>	<u>48,224</u>
Total liabilities		<u>63,974</u>	<u>64,819</u>
Total equity and liabilities		<u>129,170</u>	<u>130,513</u>

A separate statement of comprehensive income for the Company has not been presented as permitted by Section 408 of the Companies Act 2006. The loss for the Company is £0.57m (2019: profit of £0.10m).

The Financial Statements were approved and authorised for issue by the Board on 26 October 2020 and were signed on its behalf by



Peter T Lawwell, Director



Christopher McKay, Director

The notes on pages 62 to 106 form part of these Financial Statements.

Celtic plc

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2020

Consolidated	Share capital £000	Share premium £000	Other reserve £000	Accumulated (losses)/ profit £000	Total £000
Equity shareholders' funds as at 1 July 2018	27,132	14,720	21,222	9,860	72,934
Share capital issued	1	65	-	-	66
Reduction in debt element of convertible cumulative preference shares following conversion	24	-	-	-	24
Profit and total comprehensive income for the year	-	-	-	8,738	8,738
Equity shareholders' funds as at 30 June 2019	27,157	14,785	21,222	18,598	81,762
Share capital issued	-	64	-	-	64
Reduction in debt element of convertible cumulative preference shares following conversion	9	-	-	-	9
Loss and total comprehensive income for the year	-	-	-	(368)	(368)
Equity shareholders' funds as at 30 June 2020	27,166	14,849	21,222	18,230	81,467
Company	Share capital £000	Share premium £000	Other reserve £000	Accumulated profits £000	Total £000
Equity shareholders' funds as at 1 July 2018	27,132	14,720	21,222	2,430	65,504
Share capital issued	1	65	-	-	66
Reduction in debt element of convertible cumulative preference shares following conversion	24	-	-	-	24
Profit and total comprehensive income for the year	-	-	-	101	101
Equity shareholders' funds as at 30 June 2019	27,157	14,785	21,222	2,531	65,695
Share capital issued	-	64	-	-	64
Reduction in debt element of convertible cumulative preference shares following conversion	9	-	-	-	9
Loss and total comprehensive income for the year	-	-	-	(572)	(572)
Equity shareholders' funds as at 30 June 2020	27,166	14,849	21,222	1,959	65,196

The notes on pages 62 to 106 form part of these Financial Statements.

Celtic plc

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
(Loss) / profit for the year		(368)	8,738
Taxation charge	13	469	2,574
Depreciation	16	2,640	2,064
Amortisation of intangible assets	17	12,244	9,709
Impairment of intangible assets	17	2,217	1,837
Reversal of prior period impairment charge	8	(413)	-
Profit on disposal of intangible assets		(24,188)	(17,717)
Net finance (income)/costs	12	(430)	208
		<u>(7,829)</u>	<u>7,413</u>
Decrease / (increase) in inventories		1,374	(236)
Increase in receivables		(1,656)	(3,225)
Increase / (decrease) in payables and deferred income		4,486	(6,654)
Cash used in operations		<u>(3,625)</u>	<u>(2,702)</u>
Tax paid		(405)	(2,435)
Net Interest received		14	7
<i>Net cash flow used in operating activities</i>		<u>(4,016)</u>	<u>(5,130)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,175)	(2,257)
Purchase of intangible assets		(23,508)	(13,671)
Proceeds from sale of intangible assets		19,603	14,040
<i>Net cash used in investing activities</i>		<u>(5,080)</u>	<u>(1,888)</u>
Cash flows from financing activities			
Repayment of debt	31	(1,280)	(1,010)
Payments on leasing activities	25	(798)	-
Dividend on Convertible Cumulative Preference Shares		(477)	(478)
<i>Net cash used in financing activities</i>		<u>(2,555)</u>	<u>(1,488)</u>
Net decrease in cash equivalents		(11,651)	(8,506)
Cash and cash equivalents at 1 July 2019		34,057	42,563
Cash and cash equivalents at 30 June 2020	22	<u>22,406</u>	<u>34,057</u>

The notes on pages 62 to 106 form part of these Financial Statements.

Celtic plc

COMPANY CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
(Loss)/ profit for the year		(572)	100
Taxation charge	13	667	521
Depreciation	16	2,014	2,064
Amortisation of intangible assets	17	12,244	9,709
Impairment of Intangible assets	17	2,217	1,837
Reversal of prior period impairment charge	8	(413)	-
Profit on disposal of intangible assets		(24,188)	(17,717)
Net finance (costs) / income	12	(459)	215
		<u>(8,490)</u>	<u>(3,271)</u>
Increase in receivables		(2,800)	(2,067)
Increase in payables		2,575	242
Cash used in operations		<u>(8,715)</u>	<u>(5,096)</u>
Tax paid		-	-
Net Interest received / (paid)		4	(3)
<i>Net cash flow used in operating activities</i>		<u>(8,711)</u>	<u>(5,099)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,175)	(2,257)
Purchase of intangible assets		(23,508)	(13,671)
Proceeds from sale of intangible assets		19,603	14,040
<i>Net cash used in investing activities</i>		<u>(5,080)</u>	<u>(1,888)</u>
Cash flows from financing activities			
	31		
Repayment of debt	25	(1,280)	(1,010)
Dividend on Convertible Cumulative Preference Shares		(477)	(478)
<i>Net cash used in financing activities</i>		<u>(1,757)</u>	<u>(1,488)</u>
Net decrease in cash equivalents		(15,548)	(8,475)
Cash and cash equivalents at 1 July 2019		32,389	40,864
Cash and cash equivalents at 30 June 2020	22	<u>16,841</u>	<u>32,389</u>

The notes on pages 62 to 106 form part of these Financial Statements.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The consolidated Financial Statements of Celtic plc (the 'Company') and its subsidiaries (together, the 'Group') for the year ended 30 June 2020 were approved and authorised for issue in accordance with a resolution of the Directors. The comparative information is presented for the year ended 30 June 2019.

Celtic plc is a public company limited by shares, incorporated in Scotland, U.K., and is listed on the AIM market operated by the London Stock Exchange. The registered office is detailed within the Directors, Officers and Advisers section on page 3.

The principal activities of the Group are described in the Business Review on page 9.

For the year ending 30 June 2020 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
Protectevent Limited	SC151304
The Celtic and Football Athletic Company Limited	SC153534
Glasgow Eastern Developments Limited	SC157751

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these Financial Statements are set out below. With the exception of the change in accounting treatment for leases following the implementation of IFRS16, these policies have been consistently applied to financial years 2020 and 2019, presented, for both the Group and the Company.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and in accordance with the provisions of the Companies Act 2006.

The functional and presentational currency is GBP.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report. In addition, Note 33 to the Financial Statements includes the Group'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.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

At 30 June 2020 the cash net of bank borrowings was £18.2m. In addition, the Group had a net receivables position with respect to player trading payables/receivables. This provides a strong financial base over the short to medium term. At the time of writing the Group has secured season ticket revenues for the financial year ended 30 June 2021, retail outlets are fully operational and performing strongly as a result of the new partnership with Adidas, participation in the Europa League group stages has been secured guaranteeing a minimum level of income, and we have clear visibility over committed labour costs and transfer outgoings. The Group has established contracts with a number of commercial partners and suppliers providing assurance over future revenues and costs. In addition, the Group has in recent years, achieved significant gains in relation to player trading and manages the movement of players in and out of the team strategically to ensure maximising of value where required while maintaining a squad of appropriate quality to ensure, as far as possible, continued on field success.

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

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

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

In consideration of all of the above, the Directors have a reasonable expectation that the Group and 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.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

Adoption of new and revised standards

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

IFRS 16 Leases

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

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

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

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

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

Accounting approach

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

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

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

	Adjustments	As originally presented	IFRS16	1 July 2019
		£000	£000	£000
Assets				
Property, plant and equipment		58,690	-	58,690
Right of use assets (cost)	(a)	-	1,704	1,704
Impairment of right of use asset	(b)	-	(486)	(486)
Liabilities				
Onerous lease provision	(b)	486	(486)	-
Lease liabilities	(c)	-	1,704	1,704
Equity				
Retained earnings		-	-	-

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

The additions to the 'Land & Buildings' and 'Plant & Vehicles' categories within 'Property, plant & equipment' are shown separately on a separate line on Note 16. The depreciation on the right-of-use assets is included within the total for those categories in Note 16.

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

Other considerations

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

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

(ii) Extension and termination options

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

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

(iii) Leases not recognised under IFRS16

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

2. BASIS OF PREPARATION (CONTINUED)

Adoption of standards not yet effective

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

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

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

3. 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 2020.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

(b) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, on the following bases:

Plant and vehicles	10% - 25% reducing balance
Fixtures, fittings and equipment ('FF&E')	10% - 33% reducing balance
IT equipment and other short life assets (included in FF&E)	25% - 33% straight line
Buildings (excluding Football 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 included in Operating Expenses 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.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

(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 upon crystallisation 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 the Consolidated Statement of Comprehensive Income over the contract period remaining from their capitalisation to £nil residual values, or earlier if there is an option to terminate present within the contract. Where a new contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

(d) Impairment policy

The Group and Company assesses intangible assets for indicators of impairment at each Balance Sheet date by assessing each individual player's carrying value in respect of their contribution to the cash generating business activities.

In determining, whether an intangible asset is impaired account is taken of the following:

- (i) management's intentions in terms of each specific player being part of the plans for the coming football season;
- (ii) the evidence of this intention such as the level of a player's participation in the previous football season and involvement in playing and training squads;
- (iii) the player's injury and or sickness record;
- (iv) the level of interest from other clubs in paying a transfer fee for the player;
- (v) market knowledge of transfer appetite, activity and budgets in the industry through discussion with agents and other clubs;
- (vi) the financial state of the football industry;
- (vii) the level of appetite from clubs for football personnel from Scotland;
- (viii) levels of 'cover' for each playing position;
- (ix) the football personnel's own career plans and personal intentions for the future; and
- (x) post Balance Sheet transactions relevant to the football personnel in question e.g. contract termination, subsequent transfer of the player for a sum lower than the amortised value.

An impairment loss is recognised where the asset's carrying value is deemed to be irrecoverable. The carrying value is then written off to the Consolidated Statement of Comprehensive Income as an impairment loss. To the extent a previous impairment loss has been charged, and the basis of assessment is changed, based on the factors above, the impairment charge is reversed in the current period.

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

(f) Financial instruments

The Group and Company classify 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.

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

l) Financial assets

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

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

Classification of financial assets

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

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

Amortised cost

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

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

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

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

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item (Note 12).

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

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

Financial Assets at fair value through profit and loss (FVTPL)

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 12).

Impairment of Financial Assets

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

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

Write-off policy

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

ii) Financial Liabilities

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

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

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (Note 12) in profit or loss.

Financial liabilities measured subsequently at FVTPL

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

Financial liabilities measured subsequently at amortised cost

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

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

Convertible Cumulative Preference Shares: The debt element of Convertible Cumulative Preference Shares is recognised as a financial liability. At the point of conversion, the relevant part of this financial liability is derecognised. The derecognised liability forms part of the consideration paid for the ordinary shares issued on conversion.

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

(g) Leasing obligations

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

The Group as lessee

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

(h) Inventories

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

(i) 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.

(j) Foreign exchange

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

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

(k) Taxation

Current taxation

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

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

Deferred tax

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

(l) Exceptional operating expenses

It is the Group's policy to categorise the impairment of property, plant and equipment, the impairment of intangible assets (and any subsequent reversal of a previous impairment of property, plant and equipment or intangible assets), onerous contract costs, employee settlement payments and non-recurring expenditure as exceptional operating expenses in the Consolidated Statement of Comprehensive Income. Items for which disclosure would be deemed to be seriously prejudicial by the Directors, are not included within exceptional items.

(m) Provisions

Provisions are recognised when a present obligation (legal or constructive) as a result of a past event exists at the Balance Sheet date and it is probable that a settlement of that obligation will be paid and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimates required to settle that obligation, at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where appropriate, management take independent expert advice to determine the quantum and expected timing associated with settling provisions. With respect to legal and employee related provisions, where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. No separate disclosure is made of the detail of sums recoverable from third parties as to do so could seriously prejudice the position of the Group.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

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

The Group is occasionally in receipt of claims or actions. In such cases, each item is reviewed at the relevant reporting date, in order to assess the need for provisions and disclosures in the Financial Statements. Among the factors considered in making decisions on provisions are the nature of the action; the existence of insurance; the agreement or settlement process and its potential value in the jurisdiction in which the action is brought; its progress; the opinions or views of relevant expert advisers; and any decision of the Group and counterparties as to how they respond.

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

(n) Critical accounting estimates and judgements

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

(i) Impairment and intangible asset net book value

IFRS requires companies to carry out an impairment assessment on any assets that show indications of impairment at the Balance Sheet date. This assessment includes exercising management judgement and considering the Balance Sheet carrying value as noted at 3(d) above. The carrying value of the intangible assets as at 30 June 2020 equates to £19.8m (2019: £14.2m) with an impairment charge in the year of £2.2m. Within the carrying value, 8 players account for 88% of the overall balance and management is comfortable that the level of risk of further impairment within this amount is minimal. Given the nature of the assets, management judgement on the carrying value is sensitive to factors out with management control, as laid out in Note 3 (d) above.

Events subsequent to this initial assessment may also give rise to a reversal of any impairments, such as a transfer or a significant turnaround in performance, in which case an impairment reversal would be recognised. Therefore, an element of uncertainty exists in relation to recognition of impairment as to whether any of the indications of impairment which exist will continue to do so in the future or economic value is generated from the intangible asset.

(ii) Provisions

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

With regards to other provisions, these are measured at the best estimates required to settle the obligations given the information available at that time. Where necessary, management will take independent expert valuations in order to determine the best estimate for the provision.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

3. ACCOUNTING POLICIES (CONTINUED)

(iii) Revenue

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

(o) Long Term Incentive Plans

The Group and Company operate long term incentive plans for certain employees (as described in the Remuneration Report). The costs in relation to these schemes are calculated based on the agreements in place and are accrued as and when the likelihood of payment is deemed as probable over time with payment being made when the vesting conditions are met in full. The discounted balances payable are held within Trade and Other Payables.

(p) Contingent Liabilities

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

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

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

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has disaggregated revenue into various categories in the following table which is intended to provide further understanding around the nature of the revenue and the timing of when this is recognised:

Revenue by category	2020 £000	2019 £000
Ticketing	30,756	35,564
Commercial / sponsorship	8,100	10,064
Retail outlets and E-commerce	11,246	12,954
Media rights	13,664	15,718
Stadium operations	5,041	7,688
Other	1,426	1,422
	<u>70,233</u>	<u>83,410</u>
Timing of transfer of goods and services	2020 £000	2019 £000
Point in time (delivery to the customer at the point of sale)	41,263	47,278
Revenue recognised over time	28,970	36,132
	<u>70,233</u>	<u>83,410</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

5. SEGMENTAL REPORTING

Management information is provided at revenue level for each of the three key revenue streams with specific cost information focusing on significant items. This is the only information provided on a segmented basis to management. The three key revenue streams are: Football and Stadium Operations, Merchandising and Multimedia and Other Commercial Activities. The Group operates in the UK and, as a result, does not have any geographical segments.

	2020	2019
	£000	£000
The Group's revenue comprised:		
Football and Stadium Operations	35,797	43,252
Merchandising	15,042	18,076
Multimedia and Other Commercial Activities	19,394	22,082
	70,233	83,410

6. OPERATING (LOSS) / PROFIT

	2020	2019
	£000	£000
Operating (loss) / profit is stated after charging/(crediting):		
Staff costs (Note 9)	54,320	56,094
Depreciation of property, plant and equipment (Note 16)	2,640	2,064
Impairment of intangible assets (Note 17)	2,217	1,837
Reversal of prior period impairment charge (Note 8)	(413)	-
Amortisation of intangible assets (Note 17)	12,244	9,709
Foreign exchange loss	257	604
Cost of inventories recognised as expense	8,569	10,419
Short term and variable lease expense for leases not recognised under IFRS16	76	920
	76	920

7. AUDITOR'S REMUNERATION

	2020	2019
	£000	£000
Fees payable to the Company's auditor and its associates in respect of:		
Audit of the Company's Financial Statements	28	20
Audit of the Financial Statements of the Company's subsidiaries	17	17
Audit related services	10	9
Taxation compliance services	16	16
Taxation advisory services	-	3
	71	65

Details of the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on pages 42-43. No services were provided pursuant to contingent fee arrangements.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

8. EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £1.96m (2019: £1.79m) can be analysed as follows:

	2020	2019
	£000	£000
Impairment of intangible assets and other prepaid costs	2,351	2,017
Reversal of prior period impairment charges	(423)	(52)
Onerous employment contracts	-	383
Onerous employment contract releases	(51)	(580)
Settlement agreements on contract termination	80	21
	1,957	1,789

The impairment of intangible assets relate to adjustments required as a result of management's assessment of the carrying value of certain player registrations relative to their current market value. The carrying value of intangible assets are reviewed against criteria indicative of impairment, laid out in Note 3 (d) and, where the carrying value exceeds their current market value, impairment is recognised.

Onerous employment contract costs result from a situation where the committed costs under that contract are assessed as exceeding the economic benefits expected to be received by the Group over the term of the contract. Details on the provision for onerous employment contracts can be seen in Note 28.

Settlement agreements on contract termination are costs in relation to exiting certain employment contracts.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

9. STAFF PARTICULARS

	2020	2019
	£000	£000
Group		
Wages and salaries	47,841	49,214
Social security costs	5,682	6,202
Other pension costs	797	678
	54,320	56,094

Included in the above wages and salaries is £1.37m (2019: £1.23m) paid to agency staff.

Employee numbers (Group)

	2020	2019
	Number	Number
Players and football administration staff	157	155
Administration and retail staff	862	874
Average number of employees	1,019	1,029

The above employee numbers include all part time employees and casual workers.

	2020	2019
	£000	£000
Company		
Wages and salaries	4,217	4,561
Social security costs	624	759
Other pension costs	169	224
	5,010	5,544

Included in the above wages and salaries is £0.05m (2019: £0.04m) paid to agency staff.

Employee numbers (Company)

	2020	2019
	Number	Number
Players and football administration staff	78	76
Administration and retail staff	33	30
Average number of employees	111	106

The above includes all part time employees of the Company.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

10. DIRECTORS' EMOLUMENTS

	Salary/ Fees £	Bonus £	Benefits in kind £	Total Excl pension costs £	Pension Costs £	2020 Total £
T Allison	23,750	-	-	23,750	-	23,750
I Bankier	76,000	-	-	76,000	-	76,000
D Desmond	23,750	-	-	23,750	-	23,750
P Lawwell	1,093,937	-	17,772	1,111,709	-	1,111,709
C McKay	150,492	-	13,060	163,552	23,811	187,363
B Wilson	23,750	-	-	23,750	-	23,750
S Brown	28,500	-	-	28,500	900	29,400
	1,420,179	-	30,832	1,451,011	24,711	1,475,722

	Salary/ Fees £	Bonus £	LTIPI £	Benefits in kind £	Total Excl pension costs £	Pension Costs £	2019 Total £
T Allison	25,000	-	-	-	25,000	-	25,000
I Bankier	80,000	-	-	-	80,000	-	80,000
D Desmond	25,000	-	-	-	25,000	-	25,000
P Lawwell	1,161,500	-	2,370,153	17,373	3,549,026	-	3,549,026
C McKay	150,990	47,184	-	12,671	210,845	22,649	233,494
B Wilson	25,000	-	-	-	25,000	-	25,000
S Brown	30,000	-	-	-	30,000	735	30,735
	1,497,490	47,184	2,370,153	30,044	3,944,871	23,384	3,968,255

The payment in respect of the LTPIP in the year to 30 June 2019 related to sums earned in the years ended 30 June 2017 and 30 June 2018.

The aggregate emoluments and pension contributions of the highest paid Director were £1,111,709 (2019: £3,549,026) and £nil (2019: £nil) respectively. In the prior year the aggregate emoluments of the highest paid Director included LTPIP entitlement in respect of amounts accrued in the 2016/17 and 2017/18 seasons, which were paid in the year to June 2019. During the year, contributions were paid to defined contribution money purchase pension schemes in respect of 2 (2019: 2) Directors. The Employer's NIC on Directors' remuneration during the year amounted to £198,614 (2019: £534,871). No Directors received share options during the year (2019: £nil).

An ELTIP was introduced in the financial year ended 30 June 2017 with the objective of retaining and rewarding, through financial incentives, key executives within the Group over the medium to long term.

Mr McKay participates in the ELTIP. The Remuneration Committee was satisfied that Mr McKay had met the applicable criteria for the financial year to 30 June 2020. Accordingly, the awards set out in the table on page 46 have accrued for the benefit of Mr McKay. Payment remains subject to the operation of the ELTIP conditions.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

10. DIRECTORS' EMOLUMENTS (CONTINUED)

In addition, an LTPIP was introduced in the financial year ended 30 June 2017 with the purpose of linking the continuing service and performance of the Chief Executive to performance targets which have the objective of improving Company performance, the football performance of Celtic FC and generating shareholder value. Mr Lawwell participates in the LTPIP. Payment in relation to the first LTPIP period was made during the prior year. At present there are no accrued benefits for the second LTPIP period.

11. 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 £627,134 (2019: £561,061) and £134,829 (2019: £116,440) respectively. Group and Company contributions of £65,680 (2019: £4,331) and £13,133 (2019: £nil) respectively were payable to the fund at the year-end. In addition to this, the Group and Company also contributed to the personal pension plans of certain employees.

12. FINANCE INCOME AND EXPENSE

	2020	2019
	£000	£000
Finance income:		
Notional interest receivable on deferred consideration	1,277	844
Interest receivable on bank deposits	202	215
	1,479	1,059
Finance expense:		
Interest payable on bank and other loans	179	220
Notional interest payable on deferred consideration	301	545
Dividend on Convertible Cumulative Preference Shares (Note 14)	569	502
	1,049	1,267

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

13. TAX ON ORDINARY ACTIVITIES

The corporation tax receivable as at 30 June 2020 was £0.02m (2019: payable of £0.14m). The current year tax expense was £0.24m and total tax payments in the year were £0.40m, of which £0.38m related to the current financial year and the remainder relating to prior years. The balance potentially due from HMRC for the current year has been offset against prior periods. The available capital allowances pool is approximately £7.53m (2019: £9.00m). These estimates are subject to the agreement of the current year's corporation tax computations with H M Revenue and Customs.

The standard rate of corporation tax for the year in the United Kingdom is 19% (2019: 19%).

	2020	2019
	£000	£000
Current tax expense		
UK corporation tax	262	1,355
Adjustments in respect of prior periods	<u>(20)</u>	<u>(80)</u>
Total current tax expense	<u>242</u>	<u>1,435</u>
Deferred tax expense		
Origination of temporary timing differences (Note 20)	254	1,196
Adjustments in respect of prior periods	<u>(27)</u>	<u>(57)</u>
Total deferred tax	<u>227</u>	<u>1,139</u>
Total tax expense	<u>469</u>	<u>2,574</u>

The difference between the actual tax expense for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year is as follows:

	2020	2019
	£000	£000
Profit on ordinary activities before tax	<u>101</u>	<u>11,312</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	19	2,149
Effects of:		
Fixed asset differences	260	298
Expenses not deductible for tax purposes	185	332
Dividends reclassified as interest	108	95
Income not taxable for tax purposes	(210)	(214)
Adjustments in respect of prior periods (current tax)	(19)	81
Adjustments in respect of prior periods (deferred tax)	(27)	(57)
Adjust closing deferred tax to average rate	-	(156)
Adjust opening deferred tax to average rate	153	113
Utilisation of previously unrecognised deferred tax assets	-	(67)
Total tax expense	<u>469</u>	<u>2,574</u>

An explanation regarding the movement in deferred tax is provided at Note 20.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

14. DIVIDEND ON CONVERTIBLE CUMULATIVE PREFERENCE SHARES

A 6% non-equity dividend of £0.51m (2019: £0.51m) was paid on 28 August 2020 to those holders of Convertible Cumulative Preference Shares on the share register at 31 July 2020. A number of shareholders elected to participate in the Company's scrip dividend reinvestment scheme for the financial year to 30 June 2020. Those shareholders have received new Ordinary Shares in lieu of cash. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

During the year, the Company reclaimed £nil (2019: £0.07m) in respect of statute barred preference dividends in accordance with the Company's Articles of Association.

15. EARNINGS PER SHARE

Reconciliation of basic earnings to diluted earnings:	2020	2019
	£000	£000
Basic earnings	(368)	8,738
Non-equity share dividend	569	570
Reclaim of statute barred non-equity share dividends	-	(67)
Diluted earnings	<u>201</u>	<u>9,241</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	94,276	93,977
Dilutive effect of convertible shares	42,358	42,410
Diluted weighted average number of ordinary shares	<u>136,634</u>	<u>136,387</u>

Loss per share and diluted loss per share of 0.39p (2019: earnings per share of 9.30p) has been calculated by dividing the loss for the period of £0.37m (2019: Profit £8.74m) by the weighted average number of Ordinary Shares of 94.3m (2019: 94.0m) in issue during the year.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

16. PROPERTY, PLANT AND EQUIPMENT

Group	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2019	57,170	4,043	24,324	85,537
Additions	101	97	747	945
Right of use assets	1,580	177	-	1,757
Disposals	-	-	-	-
At 30 June 2020	58,851	4,317	25,071	88,239
Accumulated Depreciation				
At 1 July 2019	6,400	3,220	17,227	26,847
Charge for year	852	129	1,033	2,014
Right of use assets	485	141	-	626
Disposals	-	-	-	-
At 30 June 2020	7,737	3,490	18,260	29,487
Net Book Value				
At 30 June 2020	51,114	827	6,811	58,752
At 30 June 2019	50,770	823	7,097	58,690
Group				
	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2018	56,578	4,043	22,429	83,050
Additions	592	-	1,897	2,489
Disposals	-	-	(2)	(2)
At 30 June 2019	57,170	4,043	24,324	85,537
Accumulated Depreciation				
At 1 July 2018	5,552	3,078	16,155	24,785
Charge for year	848	142	1,074	2,064
Disposals	-	-	(2)	(2)
At 30 June 2019	6,400	3,220	17,227	26,847
Net Book Value				
At 30 June 2019	50,770	823	7,097	58,690
At 30 June 2018	51,026	965	6,274	58,265

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2019	57,170	4,043	24,324	85,537
Additions	101	97	747	945
Disposals	-	-	-	-
At 30 June 2020	57,271	4,140	25,071	86,482
Accumulated Depreciation				
At 1 July 2019	6,400	3,220	17,227	26,847
Charge for year	852	129	1,033	2,014
Disposals	-	-	-	-
At 30 June 2020	7,252	3,349	18,260	28,861
Net Book Value				
At 30 June 2020	50,019	791	6,811	57,621
At 30 June 2019	50,770	823	7,097	58,690
Company	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2018	56,578	4,043	22,429	83,050
Additions	592	-	1,897	2,489
Disposals	-	-	(2)	(2)
At 30 June 2019	57,170	4,043	24,324	85,537
Accumulated Depreciation				
At 1 July 2018	5,552	3,078	16,155	24,785
Charge for year	848	142	1,074	2,064
Disposals	-	-	(2)	(2)
At 30 June 2019	6,400	3,220	17,227	26,847
Net Book Value				
At 30 June 2019	50,770	823	7,097	58,690
At 30 June 2018	51,026	965	6,274	58,265

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

17. INTANGIBLE ASSETS

Group and Company	2020 £000	2019 £000
Cost		
At 1 July	44,651	44,962
Additions	20,700	6,158
Disposals	(15,506)	(6,469)
At 30 June	49,845	44,651
Amortisation		
At 1 July	30,495	23,999
Charge for year	12,244	9,709
Provision for impairment	2,217	1,837
Reversal of prior period impairment	(413)	-
Disposals	(14,526)	(5,050)
At 30 June	30,017	30,495
Net Book Value		
At 30 June	19,828	14,156

	2020 No.	2020 £000	2019 No.	2019 £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	2	3,714	-	-
Contract expiry within 2 years	-	-	2	7,598
Contract expiry within 3 years	5	13,013	1	1,736
Contract expiry within 4 years	-	-	1	1,568
	7	16,727	4	10,902

No individual intangible asset included above accounted for more than 29% of the total net book value of the intangible assets (2019: 37%).

The impairment provision in the current and prior year 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 3(d) above, and recognises a write down to nil value.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

18. INVESTMENTS

Subsidiaries

The Company's wholly owned subsidiary undertaking continues 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	Year End	No. of shares held
Protectevent Limited	Dormant	30 th June	500
Glasgow Eastern Developments Limited	Dormant	30 th June	2
The Celtic Football and Athletic Company Limited	Dormant	30 th June	2

These companies are registered in Scotland and are all included in the Consolidated Financial Statements. The companies are all registered at Celtic Park, Glasgow, G40 3RE.

Other investments

The Company also holds an investment of 2.38% in the equity share capital of The Scottish Professional Football League Limited, a company registered in Scotland.

19. INVENTORIES

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Raw materials	50	47	-	-
Finished goods	1,219	2,596	-	-
	<u>1,269</u>	<u>2,643</u>	<u>-</u>	<u>-</u>

Inventories written down during the year amounted to £0.31m (2019: £0.25m).

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

20. DEFERRED TAX

Group

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

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

	2020	2019
	£000	£000
At 1 July	1,139	-
<i>Recognised in Consolidated Statement of Comprehensive Income</i>		
Origination of temporary timing differences	254	1,196
Utilisation of previously unrecognised deferred tax assets	-	-
Adjustments in respect of prior periods	(27)	(57)
At 30 June	1,366	1,139

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

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

	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2020	2020	2020	2020
	£000	£000	£000	£000
Accelerated capital allowances	-	(1,725)	(1,725)	375
Short term temporary differences	359	-	359	(148)
Tax assets/(liabilities)	359	(1,725)	(1,366)	227
Net tax assets/(liabilities)	359	(1,725)	(1,366)	227

	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2019	2019	2019	2019
	£000	£000	£000	£000
Accelerated capital allowances	-	(1,327)	(1,327)	309
Short term temporary differences	188	-	188	830
Tax assets/(liabilities)	188	(1,327)	(1,139)	1,139
Net tax assets/(liabilities)	188	(1,327)	(1,139)	1,139

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020.

20. DEFERRED TAX (CONTINUED)

Company

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

	2020	2019
	£000	£000
At 1 July	1,327	1,018
<i>Recognised in Company Statement of Comprehensive Income</i>		
Origination of temporary timing differences	397	368
Adjustments in respect of prior periods	(23)	(59)
At 30 June	1,701	1,327

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

	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2020	2020	2020	2020
	£000	£000	£000	£000
Accelerated capital allowances	-	(1,780)	(1,780)	454
Short term temporary differences	79	-	79	(79)
Tax assets/(liabilities)	79	(1,780)	(1,701)	375
Net tax assets/(liabilities)	79	(1,780)	(1,701)	375

	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2019	2019	2019	2019
	£000	£000	£000	£000
Accelerated capital allowances	-	(1,327)	(1,327)	309
Short term temporary differences	-	-	-	-
Tax assets/(liabilities)	-	(1,327)	(1,327)	309
Net tax assets/(liabilities)	-	(1,327)	(1,327)	309

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

21. TRADE AND OTHER RECEIVABLES

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Trade receivables	33,300	28,115	28,066	21,464
Provision for doubtful debts (see below)	(329)	(280)	(20)	(20)
	<u>32,971</u>	<u>27,835</u>	<u>28,046</u>	<u>21,444</u>
Prepayments and accrued income	1,433	1,583	359	248
Other receivables	7,579	4,097	6,475	3,586
Corporation Tax	22	-	-	-
	<u>42,005</u>	<u>33,515</u>	<u>34,880</u>	<u>25,278</u>

Amounts falling due after more than one year included above are:

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Trade receivables	<u>13,527</u>	<u>8,089</u>	<u>13,527</u>	<u>8,089</u>

The movement in the provision for doubtful debts was as follows:	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Opening balance	280	389	20	175
Balances written off	(13)	(257)	-	(175)
Change in provision	62	148	-	20
Closing balance	<u>329</u>	<u>280</u>	<u>20</u>	<u>20</u>

For the sale of goods that are subject to credit terms, the average credit period offered to customers is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL in full using the simplified model. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor is subject to insolvency proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different transactions, the provision for loss allowance based on past due status is presented for regular trade receivables excluding amounts due in relation to the disposal of intangible assets due to the specific nature of these transactions and the timing of the associated cash flows. Note that in each of the tables below the total receivables balance considered under IFRS9 has been adjusted to strip out football debts and any other significant material items which are not yet due as at the year end and are not considered to be of any risk of non-recovery.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

At 30 June 2020 the lifetime expected loss provision for trade receivables is as follows:

	Trade receivables – days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected Credit Loss Gross Carrying Amount (£000)	0.43%	0.04%	1.88%	0.22%	12.50%	
Loss Provision (£000)	522	3,578	334	1,628	568	6,630
	2	1	6	4	71	84

At 30 June 2019 the lifetime expected loss provision for trade receivables is as follows:

	Trade receivables – days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected Credit Loss Gross Carrying Amount (£000)	0.10%	0.21%	0.00%	0.00%	28.33%	
Loss Provision (£000)	2,834	3,172	105	67	40	6,218
	3	7	0	0	11	21

The expected loss rates are based on the Group's historical credit losses on receivables excluding those for disposal of intangible assets experienced over the three year period prior to the period end. All non-current receivables are due within 3 years of 30 June 2020. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, there are no lifetime expected credit losses for non-current receivables.

As at 30 June 2020 trade receivables of £0.25m (2019: £0.26m) had lifetime expected credit losses of the full value of the receivables. The receivables due at the end of the financial year relate to various customers where the receivable is not expected to be recoverable based on specific factors such as past default experience, general economic conditions of the industry and companies in administration.

22. CASH AND CASH EQUIVALENTS

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Cash at bank	22,382	34,030	16,841	32,389
Cash on hand	24	27	-	-
Cash and cash equivalents	<u>22,406</u>	<u>34,057</u>	<u>16,841</u>	<u>32,389</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

23. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid			
	2020 No. '000	2019 No. '000	2020 No. '000	2020 £000	2019 No. '000	2019 £000
Group and Company						
Equity						
Ordinary Shares of 1p each	223,608	223,556	94,292	943	94,202	942
Deferred Shares of 1p each	672,833	669,962	672,833	6,728	669,962	6,700
Convertible Preferred Ordinary Shares of £1 each	14,757	14,764	12,769	12,769	12,776	12,776
Non-equity						
Convertible Cumulative Preference Shares of 60p each	18,298	18,334	15,798	9,479	15,834	9,500
Less reallocated to debt under IAS 32:						
Initial debt				(2,753)		(2,761)
	<u>929,496</u>	<u>926,616</u>	<u>795,692</u>	<u>27,166</u>	<u>792,774</u>	<u>27,157</u>

On 28 August 2020, 55,686 new Ordinary Shares of 1p each were issued in respect of mandates received from holders of Convertible Cumulative Preference Shares to reinvest their dividends.

The Convertible Preferred Ordinary Shares ("CPO") may be converted into Ordinary Shares and Deferred Shares on the election of the shareholder. Each Convertible Preferred Ordinary Share converts into 2.08 Ordinary Shares and 97.92 Deferred Shares. Since 30 June 2020, the Company has converted 200 Convertible Preferred Ordinary Shares. As at 23 October 2020, the latest practicable date before publication, no notices have been received in respect of any further conversion of CPO shares.

Each Convertible Cumulative Preference Share ("CCP") of 60p carries the right, subject to the availability of distributable profits, to the payment of a fixed cumulative preference dividend equal to 6% (less tax credit deduction) of its nominal value. This dividend right started accruing from 1 July 1996, approximately six months after the CCPs were issued, with the first dividend payment made on 31 August 1997. Holders of CCPs are also entitled to convert each share into one Ordinary Share of 1p and 59 Deferred Shares of 1p each. During the year ended 30 June 2020, 36,012 CCPs were converted in accordance with these provisions. No requests for conversion of any CCP shares has been received since 30 June 2020. 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 23 October 2020, the latest practicable date before publication, no notices have been received in respect of any further conversion of CCPs.

As the CCPs are compound financial instruments, on initial recognition, an amount equivalent to the present value of the future cash dividend payments (calculated by reference to the Company's then incremental borrowing rate of 23.98%) was recognised as a financial liability. That financial liability was subsequently measured at amortised cost using the effective interest rate of 23.42%. The current carrying value of the financial liability element of the CCPs in the Balance Sheet is £4.17m (2019: £4.18m). The difference between that liability and the amount initially recognised as debt arose as a result of interest expense charged during the initial period before dividends became payable.

As the CCPs are converted, the carrying amount of the financial liability related to that share is transferred between the CCP liability and share capital.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

23. SHARE CAPITAL (CONTINUED)

Reconciliation of number of Ordinary Shares in Issue:	2020 No. '000	2019 No. '000
Opening balance	94,202	93,758
Shares issued re scrip dividend scheme	39	51
Shares issued re Convertible Preferred Ordinary Share conversions	15	299
Shares issued re Preference Share conversions	<u>36</u>	<u>94</u>
Closing balance	<u>94,292</u>	<u>94,202</u>
Reconciliation of number of Deferred Shares in issue:	2020 No. '000	2019 No. '000
Opening balance	669,962	650,359
Shares issued re Convertible Preferred Ordinary Share conversions	746	14,059
Shares issued re Preference Share conversions	<u>2,125</u>	<u>5,544</u>
Closing balance	<u>672,833</u>	<u>669,962</u>
Reconciliation of number of Convertible Preferred Ordinary Shares in issue:	2020 No. '000	2019 No. '000
Opening balance	12,776	12,920
Convertible Preferred Ordinary Share conversions to Ordinary and Deferred Shares	<u>(7)</u>	<u>(144)</u>
Closing balance	<u>12,769</u>	<u>12,776</u>
Reconciliation of number of Convertible Cumulative Preference Shares in issue:	2020 No. '000	2019 No. '000
Opening balance	15,834	15,928
Convertible Cumulative Preference Share conversions to Ordinary and Deferred Shares	<u>(36)</u>	<u>(94)</u>
Closing balance	<u>15,798</u>	<u>15,834</u>

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

24. 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. Included in this reserve is an amount equal to three times the Executive Club loans, currently equal to £300,000 (2019: £300,000) which will remain non-distributable until such loans are repaid by the Company.

On issue, the CPOs also had rights to fixed dividend for a set period, which has now expired. In consequence, they were treated as a compound financial instrument with a proportion of the share capital being recognised as a liability, measured at the present value of the fixed dividend. As the initial liability amount remained capital of the Company, an amount equivalent to the initially recognised liability was transferred to the Capital Reserve from retained earnings.

As the rights to dividend have now expired and the liability has been eliminated, the Capital Reserve was transferred to Share Capital in 2017. The amount recognised within share capital in respect of the CPOs now represents the full nominal value of the shares that remain unconverted at the Balance Sheet date. There has been no impact on the overall capital position of the Company following this conversion.

The Share Premium account represents the accumulation of the premium recognised on the issue of Ordinary Shares. The increase in the year from £14.79m to £14.85m reflects the premium on the issue of Ordinary Shares arising from the scrip dividend.

Accumulated profits or losses represents the accumulated profits or losses of the Group or Company, net of distributions made.

25. BORROWINGS – Group and Company

	2020 £000	2019 £000
Current portion of interest bearing liabilities	1,264	1,264
Non current portion of interest bearing liabilities	2,844	4,108
	4,108	5,372

The Interest bearing liabilities as at 30 June 2020 are represented by loans from The Co-operative Bank. These loans bear interest at London Inter-Bank Offered Rate plus 3%. The loans are floating rate loans and therefore expose the Group to cash flow risk. The Group has the option to repay the loans earlier than the maturity dates without penalty. The bank loans are secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxton.

26. TRADE AND OTHER PAYABLES (CURRENT)

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Accrued expenses	15,645	8,041	7,617	5,071
Trade and other payables	5,099	5,775	4,122	3,781
Leasehold liabilities (Note 30)	604	-	-	-
Corporation tax	-	141	393	206
Amounts owing to Group companies	-	-	32,301	34,628
	21,348	13,957	44,433	43,686

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

27. TRADE AND OTHER PAYABLES (NON CURRENT)

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Trade and other payables	3,542	6,943	3,542	6,943
Leasehold liabilities (Note 30)	637	-	-	-
	4,179	6,943	3,542	6,943

28. PROVISIONS

Group

	Total £000
Cost	
At 1 July 2019	3,934
Provided during the year	3,345
Release of provision	(595)
Utilised during the year	(470)
At 30 June 2020	6,214
Due within one year or less	5,942
Due after more than one year	272
At 30 June 2020	6,214

Company

	Total £000
Cost	
At 1 July 2019	3,209
Provided during the year	3,177
Release of provision	-
Utilised during the year	(470)
At 30 June 2020	5,916
Due within one year or less	5,916
Due after more than one year	-
At 30 June 2020	5,916

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NOTES TO THE FINANCIAL STATEMENTS

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28. PROVISIONS (CONTINUED)

The Group and Company have recognised a provision in relation to onerous employment contracts, where the unavoidable costs of meeting the obligations of such contracts exceed the economic benefits expected to be received by the Group over the term of the contract (refer to Note 3(g) and 3(m)). The Group and Company's opening balance of these provisions was £0.5m all of which was utilised in the year and the closing balance was nil. There were no further sums provided during the year and there were no sums reversed during the year.

The Group also provides for dilapidations on retail outlets and certain commercial contracts. Prior to the implementation of IFRS16, onerous leases on retail outlets were also provided for. The opening balance on the onerous leases was £0.5m and the opening balance on dilapidations was £0.1m. £0.5m was reversed in the year in respect of onerous leases. The closing balance on dilapidations was £0.3m and the closing balance on onerous leases was £nil. In respect of onerous leases no sums were provided during the year and none of the opening provision was utilised in the year. Similarly, in respect of dilapidations, £0.2m was provided for during the year, no sums were reversed and no sums were utilised. Any provisions in respect of dilapidations or onerous leases would be expected to unwind over the terms of the contracts associated with them. With respect to retail related commercial contracts, the opening balance was £0.1m and £0.1m was reversed in the year. No sums were provided during the year and no sums were utilised and the closing balance was £nil.

In addition, and in common with businesses who undertake the breadth of activities conducted by the Group and Company, the Group and Company are periodically subject to disputes and claims and as such, provisions have been recognised in respect of employer and public liability claims for amounts which, as assessed at the balance sheet date, may be payable in the future and can be reliably estimated. The Group and Company carry appropriate insurance and recognise the relevant corresponding sums within debtors. No separate disclosure is made in relation to such claims, proceedings or matters as to do so could seriously prejudice the position of the Group and Company.

29. DEFERRED INCOME

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Income deferred less than one year	<u>21,275</u>	<u>25,614</u>	<u>-</u>	<u>-</u>

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.

	2020 Group £000	2019 Group £000	2020 Company £000	2019 Company £000
Income deferred after more than one year	<u>29</u>	<u>57</u>	<u>-</u>	<u>-</u>

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 2020/21.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

30. LEASES

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

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

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

Nature of Leasing activities

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

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

The corresponding balances and movements for the year ended 30 June 2020 are as below. The right of use assets are included within 'Land and Buildings' and 'Plant and Vehicles' respectively in Note 16 with the Lease Liabilities shown within Note 26 'Trade and Other Payables'.

Right of Use Assets

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

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

30. LEASES (CONTINUED)

Lease Liabilities

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

	Up to 3 months £000	Between 3 – 12 months £000	Between 1 – 2 years £000	Between 2 – 5 years £000	Over 5 years £000
Leases	<u>166</u>	<u>497</u>	<u>421</u>	<u>324</u>	-

31. NOTES TO THE CASH FLOW STATEMENT – Group and Company

Analysis of change in debt

	Non-current loans and borrowings £000	Current loans and borrowings £000	Debt element of Convertible Cumulative Preference Shares £000	Total £000
At 1 July 2019	4,160	1,380	4,183	9,723
Cash flows	-	(1,280)	-	(1,280)
Non-cash flows				
-Debt converted to equity	-	-	(9)	(9)
-Loans and borrowings classified as non-current at 30 June 2019 becoming current during 2020	(1,280)	1,280	-	-
At 30 June 2020	<u>2,880</u>	<u>1,380</u>	<u>4,174</u>	<u>8,434</u>

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

31. NOTES TO THE CASH FLOW STATEMENT – Group and Company (CONTINUED)

	Non-current loans and borrowings £000	Current loans and borrowings £000	Debt element of Convertible Cumulative Preference Shares £000	Total £000
At 1 July 2018	6,250	300	4,208	10,758
Cash flows	-	(1,010)	-	(1,010)
Non-cash flows				
-Debt converted to equity	-	-	(25)	(25)
-Loans and borrowings classified as non-current at 30 June 2018 becoming current during 2019	(2,090)	2,090	-	-
At 30 June 2019	<u>4,160</u>	<u>1,380</u>	<u>4,183</u>	<u>9,723</u>

Cash flows represent the repayment of loans.

The Group's non-equity Convertible Cumulative Preference Shares are convertible to equity shares on or any time after 1 July 2001 at the discretion of the shareholder. Non-cash flows in relation to these represent the transfer of non-equity Convertible Cumulative Preference Shares to equity shares (Ordinary and Deferred) in the year.

32. CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Capital commitments

Group and Company	2020 £000	2019 £000
Authorised and contracted for	<u>107</u>	<u>180</u>

b. Other commitments

Due to the implementation of IFRS16 the Group no longer has any commitments under Land & Buildings which are not captured under 'Leases' (see Note 30). The remaining lease commitments of £3k relate to individual vehicles for which the commitment is for a period less than 12 months.

At 30 June 2020 the Group had commitments under operating leases as follows:

Lease payments recognised in the Consolidated Statement of Comprehensive Income for the period which have not been accounted for under IFRS 16 amounted to £0.08m (2019: £0.92m).

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 and/or receivable by the Group if specific future conditions are met. Such future conditions could include first team competitive appearances, football success in specified competitions, international appearances and contracts continuing beyond existing break-clauses which the Group has the ability to exercise. Amounts in respect of such contracts at 30 June 2020 are noted below:

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

32. CAPITAL AND OTHER FINANCIAL COMMITMENTS (CONTINUED)

	2020	2019
Group and Company	£000	£000
Conditions for triggering additional amounts payable:		
Appearances	2,130	739
Success achievements	2,579	1,603
Registered at a future pre-determined date	460	407
	5,169	2,749
 Number of players contingent transfer fees payable relates to:	33	23
Group and Company	2020	2019
	£000	£000
Conditions for triggering additional amounts receivable:		
Appearances	880	1,364
Success achievements	2,035	2,026
	2,915	3,390
 Number of players contingent transfer fees receivable relates to:	7	7

33. FINANCIAL INSTRUMENTS – Group and Company

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments; and
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

	Fair Value through Profit and Loss £000	Amortised Cost £000	Total £000
30 June 2020			
Cash	-	22,406	22,406
Trade Receivables	-	37,259	37,259
Trade Payables	-	24,287	24,287
Bank Borrowings	-	4,108	4,108
Other Creditors	-	100	100
Lease Liabilities	-	1,408	1,408
Convertible Cumulative Preference Shares	-	4,174	4,174
Foreign Exchange Forward	399	-	399

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2020

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

30 June 2019	Fair Value through Profit and Loss £000	Amortised Cost £000	Total £000
Cash	-	34,057	34,057
Trade Receivables	-	30,913	30,913
Trade Payables	-	20,759	20,759
Bank Borrowings	-	5,372	5,372
Other Creditors	-	100	100
Convertible Cumulative Preference Shares	-	4,183	4,183
Foreign Exchange Forward	92	-	92

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 (2019: £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.

Financial risk management objectives & policies

The main purpose of these financial instruments is to finance the Group's operations.

The principal risks arising from the Group's and the Company's financial instruments are market rate risk, credit risk and liquidity risk. The majority of the volume of transactions undertaken in the year are in Sterling; however a small number of high value transactions related to UEFA payments are denominated in Euro and the Group and Company is therefore exposed to foreign exchange risk for these transactions. Where appropriate, the Group and Company may hedge their position utilising forward contracts. There was one forward contract in place at the year end. In the Directors' assessment, the principal risks remain unchanged from 2019.

The Group has exposure to the following risks from its use of financial instruments:

- (i) Market risk;
- (ii) Credit risk; and
- (iii) Liquidity risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3(f).

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

(i) Market Risk

The Group's activities expose it primarily to the financial risk of changes in interest rates.

Interest Rate Risk

The Group is exposed to interest rate risk because the working capital of the Group and Company is funded largely by a combination of existing cash reserves and bank borrowings. As at 30 June 2020 the Group and

Company has a £6.2m (2019: £7.4m) facility with The Co-operative Bank PLC, of which £2.0m (2019: £2.0m) is in the form of a Revolving Credit Facility ("RCF") and £4.2m (2019: £5.4m) in long-term loans. While the nature of the RCF results in the application of a floating rate, the loans offer the possibility to lock into a longer-term interest rate.

During 2019/20, fixed rate periods were for three months and the average balance on the loans was £4.7m (2019: £6.0m). During the course of the year, the average balance on the RCF facility was £nil (2019: £nil).

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

Based on the average levels of debt in the year to 30 June 2020 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 £0.05m (2019: £0.15m). The calculation in both years incorporates the terms and conditions of the agreement with The Co-operative Bank at that time.

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 mechanisms. No such mechanisms were utilised during the year nor in 2019.

(ii) Credit Risk

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

Trade receivables

Trade receivables are subject to standard payment terms and conditions. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ('ECL'). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

Trade receivables, where the credit terms extend beyond the Group's standard credit terms, are recorded at fair value using the discounted cash flow method.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

As at 30 June 2020, £0.52m representing 1.5% of trade receivables of the Group of £35.78m (2019:

£28.12m) were past due but not impaired (2019: £0.14m, 0.5%). For the company, there are no balances past due but not impaired from the total receivables of £29.66m (2019: £nil). Group trade receivables of £0.24m (2019: £0.28m) were considered to be impaired at the year-end due to the aging profile of the balances and management's assessment of the likely outcome. Details of trade receivables are included in Note 21.

The Group deposits surplus funds in a number of banks in accordance with the Group's treasury management policy based on internal credit limits aligned with Moody's ratings in order to restrict credit risk to financial assets in the form of monetary deposits.

(iii) 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 and other payables are payable monthly in arrears where undisputed or alternatively in accordance with particular contract terms. As at 30 June 2020, 22% of trade payables of the Group were due to be paid within one month (2019: 21%) and 4% of trade payables of the Company were due to be paid within one month (2019: 3%). The nature of other payables is such that amounts due will crystallise within a 3 month period.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

The cash flow related to the maturity of the bank borrowings (inclusive of interest) of the Group and Company is as set out below.

	2020 Group £000	2020 Group £000	2020 Group £000	2020 Group £000	2020 Group £000
	Due between 0 to 3 months	Due between 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
Non-current borrowings	34	101	2,959	-	3,094
Current portion of borrowings	332	997	-	-	1,329
Total	366	1,098	2,959	-	4,423

	2019 Group £000	2019 Group £000	2019 Group £000	2019 Group £000	2019 Group £000
	Due between 0 to 3 months	Due between 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
Non-current borrowings	46	137	4,300	-	4,483
Current portion of borrowings	332	997	-	-	1,329
Total	378	1,134	4,300	-	5,812

Other loans held by the Company of £0.10m (2019: £0.10m) are repayable on demand.

The Company's financial liabilities include the annual payment of £0.57m (2019: £0.57m) in respect of the Convertible Cumulative Preference Share dividends. At the Balance Sheet date, based on the available information, the future cash flows of this liability are £0.57m in perpetuity.

The Group and Company prepare annual budgets including a cash flow forecast. Monthly management accounts are produced which report performance against budget and 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.

The bank loans and RCF in existence as at 30 June 2020 bear interest at LIBOR plus 3% (2019: 3%) and base rate plus 3% (2019: 3%) respectively. 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 available bank facilities as at 30 June were £6.2m (2019: £7.4m), of which £4.2m is represented by long-term loans and £2.0m by RCF (2019: £2.0m).

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

Compound financial instruments

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%.

Capital management

The Group and Company's capital base is as set out in the Statement of Changes in Equity and in Notes 23 and 24 (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 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.

34. POST BALANCE SHEET EVENTS

Since the Balance Sheet date we have secured the permanent registrations of Alban Ajeti, Vasileios Barkas and David Turnbull as well as the temporary registrations of Mohamed Elyounoussi, Shane Duffy and Diego Laxalt.

The registrations of Vakoun Bayo; Marian Shved, Boli Bolingoli, Lee O'Connor, Jack Hendry and Jonathon Afolabi were temporarily transferred to other clubs.

The Group banking facilities were amended and restated in August 2020 with The Co-operative Bank PLC. The effect of this amendment and restatement was to increase the available RCF from £2.0m to £13.0m. There were no changes to security granted to The Co-operative Bank PLC. The expiry date of these facilities is September 2023.

35. RELATED PARTY TRANSACTIONS

Celtic plc undertakes related party transactions with its subsidiary company Celtic F.C. Limited which are governed by a management services agreement. This agreement covers the recharge of certain direct expenditure and income, where applicable, from Celtic plc to Celtic F.C. Limited as well as the rental of certain properties at Celtic Park to Celtic F.C. Limited. The amount recharged in the year by Celtic plc to Celtic F.C. Limited was £22.48m (2019: £14.26m) with £32.22m (2019: £34.63m) owed from the parent company at the Balance Sheet date.

Key management personnel are deemed to be the Directors and the salaries paid to them have been disclosed in Note 10.