



Celtic plc Annual Report Year Ended 30 June

2010



THE GUNNERS

Ford Ford Heineken SONY Play



Contents

Chairman's Statement	1
Summary of the Results.....	1
Chief Executive's Review	3
Financial Review	9
Directors' Report.....	13
Corporate Governance.....	17
Remuneration Report	21
Statement of Directors' Responsibilities	25
Five Year Record.....	25
Independent Auditors' Report to the Members	26
Celtic Charity Fund	27
Consolidated Statement of Comprehensive Income	31
Consolidated Balance Sheet	32
Company Balance Sheet.....	33
Statement of Changes in Equity.....	34
Consolidated Cash Flow Statement.....	35
Company Cash Flow Statement.....	36
Notes to the Financial Statements	37
Notice of Annual General Meeting.....	60
Notes.....	61
Explanatory Notes	62
Directors, Officers and Advisers	64

“each new season provides an opportunity to put past failures behind us, to learn from them and restore our place as Scottish Champions”

CHAIRMAN'S STATEMENT

DR JOHN REID



SUMMARY OF THE RESULTS

Operational Highlights

Participation in the Group Stages of the UEFA Europa League.

5 home European matches (2009: 3).

Nike kit sponsorship agreement extended to 30 June 2015.

New three year shirt sponsorship contract agreed with Tennent's.

Appointment of Neil Lennon as Celtic football manager.

Financial Highlights

Group turnover reduced by 15.0% to **£61.72m**.

Operating expenses reduced by 6.7% to **£57.25m**.

Profit from trading before asset transactions and exceptional items of **£4.46m** (2009: £11.23m).

Investment in football personnel of **£13.64m** (2009: £8.53m).

Gain on sale of intangible assets of **£5.71m** (2009: £1.55m).

Exceptional operating expenses of **£3.14m** (2009: £2.78m).

Loss before taxation of **£2.13m** (2009: £2.00m profit).

Year-end net **bank debt** of **£5.85m** (2009: £1.51m).

With a new football management team in place, this last year started with the hope and desire to establish firm foundations for our future football success. We invested significantly in the playing squad, particularly in the January registration window. Even although we knew then that we had a formidable task ahead in coming from behind and recovering the points deficit at that time, we had a clear sense of purpose - recovery of the SPL title. But regrettably, we fell short of that objective. Neither cup competition provided any comfort.

The unacceptable results on the football pitch meant that a change in the football management team was needed. Some pride was then restored from an unbeaten run in the SPL at the end of the season, with Neil Lennon taking temporary charge. But that does not in any way compensate for the extreme disappointment and frustration we and all Celtic supporters felt last season. It was simply not good enough for this Club and those who support it.

Fortunately, the relatively strong financial position we have insisted in maintaining in recent years has enabled us to continue to rebuild even after last year's set-back. Last year we signed or took on loan 13 new players. Already, under our new management in the new financial year, we have brought in 7 new faces and will continue to seek to enhance our football squad.

But just as football and financial strength are essential partners in progress, so too they affect each other adversely when we are not succeeding as we should.

Thus the combination of the financial/economic recession and disappointing football results have taken their toll in this year's report. Our turnover at £61.72m was well down on £72.59m the previous year. This was predominantly the effect of participation in UEFA Europa League rather than UEFA Champions League but also due to a lower level of season ticket sales, reduced merchandising revenues from one kit launch rather than two, and a drop in domestic media income following the demise of Setanta.

Operating expenses also fell, by £4.10m, to £57.25m leading to a profit from trading before asset transactions and exceptional items, of £4.46m. But after taking account of the extensive changes in playing staff, amortisation on players, a small loss on disposal and allowing for exceptional operating expenses of £3.14m, we have experienced a loss before taxation of £2.13m, against a profit of £2.00m the year before.



Our year end bank debt, net of cash is £5.85m, sustainable but up on £1.51m the year before. This is reflective, in part, of the hefty investment made in football personnel during the year - £13.64m - significantly higher than the £8.53m of 2009. Not surprisingly, against a backdrop of a substantial decrease in overall revenue, our ratio of total labour costs to turnover has risen from 53.4% to 59.1%, although our absolute wage cost of £38.75m in 2009 reduced to £36.48m in 2010.

When considered in the context of the season that we had, and the changes that had to be made as a result of poor football results, this outcome, heavily influenced by exceptional costs, is not overly disappointing. But we must try to ensure that it is not repeated in the coming year. That will not be straightforward.

Some of the major factors that are likely to affect our business, such as the economic environment and consumer confidence, are not within our control. Such difficult economic times make even more important our charitable work and the work that we as a Club continue to do in the community, including in some of the most deprived areas. But the economic context of Scottish football obviously also has a direct commercial impact on the Club and our supporters. Season tickets sales were down on the record of 54,252 the year before, and the Board believes this trend is set to continue this year, notwithstanding the continuing ticket price freeze, maintenance of concessionary schemes and the new instalment plans.

Our financial strength and management of resources have stood us in good stead to date and we aim to ensure that remains the case, investing where and when we can and taking up new opportunities when they arise. At the time of writing 7 new first team players have joined, and 3 have departed. Our new contract with Tennent's as our shirt sponsor commenced on 1 July, as did the 5 year extension with NIKE, renewal with our online retail partner Kitbag, and a new vehicle sponsor agreement with another blue-chip brand, Lomond Audi.

But the general picture of a constrained economic environment places a further premium on success throughout our scouting, sports science and Academy development. In the coming year our trading will also be put under greater pressure than has been the case for some time, and the performance of our football management team and players will be placed under even more scrutiny than normal.

But one great feature of football, and this great Club, is that each new season provides an opportunity to put past failures behind us, to learn from them and restore our place as Scottish champions. That is precisely what we aim to do with a new football management team under Neil Lennon, a revitalised playing squad and crucially, your support, for which I once again thank you on behalf of everyone at the Club.

Dr John Reid

Chairman
13 August 2010



“Trading conditions have been and continue to be extremely difficult”

CHIEF EXECUTIVE'S REVIEW

PETER LAWWELL



INTRODUCTION

Put simply, 2009/10 failed to generate the football results we had all hoped that a new football managerial team and substantial investment in players would bring. The overhaul of the playing squad and adoption of a different ideology into an embryonic first team yielded little reward, with the senior side ultimately unable to capture a major trophy.

However, the appointment of Neil Lennon, a Celtic legend and former captain, supported by Johan Mjallby as Assistant Manager, Alan Thompson and Garry Parker have raised morale and renewed optimism.

FINANCIAL PERFORMANCE

As was noted in last year's review much of the football sector continues to be challenged financially. Many clubs are heavily in debt, have seen revenues shrinking and are incurring ongoing losses. Lucrative television contracts in the English Premier League have resulted in wage and transfer fee inflation in the UK and also around Europe that is clearly becoming unsustainable.

Trading conditions have been and continue to be extremely difficult. This is reflected in Celtic's trading results for the year to 30 June 2010, which reflect participation in the UEFA Europa League as compared to the more lucrative Champions League Group Stage last year.

In the year to 30 June 2010 turnover reduced to £61.72m, with total operating expenses falling by approximately £4.10m, 6.7% to £57.25m. Much of this cost saving is as a result of a reduction in cost of sales, labour, utilities and other operational overheads. This is the second successive year of overhead savings as tight control is exercised over costs in an environment of declining revenues.

Nevertheless, during the financial year to 30 June 2010, £13.64m was invested in strengthening the first team squad and management team. In addition a gain on sale of £5.71m resulted from the sales of Caldwell, Donati, Fox, McDonald and Robson. This compared to £1.55m last year. Exceptional costs of £3.14m were incurred in comparison to £2.78m last year. This in the main relates to costs associated with the early termination of certain employment contracts.

As a result of the above, and after these exceptional costs, the Company announced a retained loss for the year to 30 June 2010 of £2.13m which compares with the previous year's profit of £2.00m. Further details can be found in the Financial Review.

FOOTBALL INVESTMENT

Planned acquisitions and sales of players and the development of younger players continue to be integral elements of the Club's long-term strategy. As in recent seasons all new signings and contract extensions must be at a financially viable level.

New signings included Marc-Antoine Fortune, Lukas Zaluska, Dominic Cervi, Josh Thompson, Morten Rasmussen, Paul Slane, Ki Sung Yueng, Jos Hooiveld and Thomas Rogne. In addition, loan signings included Landry N'Guemo, Edson Braafheid, Diomansy Kamara and the much-heralded Robbie Keane.

Departures in season 2009/10 included Scott Cuthbert, Massimo Donati, Willo Flood, Daniel Fox, Scott McDonald, Barry Robson and Gary Caldwell, whilst other players went out on loan deals, including Stephen McManus, Darren O'Dea and Cillian Sheridan. Some contracts were not extended upon expiry, including those of Zheng Zhi and Lee Naylor.

21 members of Celtic's first team squad received senior international call-ups during the course of the 2009/10 season, spanning a dozen nations, with Ki Sung Yueng and Georgios Samaras both acquitting themselves admirably at the World Cup in South Africa.

The Club plans to further strengthen the first team squad under Neil Lennon, whilst continuing to manage our financial resources responsibly. The signings of Charlie Mulgrew, Daryl Murphy, Gary Hooper, Biram Kayal, Cha Du-Ri, fellow World Cup participant Efrain Juarez and highly regarded Welsh Internationalist Joe Ledley prior to the start of the new campaign signal the Club's intent. Meanwhile former mainstays Stephen McManus and Artur Boruc departed in the Summer. The Club wishes them well and thanks them for their respective contributions.

FOOTBALL OPERATIONS

During season 2009/10 the Club played 54 competitive first team matches, winning 31, drawing 9 and losing 14.

There was no 'Reserve' Scottish Premier League competition last season. As a result, the first team player pool incorporated players previously classified as reserve team players. This provided the Club with the opportunity to develop and train such players by organizing and playing 'behind closed door' matches with top sides in England, Ireland and Scotland on a regular basis.



YOUTH ACADEMY

There were a number of structural and personnel changes during the course of season 2009/10, which saw a continuation of the success enjoyed in recent years by Celtic's youth teams.

The Under 19s won the SPL Youth League title and beat Rangers in the final of the SFA Youth Cup, with a number of young players earning international honours and graduating to the first team squad during the season. They also finished as runners-up to Liverpool following a penalty shootout in the prestigious Villarreal Tournament.

Our Under 17s also performed well in 2009/10 whilst our Intermediate Under 15 and Under 13 sides went through the season undefeated.

At the Junior level we introduced new teams at Under 8 and 9 age groups, whilst in June our Under 12 team won a European Trophy in the Czech Republic.

TICKET SALES

Season 2009/10 was a challenging one for the Ticket Office, although over 48,000 standard season tickets were sold with a value of more than £16million.

Match ticket sales of over 240,000 generated revenue in excess of £6.5million, whilst the sale of tickets for both Champions League and Europa League matches accounted for over 210,000 ticket sales at a value of £4.7million.

CELTIC DEVELOPMENT

Around £760,000 was donated to Celtic Football Club's Development Division from Celtic Development Pools for the purposes of youth development, whilst supporters from all over the country won nearly £1million in prize money.

The weekly Celtic Pool lottery continues to out perform most football club and charitable lottery products in this challenging environment, continuing the substantial donation again this year. We are grateful to the Directors and staff of that organisation for their continued support.

Supporters have benefitted too: the Paradise Windfall match day lottery continues to be very popular, with a top prize of £9,000 on offer. Prize money of approximately £2.1million has now been paid out to Celtic supporters on the pitch at Celtic Park since the start of the Windfall in 1995.

CELTIC FOUNDATION

The Celtic Foundation continues to promote the Club's social dimension, reflecting the reasons Celtic came into being in the 1880s. It incorporates the following key strands:

- Charitable work
- Celtic learning programmes
- Community coaching programmes
- Community Academies aimed at children, youths and adults
- Celtic women's teams
- 'Sport for Life' programmes

We are delighted to have the support of Billy Connolly as Patron of the Celtic Foundation and Elaine C. Smith as Patron on the Celtic girls' and women's programme.

The Club's community programme has attracted over 2,500,000 young people and adults from throughout Scotland, Ireland and beyond in the 7 years since its inception. Currently over 6,500 participants attend programmes run by The Celtic Foundation each week.

Currently 50 Community Academy teams operate throughout Scotland. The aim is to establish a further 15 teams during season 2010/11. This 'Play for Celtic' programme also operates as a scouting cell for the Club with around 35 youngsters having graduated from the Community Academy into the Celtic Youth Academy in recent years.

In addition the Foundation has a number of specialist projects which focus on:

- Health and wellbeing
- Lifelong learning
- Safer communities
- Unemployment

These activities are indicative of the importance Celtic attaches to its role in the community. The Celtic Foundation reinforces that role and the importance the Club attaches to working alongside key partners to deliver key policy direction set by local and central government.

The Celtic Foundation currently runs community sports programmes in football, basketball, netball and athletics for primary and secondary school pupils throughout Glasgow. The main aim of these programmes is to encourage young people to live a healthier lifestyle.



The Girls' Academy and Women's senior teams represent the most sought after programme in the country for female footballers. The progress made in the past year has been outstanding with successes at all levels, the latest of which have been winning the Premier League Cup and Football League Cup.

MERCHANDISING

Merchandising revenue for the year reached £15.50m. This was 9.8% down on the previous year, mainly due to the timing of kit launches. The 'bumble bee' away kit was a huge success, making it one of our best selling strips ever. New home and away kits are being launched for the coming season.

We opened a new retail unit in Braehead during the year, taking our total number of outlets to 15.

The sale of personalised bricks continued to be a strong performer and these can now be purchased for the prestigious tunnel area. Meanwhile this Autumn will see the release of an official biography of Jimmy Johnstone and the complete Henrik Larsson and an updated John Hartson story on DVD.

MULTI MEDIA

Channel 67, the Club's online portal to live matches, is now in its 12th year and continues to provide live quality streams of Celtic matches to the world wide fan base. In addition to live games, in January the Club brought the daily magazine programme 'The Huddle' to Channel 67 as 'The Huddle Online'.

The official Club website, Celticfc.net, is currently being revamped after three years in its present form and will be re-launched in Autumn 2010 to include new functionality and social networking facilities.

PUBLIC RELATIONS

Once again, the Club experienced a high level of media interest and activity throughout the year across domestic and European football.

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

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

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



BRAND PROTECTION

The Club continued to protect the Celtic brand worldwide to prevent unauthorised use by third parties, to ensure that the brand remains a valuable Club asset, and protect our supporters from sub-standard goods and services.

Counterfeit goods to the value of approximately £400,000 were removed from the marketplace during the year, along with a number of websites found to be offering unofficial Celtic goods and services.

PARTNER PROGRAMME

Despite a tough economic environment, which finds many big clubs and competitions still looking for sponsors, we are delighted to welcome Tennent's as our new shirt sponsor. Tennent's have been involved in Scottish football for the past 36 years and we look forward to working with this prestigious Scottish brand over the coming years.

In July this year we were also delighted to announce Lomond Audi Group as the Club's new Official Vehicle Sponsor.

The sponsorship market continues to be difficult but with blue chip partners such as Nike, Tennent's, Thomas Cook, Bank of America, Lomond Audi and others we have a strong base as we continue to look for new opportunities.

STADIUM

Spectator safety remains of paramount importance for fans attending matches both home and away. During the course of the year Celtic continued to work in close partnership with Glasgow City Council's Safety Team for Sports Grounds, placing spectator safety as our highest priority.

The training of colleagues responsible for public safety duties continued. Those responsible for the management of spectator safety are now qualified and accredited in compliance with industry guidelines and the training of safety stewards continues to be prioritised. Protectevent stewards participated in a new accredited training programme leading to an SVQ qualification in Event Stewarding. In addition, the Club continued to provide an input to the Match Commander's training programme, held at the Scottish Police College.

During the course of the year the Club was delighted to host three major exercises and seminars specifically aimed at enhancing spectator safety. The seminars were delivered in partnership with the Strathclyde Emergencies Coordination Group, Strathclyde Police and the Football Safety Officers Association (Scotland).

FACILITIES

The Facilities department undertook a number of maintenance and refurbishment projects during another busy year, including corporate lounges and hospitality areas as well as retail outlets and at the training ground in Lennoxton. Members of the team advanced their own professional skills and competence by securing related industry qualifications.

Further streamlining of purchasing procedures resulted in significant improvements in efficiency and cost reduction, and the introduction of enhanced procedural controls.

Special mention must be made of the quality of our playing surface at Celtic Park. Grass cover was maintained at a very high level during one of the worst winters for some years. Our SGL lighting system has certainly played a part in maintaining pitch standards, whilst construction of an additional training pitch at Lennoxton is now nearing completion. In November 2009 the Celtic groundstaff were recognised with two industry awards: one for Premier League Pitch of the Year and the other for our Head Groundsman John Hayes as Professional Groundsman of the Year.

CATERING AND CORPORATE HOSPITALITY

This season was particularly challenging as organisations booking venues for conferences reined back spending. As a result the number of attendees for conference and banqueting events was lower than in previous years. Potential cuts in public spending in the coming year also mean that trading conditions will remain difficult for some time to come.

However, the Number 7 Restaurant continued to perform well for Sunday lunches and the Children's Menu received a Gold accreditation from the Soil Association as part of their Food For Life scheme.

On match days our stadium operator Lindley Catering has experienced a reduction in their revenue stream due to lower attendances, although sales in the cash areas located within the hospitality lounges performed well.

Celtic achieved special recognition at the official football hospitality awards where we were overall winner for match day experience in Scotland.

Despite a drop in group bookings from Ireland and fewer school group tours, the Visitor Centre remains popular, with visitors including various Celtic supporter clubs from Italy, Spain and Germany.

SUPPORTER RELATIONS

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

CHIEF EXECUTIVE'S REVIEW

The number of supporters' details held in the database has continued to grow, with a 24% increase in contacts over the year.

We intend to implement new elements over the next few months to provide increased functionality and sophistication in areas such as e-mail marketing, while also reducing operating costs.

CELTIC CHARITY FUND

The Charity Fund is a charitable trust, independent of the Club, which was founded to provide support for those in society in great need and upholding the values for which the Club itself was founded. We congratulate the Charity Fund's Trustees on another very successful year and are happy to include a detailed report on the Fund's activities on pages 27 to 28 to assist in publicising the work that it does.

The Club is proud to have been able to assist Celtic Charity Fund again during the year, hosting the Club Couture Show, Charity Abseil, Charity Cup, ribbon day and annual sporting dinner.

HUMAN RESOURCES

As a consequence of the economic downturn, salaries were frozen for a second successive year and we embarked on a limited rationalisation programme to reduce our fixed employment costs and increase flexibility. A small number of job losses were a regrettable but unavoidable consequence of this exercise.

However, despite a difficult financial climate shared by many other businesses, we remain committed to developing colleagues and becoming an employer of choice. We continue to invest in training and technology, remuneration and benefits are regularly reviewed and benchmarked, and employee welfare remains an important consideration.

Another 33 pupils from local schools enjoyed a week of structured work experience at Celtic Park during the year. This is a highly successful ongoing programme open to all, which has received plaudits from pupils, parents and the education authorities.

The hard work and contribution of all colleagues in a particularly busy and difficult year is greatly appreciated.

SUMMARY AND OUTLOOK

We as the second placed club in the SPL had to negotiate the qualifying rounds of the UEFA Champions League once again. We entered the competition at qualifying round 3 with a very difficult tie against SC Braga of Portugal. Across the two legs we failed to overcome Braga and therefore now look to qualify for the UEFA Europa League.

Results on the pitch continue to be the major influence on trading performance. Our failure to recapture the Scottish Premier League title last year, and its impact on European qualification, had a detrimental effect on our profit performance in 2009/10. Nevertheless, sensible cost management and effective financial controls, in addition to the gains reported from player trading, mitigated the negative impact, resulting in reasonable financial results from underlying trading, before assets transactions and exceptional items again for the year to 30 June 2010, though much reduced on last year.

Revenues generated by progress in European competitions remain of major significance and provide greater flexibility when considering player investment.

Trading at the beginning of the new financial year has been challenging in a difficult market place. We look to maximise revenues and develop the Celtic brand, which together with the ongoing management of costs should enable us to maintain a sustainable business model.

It is imperative that we re-establish domestic success and compete successfully, particularly in the Clydesdale Bank Scottish Premier league. The gap with major European nations widens and the cost of attracting quality new players is a significant factor. Although better placed in financial terms than many clubs, careful and patient use of our financial resources must characterise our efforts to strengthen the first team squad.

Since the beginning of the new financial year we have invested sizeable sums in enhancing our first team squad. As well as bringing in additional talent, we have acquired a number of exciting young players with valuable potential for further development.

We will continue to invest strategically on our technical functions, talent identification, Academy, Sports Science and performance analysis, with player trading having a greater impact on our overall performance, whilst maintaining the objective of achieving excellence.

Once again, the biggest challenge facing the Board is the management of salary and transfer costs whilst achieving playing success in order to yield satisfactory financial results. Clearly, European progression remains key in enabling the Club to achieve its financial objectives.

Peter Lawwell

13 August 2010
Chief Executive





BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

FINANCIAL RESULTS

Celtic's financial results for the year to 30 June 2010 are disappointing in comparison to the previous year. The Group's reported loss of £2.13m is down on the previous year's profit performance of £2.00m due largely to a reduced profit from trading offset by an increased contribution from player trading. The impact of the credit crunch on the world economy has been significant and trading conditions have been very challenging with most major revenue streams down on last year. In addition trading has declined largely as a result of participation in the Group Stage of the UEFA Europa League rather than being Scotland's sole participant in the much more lucrative Group Stage of the Champions League.

Group revenue reduced by £10.87m, 15.0% to £61.72m having played 27 home matches in comparison to 26 last year. Total operating expenses have reduced over last year by £4.10m, 6.7%, to £57.25m.

As a result profit from trading before asset transactions and exceptional items of £4.46m compares with £11.23m last year. The retained loss for the year after exceptional operating expenses, amortisation of intangible assets, gain on disposal of property, plant and equipment, gain on disposal of intangible assets, interest and tax amounted to £2.13m in comparison to a profit of £2.00m in 2009.

REVENUE

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

Income from football and stadium operations reduced by £1.03m, 2.8%, to £35.51m largely as a result of lower seasonal and match day ticket sales offset by increased match fee revenue from pre-season friendlies.

Merchandising reported a fall in turnover of £1.68m, 9.8%, to £15.50m in a retail market that has been extremely competitive in a generally difficult economic climate. This reduction is mainly as a result of there being one kit launch in the current year in comparison to two kits being launched last year.

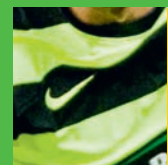
Multimedia and other commercial activities revenue has declined by £8.16m, 43.3%, to £10.71m, almost entirely as a result of reduced television income this year. This reduction is principally a result of much lower media revenue from participation in the Europa League in comparison to being Scotland's sole participant in the Champions League together with reduced domestic media income following the demise of Setanta.

OPERATING EXPENSES

Total operating expenses, excluding exceptional operating costs, have reduced over last year by £4.10m, 6.7%, to £57.25m, predominantly due to a reduction in cost of sales, labour, maintenance, rent, rates and utility costs offset by an increase in medical, match day costs from playing one more home game this season together with increased travel and accommodation costs from 2 additional European trips.

Total wage costs decreased by £2.27m, 5.8%, to £36.48m largely due to reduced labour costs in professional football and youth development over last year. The reduction in football wage costs from last year is mainly due to reduced first team costs of European and domestic bonuses offset by increases to core salary costs following the changes in playing personnel during the season.

The ratio of the total labour cost to turnover at 59.1% has increased from the 53.4% of last year. This ratio, which incorporates the income generated from European progression, compares with an average of 67% recently reported for the English Premiership in Season 2008/09. Wage inflation is an area of concern throughout the worldwide football industry which will need to be carefully controlled. The Board recognises the need to maintain strict control of wage costs and this will continue to be closely monitored. While the collapse of Setanta has resulted in reduced television revenues being generated by the Scottish Premier League, Celtic plans to achieve a managed ratio between revenue and labour costs against a backdrop of enhanced television contracts agreed in England. Ongoing 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 £3.14m (2009: £2.78m) reflect a provision for impairment to intangible assets of £1.42m (2009: £0.80m) and £1.72m (2009: £1.98m) in respect of costs largely arising as a result of the early termination of certain employment contracts.

AMORTISATION OF INTANGIBLE ASSETS

Total amortisation costs at £8.35m represent an increase of £0.92m, 12.3% in comparison to the previous year, mainly as a result of the charge relating to the players acquired for or during the season including Fortune, Hooiveld, Ki, Rasmussen, Fox, Rogne and Thomson offset by elimination of the charge in respect of the football players who left following the end of the 2008/09 season and the reduction arising from the contract extensions agreed.

PROFIT ON DISPOSAL OF INTANGIBLE ASSETS

The profit on disposal of £5.71m in the current year is largely represented by the sales of McDonald, Caldwell, Robson, Donati, Fox and Cuthbert in comparison to £1.55m from the sales of Sno and Riordan and a contingent receipt in respect of Petrov last year.

GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

The loss on disposal of property, plant and equipment in the year of £0.1m mainly reflects the disposal of the fixtures and fittings in the old Clydebank store together with the replacement of outdated IT equipment. The gain on disposal of property, plant and equipment in the previous year of £0.23m largely reflects the gain on disposal of certain areas of land in the vicinity of Celtic Park offset by the loss on disposal of fixtures, fittings and equipment following the refurbishment work carried out during the close season and the replacement of out-of-date IT equipment.

FINANCE COSTS

The finance costs charge for the year to 30 June 2010 of £0.71m (2009: £0.79m) reflects interest due on the Group's overdraft and term loan facilities together with the classification of the Preference dividends as interest as required by IFRS.

TAXATION PROVISION

No provision for Corporation Tax is required in respect of the year ended 30 June 2010. The provisional tax computation for accounts purposes provides tax losses carried forward of approximately £26m (2009: £25m) and an available capital allowances pool of approximately £17.1m (2009: £16.3m) as at 30 June 2010.

The value of the deferred tax asset not reflected in the Financial Statements of the Group was £7.61m (2009: £7.15m), which will be recoverable to the extent of future taxable profits of the Group.

PROPERTY, PLANT AND EQUIPMENT

The additions to property, plant and equipment in the year of £1.24m are represented mainly by the upgrade of the North Stand Lounges, commencement of the work on the new pitch at Lennoxton, the fitting-out of the Braehead and the new Clydebank store, additional sports science equipment, new multi-media and scouting offices, safety improvements to the stadium and further enhancements to information technology equipment.

INTANGIBLE ASSETS

The increase in the net book value of intangible assets from 30 June 2009 of £1.62m to £13.77m reflects the investment in the football personnel of £13.64m less the amortisation charge of £8.35m, an impairment provision of £1.42m and the net book value of disposals of £3.67m. The investment in the playing squad is largely represented by the acquisition of Fortune, Hooiveld, Ki, Rasmussen, Fox, Zhi, Rogne and Thomson. Additional capital instalments were also paid in respect of existing players.

INVENTORIES

The level of stockholding at 30 June 2010 of £1.78m is down on the £2.02m reported last year.

RECEIVABLES

The increase in the level of receivables from 30 June 2009 of £2.42m to £6.84m is primarily as a result of an increase in amounts receivable in respect of the disposal of intangible assets at the year-end.

NON CURRENT LIABILITIES

The reduction in non-current liabilities from 30 June 2009 of £0.35m to £16.34m is largely as a result of a reduction in the term loan and also in the deferred income due after more than one year.

CURRENT LIABILITIES

The increase in trade and other payables from 30 June 2009 of £1.79m to £15.98m mainly reflects increased amounts payable in respect of player transfers and accrued expenditure.

DEFERRED INCOME LESS THAN ONE YEAR

The decrease in deferred income of £1.76m from 30 June 2009 to £11.80m largely reflects the decreased season ticket monies received prior to 30 June 2010 relating to next year, following a later season ticket launch than 2009.

PRIOR YEAR ADJUSTMENT

Following a review of the accounting treatment of the debt element of the Cumulative Convertible Preference Shares, an adjustment has been required which has resulted in the debt element of the Cumulative Convertible Preference Shares increasing by £1.41m from £3.03m to £4.44m, and reserves reducing by £1.41m as noted in the statements of changes in equity on page 34. This adjustment had no impact on reported profitability in either of the years ended 30 June 2010 or 30 June 2009.

NET ASSETS AND FUNDING

Celtic has adopted IFRS which require elements of the Preference Shares and the Convertible Preferred Ordinary Shares to be classified as debt and non-equity dividends to be classified as interest. The effect of this is to reduce reported net assets by £4.44m to £39.86m and increase reported debt by £4.44m to £10.42m were these shares accounted for in line with their legal form.

Net debt, excluding the reallocation from equity under IFRS, at 30 June 2010 is £5.99m (2009: £1.65m) and includes all bank borrowings and other loans offset by cash at bank and in hand. The increase from 30 June 2009 is principally as a result of the cash generated from trading in the 12 months to 30 June 2010 being offset by capital expenditure in respect of net transfer fees paid for football personnel acquisitions, property, plant and equipment additions and dividend and interest payments.

The Group has internal procedures in place to ensure efficient cashflow and treasury management in order to maximise return and minimise risks where appropriate. Details of the Group's financial instruments and debt profile are included in Notes 20, 25, 26, 27, 28 and 29 to the Financial Statements.

Eric J Riley
Financial Director
13 August 2010



The Directors present their Report together with the audited Financial Statements for the year ended 30 June 2010.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

Group revenue is reported as £61.72m compared with £72.59m in 2009. Operating expenses of £57.25m result in a profit from trading before asset transactions and exceptional items of £4.46m (2009: £11.23m). The loss before taxation amounted to £2.13m (2009: £2.00m profit).

Dividends will be paid in cash on 31 August 2010 to those Preference Shareholders not participating in the scrip dividend reinvestment scheme.

The record date for the purpose of the Preference Share dividend is 30 July 2010.

Mandates representing 1,267,177 Preference Shares are in place for the scrip dividend reinvestment scheme. Approximately £41,056 (2009: £50,927) of dividends for the financial year to 30 June 2010 will be reinvested. 125,781 new Ordinary Shares were issued under the scheme in September 2009.

New Ordinary Shares due under the scheme during the current financial year will be allotted on 1 September 2010, with certificates and tax vouchers despatched shortly after that. The scheme was extended at the AGM in October 2009 until 29 October 2014.

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

The loss of £2.13m has been taken to reserves.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

EVENTS SINCE THE YEAR END

Since 30 June 2010, Celtic has acquired the registrations of Charlie Mulgrew, Joe Ledley, Cha Du-Ri, Efrain Juarez, Daryl, Murphy, Gary Hooper and Biram Kayal and has transferred the registrations of Stephen McManus, Artur Boruc and Koki Mizuno.

SHARE CAPITAL

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

FINANCIAL INSTRUMENTS

Details and changes to the financial instruments used by the Group are included in Note 29 to the Financial Statements.

RISKS AND UNCERTAINTIES

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

There are many inherent uncertainties in professional football due to the nature of the game. The type of risk, the likelihood of that event occurring and the impact it may have if it did occur vary. These risks are included within a risk matrix which is regularly reviewed on behalf of the Board and updated as necessary. The Company's operations are managed so as to reduce the likelihood of these events occurring and to mitigate their potential impact if they did occur, but it is not possible to eliminate these risks entirely.

The Directors consider that the principal risks to the performance of the business continue to be the player transfer market and wages, season ticket revenues, attendance levels at home matches and revenues from broadcasting contracts and football competitions. Each of these is influenced significantly by factors beyond the control of the Company. Substantial increases in transfer fees or player wages, or significant decline in ticket sales attendances or in revenues from broadcasting and football competitions could have a detrimental impact on financial performance.

KEY PERFORMANCE INDICATORS

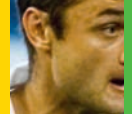
The Company monitors performance against the following key performance indicators:

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

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

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARE CAPITAL

The Directors serving throughout the year and at 30 June 2010 and their interests, including those of connected persons, in the share capital of the Company were as follows:



Name	30 June 2010			1 July 2009		
	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
Dr John Reid	-	3,000	3,000	-	3,000	3,000
Thomas E Allison	-	3,357,505	-	-	3,357,505	-
Dermot F Desmond	8,000,000	32,772,073	5,131,300	8,000,000	32,772,073	5,131,300
Brian Duffy	-	750	-	-	-	-
Peter T Lawwell	-	356,000	-	-	356,000	-
Ian P Livingston	1,600	505	500	1,600	505	500
Brian J McBride*	-	7,187	-	-	7,187	-
Eric J Riley	8,000	76,569	5,000	8,000	76,169	5,000
Brian D H Wilson	-	3,000	500	-	3,000	500

* Retired 30 October 2009

Tom Allison's interest incorporates the interest of the Tom Allison Funded Unapproved Retirement Benefit Scheme. Dermot Desmond's beneficial interests are held by Line Nominees Limited. Peter Lawwell's shares are held personally and in the name of R.C. Greig Nominees Limited. The beneficial interest of Brian McBride is held in the name of Barclayshare Nominees Limited.

No changes in Directors' shareholdings between 30 June 2010 and 13 August 2010 have been reported to the Company.

Brief biographical details of the Directors serving as at 30 June 2010 are as follows:

Dr John Reid (63) was appointed to the Board with effect from 1 October 2007. He became Chairman in November 2007. Dr Reid is a member of the Remuneration Committee and chairs the Nomination Committee. He holds a PhD in Economic History and was a Member of Parliament from 1987 to 2010. During his career Dr Reid held nine ministerial posts, eight of them at Cabinet level, culminating as Home Secretary. In 2010 he was appointed as a life peer. He is an Honorary Professor of University College London and has an Honorary Doctorate from Stirling University.

Thomas E. Allison (62) has been a non-executive Director since September 2001. He is Chairman of the Remuneration Committee and a member of the Nomination Committee. Mr Allison is the nominated Senior Independent Director, Chairman of Peel Ports Limited and a director of Peel Holdings plc. He is Chairman of Keepmoat Limited, Tulloch Homes Group, UK Smart Meter Group and a member of the Council of CBI Scotland.

Dermot F. Desmond (60) has been a non-executive Director of the Company since May 1995.

He is chairman and founder of International Investment & Underwriting, a private investment company. Mr Desmond is a member of the Nomination and Audit Committees.

Brian Duffy (56) joined the Board in February 2010 and stands for election at the 2010 Annual General Meeting. Mr Duffy is Group President Europe of the Polo Ralph Lauren Corporation. Mr Duffy was educated in Glasgow and qualified as a Chartered Accountant in 1976. He has held a variety of senior posts in the clothing and consumer goods sectors and since 2003, with the Polo Ralph Lauren Corporation, which he joined as President and Chief Operating Officer, Europe. He became Group President, Europe in 2008. Mr Duffy is a member of the Audit and Remuneration Committees.

Peter T. Lawwell (51), Chief Executive, joined the Company in October 2003 from his position as commercial director with Clydeport plc. Previously he held senior positions with ICI, Hoffman-La-Roche and Scottish Coal.

Ian P Livingston (46) was appointed to the Board as an independent non-executive director with effect from 1 October 2007 and chairs the Audit Committee. Mr Livingston is Chief Executive of BT Group plc, having also served as chief executive of BT Retail and as Group Finance Director. Mr Livingston has also previously been Group Finance Director of Dixons Group plc and a non-executive director of Ladbrokes plc (formerly Hilton Group plc). He qualified as a Chartered Accountant in 1987.

Eric J. Riley (53) is the Financial Director and joined the Company in August 1994. Mr Riley is a chartered accountant and has executive responsibility for operational areas of corporate strategy and finance. During the year Mr Riley served as a member of the Council of the Scottish Football Association and was appointed to the Board of the Scottish Premier League in July 2010.

Brian Wilson (61) was appointed as a non-executive Director in June 2005. Formerly a Member of Parliament, Mr Wilson also held several ministerial posts during his political career. He is an experienced journalist and writer and a director of several private companies.

POLICY ON APPOINTMENT OF NON-EXECUTIVE DIRECTORS

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

ELECTION, AND RETIREMENT AND RE-ELECTION OF DIRECTORS

Brian McBride retired from the Board on 30 October 2010. Brian Duffy was appointed during the financial year and retires immediately prior to the Annual General Meeting and offers himself for election.

In accordance with the Articles of Association of the Company, Ian Livingston and Eric Riley retire by rotation. Each being eligible, offers himself for re-election.

Tom Allison and Dermot Desmond have each either served, or in Tom Allison's case is shortly about to have served more than 9 years and in accordance with Rule B.7.1 of the UK Corporate Governance Code each retires and offers himself for re-election.

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

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

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

SUBSTANTIAL INTERESTS

In addition to the Directors' interests set out above, the Company has been notified or is aware of the following interests of over 3% in its issued Ordinary Share capital as at 12 August 2010:

Registered Holder	Ordinary Shares of 1p each	Percentage of Issued Ordinary Share capital
Christopher D Trainer	9,607,765	10.67%
Bank of New York (Nominees) Limited	6,331,037	7.04%
James Mark Keane	5,909,847	6.56%
In addition to the Directors' interests as set out above, the Company has been notified or is aware of the following interests of over 3% in the issued Convertible Preferred Ordinary Share capital:-		
Registered Holder	Convertible Preferred Ordinary Shares of £1 each	Percentage of Issued Convertible Preferred Ordinary Shares
Telsar Holdings SA Depfyffer and Associes	1,600,000	11.41%
Hanom 1 Limited	625,000	4.46%
Vidacos Nominees Limited	509,010	3.63%
Bank of New York (Nominees) Limited	500,000	3.56%

DONATIONS

The Group made direct charitable donations of £12,701 (2009: £14,142) which in both years was represented by the costs of hosting the Celtic Charity Fund annual dinner.

CREDITORS PAYMENT POLICY

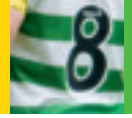
It is the Group's policy to pay creditors within the terms agreed when the contract of supply is made, to the extent that the creditors have fulfilled and performed their contractual obligations. Where no terms are agreed, creditors are paid within thirty days of the month end in which the invoice is received. The ratio expressed in days between amounts invoiced to the Group by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 34 days (2009: 35 days).

GENERAL GROUP AND COMPANY POLICIES

Employee Communications

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

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



Employment Policies

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

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

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

Social Responsibility

The Company is proud of its charitable origins and operates policies designed to encourage social inclusion. These are referred to in the Chief Executive's Review. The activities of Celtic Foundation are detailed on page 4.

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

CELTIC CHARITY FUND

Formed in 1995 as an independent charitable trust, with its own Trustees and separate accounting requirements, Celtic Charity Fund formalised the Club's support of charitable causes, based on Brother Walfrid's founding principles. As a separate and independent entity, the Charity Fund's financial results are not consolidated with the Company or Group accounts. Due to the fantastic support received in 2009/10, a total of over £401,000 was donated by the Charity Fund to 107 charitable organisations on behalf of the Celtic Family.

HEALTH AND SAFETY

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

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

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

THE INTRODUCTION OF THE EURO

The majority of the Group's business continues to be carried out within the UK, which remains outside European Monetary Union ("EMU"). Should that position change, limited modification of certain systems and some training will be required in order to accommodate dual currencies. These modifications will be performed within the timescale of any UK entry into EMU. Although the costs associated with these modifications cannot be readily quantified at this time, in the opinion of the Directors these are unlikely to have a material impact upon future results.

INFORMATION SUPPLIED TO AUDITORS

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

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

AUDITORS

At the Annual General Meeting on 30 October 2009 PKF (UK) LLP were re-appointed as auditors to the Company.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 13 to 16. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 9 to 11. In addition, Note 29 to the Financial Statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

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

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BY ORDER OF THE BOARD

Robert Howat, Secretary
13 August 2010

CORPORATE GOVERNANCE

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

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

The Group has complied with the provisions of the Combined Code in force for the accounting period ending 30 June 2010 and intends to apply the provisions of the replacement UK Corporate Governance Code for the financial year to 30 June 2011, so far as applicable to the Company.

Board of Directors

As at 30 June 2010 the Board of Directors consisted of a non-executive chairman, five other non-executive Directors and two executive Directors.

Tom Allison remains the Senior Independent Director.

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

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

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

Independence

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

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

Tom Allison is shortly about to complete nine years' service and has a substantial shareholding. Having considered the tests stated in The UK Corporate Governance Code and his contribution to the Board and Company throughout the year the Board is also satisfied that Mr Allison remains independent.

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

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

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

Review of Director Performance

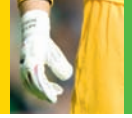
The Board has conducted an evaluation of its performance and that of its Committees, the Chairman and each of the non-executive Directors. This was done principally by way of individual discussions with the Chairman, supported by a questionnaire covering general issues. The results have been considered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

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

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

Attendance

Seven Board meetings were held during the year. The Audit Committee and Remuneration Committee each met 3 times. The Nomination Committee met twice.



All of the Directors serving during the year attended all Board and Committee meetings which they were eligible to attend, with the following exceptions:

- (i) Mr Desmond was represented by his alternate at all Board meetings that he was eligible to attend and consequently did not attend those meetings personally;
- (ii) Mr Desmond attended one Nomination Committee personally and was represented by his alternate at the other Nomination Committee meeting; and
- (iii) Mr Wilson was unable to attend one Remuneration Committee and one Audit Committee meeting due to a pre-existing commitment.

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

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

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

Board Committees

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

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

Audit Committee

Ian Livingston, Dermot Desmond, Brian McBride and Brian Wilson served on the Committee during the year. Mr Livingston chairs the Committee. Mr Duffy was appointed to the Committee during the year to replace Mr McBride.

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

The Audit Committee has a number of key roles:

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

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

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



Remuneration Committee

Tom Allison chairs this Committee, with Brian McBride, Brian Wilson and John Reid all serving during the year. Mr Duffy joined the Committee during the year following the retirement of Mr McBride.

The Remuneration Committee determines the terms of engagement and remuneration of the Company's executive Directors, Company Secretary and certain senior executives, on behalf of the Board. The Committee also monitors the Company's executive share option scheme and implementation of other executive and employee incentive and bonus schemes. The Remuneration Report is set out in detail on pages 21 to 24.

Nomination Committee

This Committee comprises Dr John Reid as Chairman, Dermot Desmond and Tom Allison. It meets as necessary, principally to consider and recommend new appointments to the Board and senior positions in the Company for succession purposes. The Committee met twice during the financial year. Executive search consultants and open advertising were not used by the Committee when considering the vacancy arising from the retirement of Brian McBride. An interest in football and support for the Club itself are important factors, combined with expertise in fields which complement the existing skills and experience of the Board members. In what is already a relatively small sector, the required attributes result in a limited field of potential candidates in any event, without needing to engage the services and meet the cost of external agencies.

INVESTOR COMMUNICATION

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

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

REPORTING AND INTERNAL CONTROLS

The Board's Review of Internal Control

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

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

Internal Financial Control

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

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 system are as follows:

Control Environment: an appropriate framework is in place to plan, control and monitor the Group's activities including an annual budget and a rolling five year plan.

Business Risk Assessment: the financial implications of significant business risks are kept under review, considered by the Audit Committee and are ultimately controlled by the Board.

Financial Reporting: comprehensive internal forecasting is carried out and updated regularly. Monthly results are reported and significant variances from budget identified and investigated.

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



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

The Remuneration Committee

The Committee has formal terms of reference which are published on the Company's website. The Committee members serving during the year are identified on page 19.

Remuneration Policy

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

The main objective of the policy remains to attract, retain and motivate experienced and capable individuals who will make a significant contribution to the Company's success but without paying more than is reasonable or necessary. Account is taken of remuneration packages within other comparable companies and sectors, the Company'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 Company.

The Committee obtains advice from the Company Secretary and from independent research reports. No external consultants were used during the year.

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 Company operates an annual bonus scheme for most of its regular employees in order to encourage out-performance and motivate and retain staff.

Remuneration of Executive Directors and Senior Executives

Payments made to Directors in the financial year are set out on page 23.

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

Basic salary and benefits

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

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

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

Annual Performance Related Bonus Scheme

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

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

Performance conditions cover corporate financial performance and personal objectives. Corporate financial performance includes performance against budget and against the previous year's results. Maximum award levels depend upon seniority and contractual entitlements, ranging from 20% of basic salary to 60% of basic salary. The Committee reviews the bonus scheme structure and 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 the Financial Director, several senior executives and a number of other employees participate. Pension contributions for the Chief Executive are made to an independent pension provider. Stakeholder arrangements are available to qualifying employees. The Company does not operate any defined benefit (final salary) schemes.

Share options

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

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

Performance Conditions

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



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

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

Outstanding Option Grants

2001 Grant

Options were granted over Ordinary Shares of 1p each on 15 September 2001 at a price of 107.5p. The number and exercise price of these options were adjusted to 87.4p, with the consent of H M Revenue & Customs and following advice from the Company's auditors, in the financial year to 30 June 2007 to reflect the dilutive impact of the share issue that took place in December 2005. No options over Ordinary Shares from the grant in September 2001, as adjusted, lapsed during the year. The total number outstanding at 30 June 2010 was 752,901. (2009: 752,901)

2003 Grant

Options over Ordinary Shares of 1p were granted under the Scheme on 27 October 2003 to Peter Lawwell, at an option price of 51p. These were also adjusted in the year to 30 June 2007 to reflect the dilutive impact of the December 2005 share issue. No options from this grant lapsed during the year. The total number outstanding at 30 June 2010 was 722,889 (2009: 722,889).

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

Long Term Incentive Plan ("LTIP")

An LTIP was introduced in 2007 as a replacement for the share option scheme which expired in December 2004. The LTIP was approved by shareholders at the Annual General Meeting in November 2007.

The main objective of the LTIP is to retain and reward, through financial incentives, key executives within the Company over the medium to long term.

Under the terms of the LTIP, in return for these individuals remaining with the Company for a minimum of 4 years and during that period also meeting performance criteria imposed by the Board, annual awards are made, which then accrue and are released at the end of the 4 year period, assuming the LTIP conditions have been met.

The LTIP applies to the financial years from 2007/2008 onwards, the financial year 2009/2010 being the third year of its operation. The performance conditions applied are those personal performance conditions applied as part of the annual bonus scheme together with such further conditions as the Board, acting through the Remuneration Committee, consider appropriate.

Those conditions are required to be challenging but achievable. Performance conditions under the annual scheme have both personal and corporate performance elements.

These parameters have been selected because the Board believes that the objectives of the annual scheme for senior executives are also substantially based on the medium to longer term strategic objectives of the Company, taking account of the rolling 5 year business plan and the nature of the Company's business. Some projects may take a number of years to complete, with various milestones through that period, or have a longer term impact.

Peter Lawwell and Eric Riley participate in the LTIP. The Remuneration Committee was satisfied that each of these individuals had satisfied the applicable criteria for the financial year to 30 June 2010. Accordingly, the awards set out in the table below have vested for the benefit of Mr. Lawwell and Mr. Riley, respectively. Payment remains subject to satisfaction of the LTIP conditions and in particular these individuals remaining in post for the whole of the initial 4-year period of the LTIP.

	Balance at 1 July 2009 Number (Adjusted)	Exercise Price (Adjusted)	Grants 2009/2010	Exercised/ Lapsed 2009/2010	Balance at 30 June 2010	Class	Option Period
P Lawwell	722,889	41.5p	-	-	722,889	Ordinary 1p	Oct 2006/13
E Riley	508,045	87.4p	-	-	508,045	Ordinary 1p	Sept 2004/11

The closing market price of Ordinary Shares on 30 June 2010 was 45.0p (2008: 40.5p). The closing price range during the year was 39.5 p to 47.0p.

	LTIP interest at 1 July 2009	Award for year ending 30 June 2010	Total LTIP interest	Qualifying period
P Lawwell	£150,000	£150,000	£300,000	4 financial years to 30 June 2011
E Riley	£75,000	£75,000	£150,000	4 financial years to 30 June 2011

Service Agreements

Executive Directors

Chief Executive

Peter Lawwell's service contract commenced on 25 October 2003. It continues subject to 12 months' notice by him to the Company or by the Company to him. In September 2008 amendments were made to Mr Lawwell's remuneration package in order to retain his services and reflect remuneration being paid elsewhere within the football sector. Potential entitlements under the LTIP were taken into account. As a result of these changes Mr Lawwell's basic salary was increased, and was fixed for 2008/2009 and the 2 following financial years at that increased level.

Mr Lawwell continues to be entitled to a maximum payment under the Company's bonus scheme of 60% of basic salary, if all performance conditions are satisfied, but this is subject to an overall maximum of £200,000 per year, notwithstanding the increase in his basic salary. The level of Mr Lawwell's maximum participation in the LTIP remains unaltered and is subject to the conditions of that scheme. An additional loyalty award is payable to Mr Lawwell at the end of financial year 2010/ 2011 if he remains employed by the Company throughout the period. The amount of that payment is dependent upon performance under the LTIP but the aggregate of payments due under the LTIP and the loyalty award cannot exceed £650,000.

Financial Director

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

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 and additionally in Mr Lawwell's case, a prorated amount of the loyalty bonus.

Non-executive Directors

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

Dermot Desmond has been a director since 12 May 1995 and retires from office in accordance with The UK Corporate Governance Code provisions. Tom Allison was appointed on 15 September 2001 and is completing the third year of his third term of office. He will also retire annually thereafter. Brian Wilson, who joined the Board on 1 June 2005, is serving the third year of his second period in office. Dr Reid and Ian Livingston are each serving the third year of their initial period of 3 years. Brian McBride retired at the 2009 Annual General Meeting. Brian Duffy is, subject to election, serving the first year of his first 3 year term.

Remuneration of Directors

Directors' remuneration and benefits for the year to 30 June 2010 are set out in the table below.

	Salary /Fees £	Bonus £	Benefits in kind £	Pension Contributions £	2010 Total £	2009 Total £
Dr J Reid	50,000	-	-	-	50,000	50,000
P Lawwell*	507,625	152,288*	17,136	76,144	753,193*	738,987
E Riley	140,122	35,030	26,595	21,018	222,765	230,940
T Allison	25,000	-	-	-	25,000	25,000
D Desmond	25,000	-	-	-	25,000	25,000
B Duffy	9,776	-	-	-	9,776	-
I Livingston	30,000	-	-	-	30,000	30,000
B McBride**	8,333	-	-	-	8,333	25,000
B Wilson	25,000	-	-	-	25,000	25,000
	820,856	187,318	43,731	97,162	1,149,067	1,149,927

*Although entitled to a bonus of £190,359 for the financial year under the terms of the Company's bonus scheme, Mr Lawwell has unilaterally waived £38,071 of that entitlement. Further, Mr Lawwell has voluntarily deferred payment of the remaining amount of £152,288 until a future, as yet unspecified date.

** Retired 30 October 2009



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

Non-executive Directors' fees were increased to current levels in July 2007. No increase is being applied for 2010/2011. The post of Chairman of the Audit Committee carries an additional fee of £5,000 per year, reflecting the significant additional responsibility and workload attached to that post.

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

Shareholder Return

The graph below compares the total shareholder return on an investment of £100 in Ordinary Shares of Celtic plc over a five year period commencing on 1 July 2005 with the total shareholder return over the same period on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE Travel and Leisure index is calculated.

In the opinion of the Directors, the FTSE Travel and Leisure Index, of which the Company was a constituent, is currently the most appropriate index against which the total shareholder return of the Company should be measured, as it is most likely to be used by investors, shareholders and management as a measure of performance in the leisure sector. This index is also utilised as the benchmark against which performance under the Company's Executive Share Option Scheme is assessed. Total shareholder return represents the change in value of a holding of shares over the relevant period assuming immediate reinvestment of dividends.

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

BY ORDER OF THE BOARD

Robert Howat, Secretary
13 August 2010

Celtic Park, Glasgow G40 3RE

Celtic vs. FTSE Travel and Leisure



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

FIVE YEAR RECORD

Financial	2010 £000	2009 Restated £000	2008 Restated £000	2007 Restated £000	2006 Restated £000
Revenue	61,715	72,587	72,593	75,237	57,411
Profit from trading before asset transactions and exceptional items	4,461	11,229	8,859	15,954	3,737
Profit/(loss) after taxation	(2,131)	2,003	4,435	15,040	(4,222)
Non equity dividends paid	544	544	544	1,895	1,445
Total equity	39,860	41,939	39,830	35,318	20,686
Shares in issue (excl deferred) no. '000	120,763	120,592	119,930	115,992	115,828
Earnings/(loss) per ordinary share	(2.37p)	2.24p	5.09p	18.53p	(7.19p)
Diluted earnings/(loss) per share	(1.17p)	1.87p	3.70p	11.48p	(7.19p)
Number of employees	454	508	500	496	489

Football	2010	2009	2008	2007	2006
League position	2	2	1	1	1
League points	81	82	89	84	91
Scottish Cup	SEMI FINAL	QUARTER FINAL	QUARTER FINAL	WINNERS	THIRD ROUND
League Cup	QUARTER FINAL	WINNERS	QUARTER FINAL	QUARTER FINAL	WINNERS
European ties played	5	3	5	4	1

Celtic Park	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Stadium investment to date	61,272	60,842	60,249	59,268	58,439
Stadium seating capacity (no.)	60,355	60,355	60,355	60,355	60,355
Average home league attendance (no.)	53,228	57,570	55,539	57,629	58,193
Season ticket sales (no.)	50,826	54,252	53,517	53,040	53,602

We have audited the financial statements of Celtic plc for the year ended 30 June 2010 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the group and parent company statements of changes in equity, the consolidated cash flow statement, the company cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.



Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion;

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alastair Rae (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors

Glasgow, UK
13 August 2010

Formed in 1995 as an independent charitable trust, Celtic Charity Fund formalised the Club's support of charitable causes, based on Brother Walfrid's founding principles. Due to the fantastic support received in 2009/10, a total of over £401,000 was donated to 107 charitable organisations on behalf of the Celtic Family. Fundraising activities included:-

Celtic Charity Cup, Powerleague Glasgow - Saturday 10th October 2009

The third year of the Celtic Charity Cup 5-a-side tournament saw 15 teams fight it out to lift the trophy, while raising money for Celtic Charity Fund. The winners, Emerald Isle, also played at Celtic Park at half-time during the Falkirk game on Saturday 16th January 2009.

Club Couture 09 – Sunday 29th November 2009

The inaugural Club Couture event - sponsored by Portfolio, a MEVCO Brand - was held in the Kerrydale Suite and hosted by Clyde1 Radio. The main beneficiary charities were Breast Cancer Care Scotland and The John Hartson Foundation, each receiving a donation of £10,000. House of Fraser provided clothing and accessories for the catwalk show which featured 1st team players - including Marc Crosas, Danny Fox, Marc-Antoine Fortune and Glenn Loovens - members of the Celtic Ladies FC squad, stars of River City and family members of football staff. The fashion show was the focal point of an evening which also included a three course meal, auction, raffle and a superb live music set from footballer Jim O'Brien.

Annual Sporting Dinner - Thursday 4th March 2010

Sponsored by Portfolio, this took place in the Kerrydale Suite and a total of almost £57,000 was generated on the night. The principal beneficiary – the Tommy Burns Skin Cancer Trust - received a donation of £25,000. The charity was set up by Tommy's daughters Jenna and Emma and aims to raise the profile and awareness of skin cancer and help in its prevention. As well as supporters, directors, first team management and players, we were privileged to be joined by the Burns family on the night.

Charity Ribbon Day, Saturday 27th March 2010

The Charity Fund's annual match day collection took place at the Kilmarnock game on Saturday 27th March. The main beneficiary of the event was Oxfam Scotland and, in particular, their work in tackling poverty and improving education in Africa. The efforts of everyone involved resulted in a donation of £10,000.

Celtic Charity Abseil, Friday 2nd and Saturday 3rd April 2010

Celtic Charity Fund hosted its inaugural charity abseil in partnership with Cystic Fibrosis Trust on Good Friday and Easter Saturday. The event was sponsored by Forrest Group. Almost 200 participants got the opportunity to abseil off the roof of the Main Stand at Celtic Park, while raising funds for charity. As result, a total of over £48,000 was raised. 50% of the final proceeds will be donated to Cystic Fibrosis Trust and the remaining 50% will be disbursed to a range of worthy causes.

Staff & Supporter Fundraising Schemes

These were introduced to co-ordinate the fundraising efforts of Celtic staff and supporters alike. Monies are diverted through Celtic Charity Fund, topped up by 25% (before any Gift Aid calculations) and then donated, on behalf of the staff member or supporter, to their nominated registered charity. During 2009/10 a total of over £160,000 was donated to 34 charities.

In addition to the many cash donations received, Celtic Football Club once again contributed a substantial level of in-kind support to Celtic Charity Fund including all staff, accommodation and support costs. The Club also made direct in-kind contributions to a wide range of worthy causes throughout the season in the form of match tickets, signed merchandise, stadium tours and a range of other items.

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

PRINCIPAL 1 - Charities in support of children's needs

Examples:-

Calum's Cabin – Provides a holiday cabin on the Isle of Bute where children with cancer can go with their families for a holiday. Our donation allowed the purchase of an Xbox system.

Childline in Scotland (part of NSPCC) – Provides free, 24hr helpline for children in distress or danger. It operates three counselling services in Scotland – Glasgow, Aberdeen and Edinburgh. The CCF award fund contributed to the costs of recruitment and training of volunteers.

Hearts & Minds – Provides tailored therapeutic artistic interventions for people in hospital and hospice care, through two programmes – Clowndoctors for children and The Elderflowers for older people with dementia. Our donation helped support the delivery of Clown-doctors to at least 4,000 children and their families at Yorkhill Hospital.

PRINCIPAL 2 - Community action on drugs

Examples:-

Charlie Canning Centre – This is a drop in centre in the East End of Glasgow for those with addiction problems and families suffering with illness. Our donation has supported the continuation of a range of activities.

The Haven Kilmacolm – Provides accommodation and support to West of Scotland men involved in drug/alcohol misuse. It offers a programme for future independent living including work experience, practical training and education. The CCF award funded a Photography Project to enhance the therapeutic programme and offer another healthy alternative to drugs misuse.



Hope UK – Aims to enable children and young people throughout the UK to develop the knowledge and skills they need to make drug-free choices.

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

Examples:-

The Hidden Gardens Trust – Unique greenspace and community resource serving Pollokshields and Govanhill. It provides a Parent and Toddler Programme, particularly for young mums from the BME community who feel isolated within their local area. CCF support helped fund a bi-lingual sessional worker.

NICHS Ltd – Aims to promote good relations within and between all communities in Northern Ireland through programmes that develop an understanding of cultural identity and raise awareness around prejudice, justice, rights and equality through mutual understanding. Our donation has supported an accredited residential programme for young people from marginalised communities who would not normally be attracted to traditional spheres of learning.

Scottish Interfaith Council – Aims to advance the public's understanding of teachings, traditions and practices of the different faith communities in Scotland and to promote mutual understanding and good relationships between people of these different faiths. The award has been used for three events to build knowledge, understanding and promote dialogue between the different faith communities within the membership with a view to promoting religious harmony.

SUBSIDIARY 1 - Supporting the homeless

Examples:-

First Housing Aid & Support Services – Works with the homeless and those in acute housing need in Northern Ireland. It provides various services including Damian & Ramona House Community Housing Projects. Our donation funded individuals to go through the Changing Lives Programme.

Homeless World Cup Foundation – Every year since 2003, teams of homeless and excluded people from all over the world have taken part in the Homeless World Cup. The 2009 event took place in September in Milan. The Foundation has a key role in supporting travel bursaries for some of the poorer countries.

Move On – Provides support, information, advice, peer education, volunteering opportunities, employability support, community support, mentoring, financial advice, literacy and numeracy tuition for the homeless.

SUBSIDIARY 2 - Helping the unemployed

Examples:-

Dennistoun Community Youth Project – Provides detached youth work in the East End of Glasgow. It engages with young people on the streets, offers leisure opportunities initially and, eventually educational, training and employment opportunities.

International Network of Street Papers – This Glasgow-based charity works to provide employment and training opportunities for homeless people in Scotland and around the world through a network of street papers..

Parkhead Citizens Advice Bureau – Assists clients to tackle poverty and support volunteering, thus helping the unemployed. It recruits, trains and supports volunteers, including refugees and asylum seekers.

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

Examples:-

Children of Amal ('Hope') – Promotes welfare and relieves suffering and distress of children traumatised by armed conflict in Palestinian occupied territories and Israel, through the use of music, creative arts, counselling and rehabilitative tools.

International Children's Trust – Overseas development organisation which focuses on the needs of vulnerable and at risk children in poverty.

Retrak – Works with around 2,000 street children in Africa each year, helping them break away from the vicious cycle of poverty and homelessness by providing them with food, temporary shelter and accommodation, catch-up education, medical treatment and vocational training.

As in previous years, we would like to record our sincere thanks to the Celtic Charity Fund Raising Action Group members for their superb efforts during 2009/10.

The three Trustees have also worked tirelessly to ensure the continued success of Celtic Charity Fund and the maintenance of the Club's charitable principles.

You can help us build on this.

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

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

Every penny raised is given back to worthy causes.

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

Jane Maguire

Celtic Charity Fund
c/o Celtic Football Club, GLASGOW G40 3RE

Tel:- 0141 551 4262

Email:- janemaguire@celticfc.co.uk





CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30th June 2010

	2010			2009			
	Notes	Operations excluding intangible asset trading £000	Intangible asset trading £000	Total £000	Operations excluding intangible asset trading £000	Intangible asset trading £000	Total £000
Continuing operations:							
Revenue	3, 4	61,715	-	61,715	72,587		72,587
Operating expenses (excluding exceptional operating expenses)	4, 5	(57,254)	-	(57,254)	(61,358)		(61,358)
Profit from trading before asset transactions and exceptional items		4,461	-	4,461	11,229	-	11,229
Exceptional operating expenses	7	(1,718)	(1,422)	(3,140)	(1,985)	(797)	(2,782)
Amortisation of intangible assets	5, 16	-	(8,350)	(8,350)	-	(7,434)	(7,434)
Profit on disposal of intangible assets		-	5,712	5,712	-	1,546	1,546
Profit/(loss) on disposal of property plant and equipment		(100)	-	(100)	231	-	231
Operating (loss)/profit		2,643	(4,060)	(1,417)	9,475	(6,685)	2,790
Finance costs:	11						
Bank loans and overdrafts				(170)			(243)
Convertible Cumulative Preference Shares				(544)			(544)
Profit before tax				(2,131)			2,003
Income tax expense	12			-			-
(Loss)/profit and total comprehensive income for the year				(2,131)			2,003
(Loss)/profit attributable to equity holders of the parent				(2,131)			2,003
Total comprehensive income attributable to equity holders of the parent				(2,131)			2,003
Basic (loss)/earnings per Ordinary Share for continuing operations	14			(2.37p)			2.24p
Diluted (loss)/earnings per share for continuing operations	14			(1.17p)			1.87p

		2010	2009
	Notes	£000	£000
			Restated
Assets			
Non-current assets			
Property, plant and equipment	15	55,854	56,689
Intangible assets	16	13,769	12,145
		69,623	68,834
Current assets			
Inventories	18	1,775	2,020
Trade and other receivables	20	6,845	4,427
Cash and cash equivalents	21	5,867	10,489
		14,487	16,936
Total assets		84,110	85,770
Equity			
Issued share capital	22	24,246	24,204
Share premium		14,359	14,309
Other reserve		21,222	21,222
Capital reserve		2,646	2,686
Accumulated losses	24	(22,613)	(20,482)
Total equity		39,860	41,939
Non-current liabilities			
Interest-bearing liabilities/bank loans	25	11,344	11,719
Debt element of Convertible Cumulative Preference Shares	23	4,438	4,438
Deferred income	27	183	254
		15,965	16,411
Current liabilities			
Trade and other payables	26	15,978	14,188
Current borrowings	26	511	421
Deferred income	27	11,796	12,811
		28,285	27,420
Total liabilities		44,250	43,831
Total equity and liabilities		84,110	85,770

The financial statements were approved and authorised for issue by the Board on 13 August 2010 and were signed on its behalf by

Peter T Lawwell Director

Eric J Riley Director

COMPANY BALANCE SHEET

As at 30th June 2010

		2010	2009
	Notes	£000	£000
Assets			Restated
Non-current assets			
Property, plant and equipment	15	55,854	56,689
Intangible assets	16	13,769	12,145
Investment in subsidiaries	17	-	-
		69,623	68,834
Current assets			
Trade and other receivables	20	14,224	5,484
Cash and cash equivalents	21	4,913	10,064
		19,137	15,548
Total assets		88,760	84,382
Equity			
Issued share capital	22	24,246	24,204
Share premium		14,359	14,309
Other reserve		21,222	21,222
Capital reserve		2,646	2,686
Accumulated profits	24	380	(645)
Total equity		62,853	61,776
Non-current liabilities			
Interest bearing liabilities/bank loans	25	11,344	11,719
Debt element of Convertible Cumulative Preference Shares	23	4,438	4,438
		15,782	16,157
Current liabilities			
Trade and other payables	26	9,614	6,028
Current borrowings	26	511	421
		10,125	6,449
Total liabilities		25,907	20,606
Total equity and liabilities		88,760	84,382

The financial statements were approved and authorised for issue by the Board on 13 August 2010 and were signed on its behalf by

Peter T Lawwell Director

Eric J Riley Director

Group	Share capital £000	Share premium £000	Other reserve £000	Capital reserve £000	Restated Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 2008	24,122	14,205	21,222	2,766	(21,074)	41,241
Prior year adjustment (see Note 23)	-	-	-	-	(1,411)	(1,411)
Equity shareholders' funds as at 1 July 2008 - restated	24,122	14,025	21,222	2,766	(22,485)	39,830
Share capital issued	2	104	-	-	-	106
Transfer from capital reserve	80	-	-	(80)	-	-
Profit for the period	-	-	-	-	2,003	2,003
Equity shareholders' funds as at 30 June 2009	24,204	14,309	21,222	2,686	(20,482)	41,939
Share capital issued	2	50	-	-	-	52
Transfer from capital reserve	40	-	-	(40)	-	-
Loss for the period	-	-	-	-	(2,131)	(2,131)
Equity shareholders' funds as at 30 June 2010	24,246	14,359	21,222	2,646	(22,613)	39,860
Company	Share capital £000	Share premium £000	Other reserve £000	Capital reserve £000	Restated Retained earnings £000	Total £000
Equity shareholders' funds as at 1 July 2008	24,122	14,205	21,222	2,766	1,649	63,964
Prior year adjustment (see Note 23)	-	-	-	-	(1,411)	(1,411)
Equity shareholders' funds as at 1 July 2008 - restated	24,122	14,205	21,222	2,766	238	62,553
Share capital issued	2	104	-	-	-	106
Transfer from capital reserve	80	-	-	(80)	-	-
Profit for the period	-	-	-	-	(883)	(883)
Equity shareholders' funds as at 30 June 2009	24,204	14,309	21,222	2,686	(645)	61,776
Share capital issued	2	50	-	-	-	52
Transfer from capital reserve	40	-	-	(40)	-	-
Profit for the period	-	-	-	-	1,025	1,025
Equity shareholders' funds as at 30 June 2010	24,246	14,359	21,222	2,646	380	62,853

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30th June 2010

	Note	2010 £000	2009 £000
Cash flows from operating activities			
(Loss)/profit for the year		(2,131)	2,003
Depreciation	15	1,986	2,204
Amortisation of intangible assets	16	8,350	7,434
Impairment of intangible assets	16	1,422	797
Profit on disposal of intangible assets	16	(5,712)	(1,546)
Loss/(profit) on disposal of property, plant and equipment		100	(231)
Finance costs	11	714	787
Sub total		4,729	11,448
Decrease in inventories		245	390
Decrease/(increase) in receivables		1,081	(406)
Decrease in payables and deferred income		(2,611)	(2,415)
Cash generated from operations		3,444	9,017
Interest paid		(170)	(243)
Net cash flow from operating activities - A		3,274	8,774
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,208)	(3,574)
Purchase of intangible assets		(10,330)	(6,970)
Proceeds from sale of property, plant and equipment		-	596
Proceeds from sale of intangible assets		4,421	3,639
Net cash used in investing activities - B		(7,117)	(6,309)
Cash flows from financing activities			
Repayment of debt		(286)	(14)
Dividends paid		(493)	(437)
Net cash used in financing activities - C		(779)	(451)
Net (decrease)/increase in cash equivalents A+B+C		(4,622)	2,014
Cash and cash equivalents at 1 July		10,489	8,475
Cash and cash equivalents at 30 June	21	5,867	10,489

	Note	2010 £000	2009 £000
Cash flows from operating activities			
Profit/(loss) for the year		1,025	(883)
Depreciation	15	1,986	2,204
Amortisation of intangible assets	16	8,350	7,434
Impairment of intangible assets	16	1,422	797
Profit on disposal of intangible assets	16	(5,712)	(1,546)
Loss/(profit) on disposal of property, plant and equipment		100	(231)
Finance costs	11	714	787
Sub total		7,885	8,562
(Increase)/decrease in receivables		(5,204)	508
Increase/(decrease) in payables		234	(239)
Cash generated from operations		2,915	8,831
Interest paid		(170)	(243)
Net cash flow from operating activities – A		2,745	8,588
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,208)	(3,574)
Purchase of intangible assets		(10,330)	(6,970)
Proceeds from sale of property, plant and equipment		-	596
Proceeds from sale of intangible assets		4,421	3,639
Net cash used in investing activities – B		(7,117)	(6,309)
Cash flows from financing activities			
Repayment of debt		(286)	(14)
Dividends paid		(493)	(437)
Net cash used in financing activities - C		(779)	(451)
Net increase in cash equivalents A+B+C		(5,151)	1,828
Cash and cash equivalents at 1 July		10,064	8,236
Cash and cash equivalents at 30 June	21	4,913	10,064

1 BASIS OF PREPARATION

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

These Financial Statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The prior year figures for 2009 have been restated following the recalculation of the debt element of the Convertible Cumulative Preference Shares as per Note 23.

A separate income statement for the parent Company has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the parent Company is disclosed in Note 24.

Statement of compliance

Adoption of standards effective in 2009

The following standards have been applied by the Group from 1 July 2009:

IFRS 8 Operating segments

The application of IFRS 8 in the year ended 30 June 2010 have not affected the balance sheets or income statement as the standard is consistent with the requirements of standards already applied by the Group.

IFRS effective in 2009 but not relevant

The following amendment was mandatory for accounting periods beginning on or after 1 January 2009 but is not relevant to the operations of the Group or Company:

IFRS 3 (revised 2008) – Business Combinations

IFRIC 15 – Agreements for the Construction of Real Estate

IFRIC 16 – Hedges of investments in a foreign operation

IFRIC 17 – Distribution of non cash assets to owners

IFRIC 18 – Transfer of assets from customers

2 ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidation includes the Financial Statements of the Company and its subsidiary undertakings and is based on their audited Financial Statements for the year ended 30 June 2010. All subsidiaries are accounted for using the purchase method. Entities in which the Group holds an interest on a long-term basis and which are controlled jointly by the Group and other parties are treated as joint ventures.

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

(b) Depreciation

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

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

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

Freehold land is not depreciated.

Freehold land and buildings includes capitalised interest of £0.43m (2009: £0.43m).

(c) Intangible assets

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

(d) Impairment policy

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

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

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

(e) Revenue

Revenue which is exclusive of value added tax represents match receipts and other income associated with the continuing principal activity of running a professional football club. Revenue is analysed between Football and Stadium Operations, Merchandising and Multimedia and Other Commercial Activities.

Football and Stadium Operations revenue arises from all ticket sales, standard, premium and corporate, derived from matches played at Celtic Park. Other revenues are also derived from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic Development Pools Limited and revenues derived from the hiring of Celtic Park for football and non-football events.

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

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

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

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

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

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

(f) Grants

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

(g) Financial instruments

The Group and Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

(h) Leasing obligations and hire purchase

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

Assets acquired under hire purchase contracts are treated as property, plant and equipment and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the consolidated statement of comprehensive income over the period of the agreement on the effective interest basis.

(i) Inventories

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

(j) Trade receivables

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

(k) Trade payables

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

(l) Pension costs

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

(m) Foreign exchange

Transactions denominated in foreign currency are translated at the date of the transaction. Monetary foreign currency assets and liabilities at the year-end are translated at the year end exchange rate. Any resulting exchange gain or loss is dealt with in the Group Consolidated Statement of Comprehensive Income at the date of crystallisation.

(n) Deferred tax

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

(o) Share based payments

The Group has applied the exemption available under IFRS 1 and elects to apply IFRS 2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 January 2006. Options are measured at fair value at grant date using the Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share-based payment transactions results in the recognition of a liability at its current fair value. Details of the Group's share option schemes are provided in the Remuneration Report on pages 21-22.

(p) Exceptional operating expenses

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

(q) Critical accounting estimates and judgements

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

(r) Financial instruments

Investments: Equity financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses. When these investments are sold the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

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

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

3 SEGMENTAL REPORTING

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

Year to 30 June 2010	Football and stadium operations £000	Merchandising £000	Multimedia and other commercial activities £000	Consolidated £000
External revenue	35,507	15,496	10,712	61,715
(Loss)/profit from segment before asset transactions and exceptional operating expenses	(9,874)	5,545	8,790	4,461
Exceptional operating expenses				(3,140)
Amortisation of intangible fixed assets				(8,350)
Profit on disposal of intangible fixed assets				5,712
Loss on disposal of property, plant and equipment				(100)
Loss before finance costs and tax				(1,417)
Finance costs				(714)
Taxation				-
Loss for the year				(2,131)
Other information:				
Segment assets	70,579	4,063	2,204	76,846
Unallocated corporate assets				7,264
Consolidated total assets				84,110
Segment liabilities	22,556	1,381	1,442	25,379
Unallocated corporate liabilities				17,460
Consolidated total liabilities				42,839
Capital expenditure	1,118	86	47	1,251
Depreciation	1,776	203	7	1,986
Intangible asset additions	13,641	-	-	13,641
Amortisation	8,350	-	-	8,350
Impairment losses	1,422	-	-	1,422

3 SEGMENTAL REPORTING

Year to 30 June 2009	Football and stadium operations £000	Merchandising £000	Multimedia and other commercial activities £000	Consolidated £000
External revenue	36,534	17,180	18,873	72,587
(Loss)/profit from segment before asset transactions and exceptional operating expenses	(12,756)	6,861	17,124	11,229
Exceptional operating expenses				(2,782)
Amortisation of intangible fixed assets				(7,434)
Profit on disposal of intangible fixed assets				1,546
Profit on disposal of property, plant and equipment				231
Profit before finance costs and tax				2,790
Finance costs				(787)
Taxation				-
Profit for the year				2,003
Other information:				
Segment assets	66,720	4,340	3,415	74,205
Unallocated corporate assets				11,565
Consolidated total assets				85,770
Segment liabilities	18,156	2,066	2,226	22,448
Unallocated corporate liabilities				19,972
Consolidated total liabilities				42,420
Capital expenditure	2,665	221	56	2,943
Depreciation	1,981	219	4	2,204
Intangible asset additions	8,529	-	-	8,529
Amortisation	7,434	-	-	7,434
Impairment losses	797	-	-	797

4 REVENUE AND OPERATING EXPENSES

REVENUE	2010 £000	2009 £000
The Group's revenue comprised:		
Football and Stadium Operations	35,507	36,354
Merchandising	15,496	17,180
Multimedia and other commercial activities	10,712	18,873
	61,715	72,587

OPERATING EXPENSES	2010 £000	2009 £000
The Group's operating expenses comprised:		
Football and Stadium Operations (excluding exceptional items and asset transactions)	45,381	49,290
Exceptional items and asset transactions:		
Early termination of employment contracts	1,718	1,985
Impairment of intangible assets	1,422	797
Amortisation of intangible assets	8,350	7,434
Profit of disposal of intangible assets	(5,712)	(1,546)
Loss/(profit) on disposal of property, plant and equipment	100	(231)
Total Football and Stadium Operations	51,259	57,729
Merchandising	9,951	10,319
Multimedia and other commercial activities	1,922	1,749
	63,132	69,797

5 (LOSS)/PROFIT BEFORE FINANCE COSTS AND TAX

	2010 £000	2009 £000
Group profit/(loss) before finance costs and tax:		
Staff costs (Note 8)	36,483	38,751
Depreciation of property, plant and equipment (Note 15)	1,986	2,204
Amortisation of intangible assets (Note 16)	8,350	7,434
Impairment losses on intangible assets (Note 16)	1,422	797
Operating lease expense (Note 27)	1,001	1,023
Cost of inventories recognised as expense	6,903	7,787

6 AUDITORS' REMUNERATION

	2010 £000	2009 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10	10
Fees payable to the Company's auditor and its associates in respect of:		
The auditing of accounts of associates of the Company pursuant to legislation	26	26
Other services relating to taxation	8	8
All other services	2	2

7 EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £3.14m (2009: £2.78m) can be analysed as follows:

	2010 £000	2009 £000
Exceptional operating expenses comprised		
Impairment of intangible assets	1,422	797
Compromise payments on contract termination	1,703	1,960
Ancillary direct costs	15	25
	<u>3,140</u>	<u>2,782</u>

8 STAFF PARTICULARS

Group	2010 £000	2009 £000
Wages and salaries	32,514	34,420
Social security costs	3,633	3,837
Other pension costs	336	494
	<u>36,483</u>	<u>38,751</u>

Company	2010 £000	2009 £000
Wages and salaries	2,427	2,266
Social security costs	311	287
Other pension costs	164	157
	<u>2,902</u>	<u>2,710</u>

Employee numbers Group	2010 Number	2009 Number
Average number of full time equivalents employed in the year:	<u>454</u>	<u>508</u>

Company	2010 Number	2009 Number
Average number of full time equivalents employed in the year:	<u>101</u>	<u>93</u>

9 DIRECTORS' EMOLUMENTS

	Salary/fees £	Bonus £	Benefits in kind £	Pension Contributions £	2010 Total £	2009 Total £
Dr J Reid	50,000	-	-	-	50,000	50,000
P Lawwell	507,625	152,288*	17,136	76,144	753,193*	738,987
E Riley	140,122	35,030	26,595	21,018	222,765	230,940
T Allison	25,000		-	-	25,000	25,000
D Desmond	25,000		-	-	25,000	25,000
B Duffy	9,776				9,776	-
I Livingston	30,000		-	-	30,000	30,000
B McBride	8,333		-	-	8,333	25,000
B Wilson	25,000		-	-	25,000	25,000
	820,856	187,318	43,731	97,162	1,149,067	1,149,927

Aggregate emoluments and pension contributions of the highest paid director were £677,049 (2009: £670,799) and £76,144 (2009: £68,188) respectively. The aggregate emoluments of the highest paid director include a bonus provision.

*Although entitled to a bonus of £190,359 the highest paid director (Peter Lawwell) has unilaterally waived £38,071 of that entitlement and has voluntarily deferred payment of the remainder (£152,288) until a future, as yet unspecified, date. During the year contributions were paid to defined contribution money purchase pension schemes in respect of 2 (2009: 2) directors.

10 RETIREMENT BENEFIT OBLIGATIONS

The Group and Company pension arrangements are operated through a defined contribution money purchase scheme. The assets of the pension scheme are held separately from those of the Group and Company by The Standard Life Assurance Company. Contributions made by the Group and Company to the scheme during the year amounted to £204,509 (2009: £203,763) and £63,123 (2009: £61,145) respectively. Group and Company contributions of £25,757 (2009: £25,930) and £7,780 (2009: £7,127) respectively were payable to the fund at the year-end. In addition to this the Group and Company also made contributions to the personal pension plans of certain employees.

11 FINANCE COSTS

	2010 £000	2009 £000
Finance costs comprised:		
On bank and other loans	170	243
Convertible Cumulative Preference Shares of 60p each	544	544
Total interest payable	714	787

12 TAX ON ORDINARY ACTIVITIES – GROUP

No provision for corporation tax or deferred tax is required in respect of the year ended 30 June 2010. Estimated tax losses available for set-off against future trading profits amount to approximately £26m (2009: £25m) and, in addition, the available capital allowances pool is approximately £17.10m (2009: £16.30m). These estimates are subject to the agreement of the current and prior years' corporation tax computations with H M Revenue and Customs.

The corporation tax assessed for the year is different from the standard rate of corporation tax in the United Kingdom of 28% (2009: 28%). The differences are explained below:

	2010 £000	2009 £000
(Loss)/profit on ordinary activities before tax	(2,131)	2,003
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2009: 30%)	(597)	561
Effects of:		
Expenses not deductible for tax purposes	14	12
Depreciation for the period in excess of capital allowances	556	78
Dividends reclassified as interest	152	152
Untaxed income	(207)	(239)
Other	-	17
Losses utilised in the year	(125)	(581)
Current corporation tax charge for year	-	-

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

13 DIVIDENDS PAYABLE

A 6% (before tax credit deduction) non-equity dividend of £0.54m (2009: £0.54m) is payable on 31 August 2010 to those holders of Convertible Cumulative Preference Shares on the share register at 30 July 2010. On 31 August 2007 the entitlement to a dividend on the Convertible Preferred Ordinary Shares ceased. A number of shareholders have elected to participate in the Company's scrip dividend reinvestment scheme for this financial year. Those shareholders will receive new Ordinary Shares in lieu of cash. The implementation of the presentational aspects of IAS32 ("Financial Instruments: disclosure") in the preparation of the annual results, requires that the Group's Preference Shares and Convertible Preferred Ordinary Shares, as compound financial instruments, are classified as a combination of debt and equity and the attributable non-equity dividends are classified as finance costs. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

14 EARNINGS PER SHARE

	2010 £000	2009 £000
Reconciliation of net (loss)/profit to basic (loss)/earnings:		
Net (loss)/profit attributable to equity holders of the parent	(2,131)	2,003
Basic (loss)/earnings	(2,131)	2,003
Reconciliation of basic (loss)/earnings to diluted (loss)/earnings:		
Basic (loss)/earnings	(2,131)	2,003
Non-equity share dividend	544	544
Diluted (loss)/earnings	(1,587)	2,547
	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	89,873	89,584
Dilutive effect of convertible shares	46,257	46,346
Diluted weighted average number of ordinary shares	136,130	135,930

Loss per share has been calculated by dividing the loss for the period of £2.13m (2009: £2.00m profit) by the weighted average number of Ordinary Shares of 89.87m (2009: 89.58 m) in issue during the year. Diluted loss per share as at 30 June 2010 has been calculated by dividing the loss for the period by the weighted average number of Ordinary Shares, Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the balance sheet date, and the full exercise of outstanding share purchase options, if dilutive, in accordance with IAS33 Earnings Per Share. As at June 2010 and June 2009 no account was taken of potential share purchase options, as these potential Ordinary Shares were not considered to be dilutive under the definitions of the applicable accounting standards.

15 NON-CURRENT ASSETS – PROPERTY PLANT AND EQUIPMENT

The movement on these accounts during the year to 30 June 2010 was as follows:

Group and Company	Freehold Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2009	48,275	4,494	20,897	73,666
Additions	584	28	639	1,251
Disposals	-	(8)	(394)	(402)
At 30 June 2010	48,859	4,514	21,142	74,515
Accumulated Depreciation				
At 1 July 2009	1,084	1,932	13,961	16,977
Charge for year	190	267	1,529	1,986
Eliminated on disposal	-	(8)	(294)	(302)
At 30 June 2010	1,274	2,191	15,196	18,661
Net Book Value				
At 30 June 2010	47,585	2,323	5,946	55,854
At 30 June 2009	47,191	2,562	6,936	56,689

Group and Company

The movement on these accounts during the year to 30 June 2009 was as follows:

Group and Company	Freehold Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2008	46,880	3,782	20,486	71,148
Additions	1,640	712	591	2,943
Disposals	(245)	-	(180)	(425)
At 30 June 2009	48,275	4,494	20,897	73,666
Accumulated Depreciation				
At 1 July 2008	892	1,643	12,298	14,833
Charge for year	192	289	1,723	2,204
Eliminated on disposal	-	-	(60)	(60)
At 30 June 2009	1,084	1,932	13,961	16,977
Net Book Value				
At 30 June 2009	47,191	2,562	6,936	56,689
At 30 June 2008	45,988	2,139	8,188	56,315

Freehold land and buildings include capitalised interest of £0.43m (2009: £0.43m).

16 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Group and Company	2010 £000	2009 £000
Cost		
At 1 July	26,126	26,526
Additions	13,641	8,529
Disposals	(9,484)	(8,929)
At 30 June	30,283	26,126
Amortisation		
At 1 July	13,981	14,664
Charge for year	8,350	7,434
Provision for impairment	1,422	797
Disposals	(7,239)	(8,914)
At 30 June	16,514	13,981
Net Book Value		
At 30 June	13,769	12,145

	2010 No.	2010 £000	2009 No.	2009 £000
The number of players with a book value in excess of £1m by contract expiry date is as follows:				
Contract expiry within 1 year	-	-	-	-
Contract expiry within 2 years	4	5,853	1	1,587
Contract expiry within 3 years	1	1,084	3	6,292
Contract expiry within 4 years	2	2,913	-	-
	7	9,850	4	7,879

No individual intangible asset included above accounted for more than 15% of the total net book value of the intangible assets (2009: 21%). The opening net book value of intangible assets at 1 July 2009 was £12.14m and on 1 July 2008 was £10.86m.

The net gain on sale of intangible assets in the year was £5.71m (2009: £1.55m). The impairment provision in 2010 and 2009 within the football segment reflects the Directors' view that the recoverable amount of the intangible asset is lower than the carrying value, as per Note 2(d) above, and recognises a write down to net realisable value of such assets. The value is based on value in use of the assets and as it arises from the early termination of employment contracts, this value is considered to be nil.

17 INVESTMENTS

Subsidiaries

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

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

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

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

Other Investments

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

18 INVENTORIES

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Raw Materials	24	35	-	-
Finished goods	1,751	1,985	-	-
	1,775	2,020	-	-

Inventories written down during the year amounted to £0.19m (2009: £0.25m). Inventories of £nil (2009: nil) are carried at net realisable value.

19 DEFERRED TAX ASSET

Group

The Group follows the accounting treatment for deferred taxation as prescribed in IAS 12 Income Taxes. At the balance sheet date the value of deferred tax asset was £7.20m (2009: £7.15m). This asset would be recoverable against future taxable profits of the Group. In addition advance corporation tax of £250,000 would be recoverable against future taxable profits of the Group, while the Group has an available capital allowances pool of approximately £17.10m (2009: £16.30m). In line with IAS 12 Income Taxes and given the financial difficulties currently being experienced by the football sector, the Group has not recognised the deferred tax asset nor the advance corporation tax asset in the financial statements because it is not considered probable that future taxable profits will be available against which these assets can be utilised in the foreseeable future.

Company

At 30 June 2010, the deferred tax asset not reflected in the Company's Financial Statements was £0.56m (2009: £nil).

20 TRADE & OTHER RECEIVABLES

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Receivables comprised:				
Trade and other receivables	7,327	4,590	14,224	5,484
Provision for doubtful debts (see below)	(482)	(163)	-	-
	6,845	4,427	14,224	5,484
Analysed as follows:				
Prepayments and accrued income	1,141	1,399	107	83
Related party receivables	-	-	10,204	5,176
Trade and other receivables	5,704	3,028	3,913	225
	6,845	4,427	14,224	5,484

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
The movement in the provision for doubtful debts was as follows:				
Opening balance	163	410	-	-
Balances written off	(89)	(682)	-	-
Change in provision	348	364	-	-
Balances recovered	60	71	-	-
Closing balance	482	163	-	-

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

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

21 CASH AND CASH EQUIVALENTS

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Balances with banks	5,843	10,462	4,913	10,064
Cash on hand	24	27	-	-
Cash and cash equivalents	5,867	10,489	4,913	10,064

22 SHARE CAPITAL

Group and Company	Authorised 30 June		Allotted, called up and fully paid 30 June			
	2010 No 000	2009 No 000	2010 No 000	2010 £000	2009 No 000	2009 £000
Equity						
Ordinary Shares of 1p each	219,990	219,901	89,940	899	89,726	897
Deferred Shares of 1p each	490,638	486,460	490,638	4,906	486,460	4,865
Non-equity						
Convertible Preferred Ordinary Shares of £1 each	16,018	16,060	14,031	14,031	14,072	14,072
Convertible Cumulative Preference Shares of 60p each	19,293	19,294	16,793	10,076	16,794	10,077
Less reallocated to debt under IAS 32		-		(5,666)	-	(5,707)
	745,939	741,715	611,402	24,246	607,052	24,204

On 1 September 2009, 125,781 new Ordinary Shares of 1p each were issued in respect of mandates received from holders of Convertible Cumulative Preference Shares ("CCP Shares).

From 1 September 2007, the Convertible Preferred Ordinary Shares may be converted into Ordinary Shares and Deferred Shares on the election of the shareholder. The number of Ordinary Shares and Deferred Shares to which a holder of Convertible Preferred Ordinary Shares is entitled on conversion was determined by reference to the middle market price of Ordinary Shares in the three dealing days immediately prior to 1 September 2007. As a result each Convertible Preferred Ordinary Share converts into 2.08 Ordinary Shares and 97.92 Deferred Shares.

Each Convertible Cumulative Preference Share of 60p carries the right, subject to the availability of distributable profits, to the payment of a fixed preference dividend equal to 6% (less tax credit deduction) of its nominal value, cumulative with effect from 1 July 1996. The first dividend was paid on 31 August 1997. Holders of Preference Shares of 60p are entitled on or at any time after 30 June 2001 to convert each Preference Share into one Ordinary Share of 1p and 59 Deferred Shares of 1p each. During the year ended 30 June 2010, 1,700 Preference Shares were converted in accordance with these provisions. The Ordinary Shares of 1p each, arising on conversion rank pari passu in all respects with the existing Ordinary Shares of 1p each. The Deferred Shares are non-transferable, carry no voting rights, no class rights and have no valuable economic rights. As at 12 August 2010, the latest practicable date before publication, conversion notices had been received in respect of 6,300 Preference Shares.

Reconciliation of number of Ordinary Shares in issue:	2010 No.'000	2009 No.'000
Opening balance	89,762	88,615
Shares issued re scrip dividend scheme	126	216
Shares issued re Convertible Preferred Ordinary Share conversions	86	894
Shares issued re Preference Share Conversion	2	1
Closing Balance	89,940	89,726

Reconciliation of number of Deferred Shares in issue:	2010 No.'000	2009 No.'000
Opening balance	486,460	444,285
Convertible Preferred Ordinary Share conversions to Ordinary and Deferred Shares	100	41,585
Shares issued re Preference Share Conversion	4,078	590
Closing Balance	490,638	486,460

	2010 No.'000	2009 No.'000
Reconciliation of number of Convertible Preferred Ordinary Shares in issue:		
Opening balance	14,072	14,502
Convertible Preferred Ordinary Share conversions to Ordinary and Deferred Shares	(41)	(430)
Closing Balance	14,031	14,072

	2010 No.'000	2009 No.'000
Reconciliation of number of Cumulative Convertible Preference Shares in issue:		
Opening balance	16,794	16,795
Convertible Cumulative Preference Share conversions to Ordinary and Deferred Shares	(1)	(1)
Closing Balance	16,793	16,794

23 PRIOR YEAR ADJUSTMENT– Group and Company

Following a review of the accounting treatment of the debt element of the Cumulative Convertible Preference Shares, an adjustment has been required which has resulted in the debt element of the Cumulative Convertible Preference Shares increasing by £1.41m from £3.03m to £4.44m, and reserves reducing by £1.41m as noted in the statements of changes in equity on page 34. This adjustment had no impact on reported profitability in either of the years ended 30 June 2010 or 30 June 2009.

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. Under the terms of this cancellation, an amount equal to three times the Executive Club loans, currently equal to £408,000 (2009: £420,000) will remain non-distributable from this Other Reserve until such loans are repaid by the Company.

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

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

The profit for the year for the parent company was £1.02m (2009: £0.88m loss)

25 BORROWINGS – Group and Company

The Co-operative Bank	2010 £000	2009 £000
Interest bearing liabilities	11,719	12,000
Interest	1,506	1,703
	13,225	13,703

Interest payable as follows:	2010 £000	2009 £000
Within 1 year	191	197
Between 2 and 5 years	701	726
In more than 5 years	614	780

The Interest bearing liabilities are represented by loans from the Co-operative Bank. These loans bear interest at London Inter-Bank Offered Rate plus 1.125%. The loans are floating rate loans and therefore expose the Group to cash flow risk. These loans form part of a £23.44m loan facility which is repayable in equal quarterly instalments from October 2009 until April 2019 and £16.69m is repayable in July 2019. The Group has the option to repay the loans earlier than these dates without penalty. The bank loans are secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxton.

26 TRADE AND OTHER PAYABLES

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Current portion of non-current borrowings	375	281	375	281
Other loans	136	140	136	140
Accrued expenses	12,756	9,922	7,664	3,318
Trade and other payables	3,222	4,266	1,950	2,710
	16,489	14,609	10,125	6,449

The increase in accrued expenses is largely as a result of increased amounts due in respect of the acquisition of intangible assets.

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

27 DEFERRED INCOME

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Income deferred less than one year	11,796	12,811	-	-

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.

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Income deferred after more than one year	183	254	-	-

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 2010/11.

28 CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Capital commitments

Group & Company	2010 £000	2009 £000
Authorised and contracted for	107	122

b. Other commitments

At 30 June 2010 the Group had commitments under operating leases as follows:

Amounts payable:	Land & Buildings		Other	
	2010 £000	2009 £000	2010 £000	2009 £000
Within 1 year	1,092	996	16	15
Between 2 and 5 years	3,691	3,692	9	-
In more than 5 years	1,800	2,305	-	-

Lease payments recognised in the income statement for the period amounted to £1.00m (2009: £1.02m).

c. Contingent transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations, additional amounts would be payable/receivable by the Group if specific future conditions are met. Such future conditions include first team competitive appearances, football success, international appearances and being a registered Celtic player at a certain point in time. Amounts in respect of such contracts at 30 June 2010 could result in an amount payable of £2.82m (2009: £3.61m), of which £1.52m could arise within one year and amounts receivable of £0.11m (2009: £0.31m), of which all (2009: all) could arise within one year. Within these amounts, only immaterial items meet the definition of financial assets or liabilities.

Group & Company	2010 £000	2009 £000
Conditions for triggering additional amounts payable:		
Appearances	1,020	1,420
Success achievements	750	250
Appearances and success achievements	720	1,000
International appearances	40	40
Registered at a pre-determined date	300	900
	2,820	3,610
Number of players contingent transfer fee payable relates to	19	20

d. Cross guarantees

Cross guarantees exist between the Company and its subsidiary undertakings. The extent of these at 30 June 2010 was £nil (2009: £nil).

29 FINANCIAL INSTRUMENTS – Group and Company

The principal financial instruments during the financial year ended 30 June 2010 and as at the balance sheet date were trade receivables (Note 20) and payables (Note 26), bank borrowings (Note 25), cash (Note 29) and compound financial instruments (Note 22). The financial assets are trade debtors and cash. These are all categorised as loans and receivables. The financial liabilities are trade payables, bank borrowings other creditors and the debt element of the Convertible Cumulative Preference Shares. These are all categorised as financial liabilities measured at amortised cost.

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

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

It is widely accepted that the economic conditions have not improved over the last year with several major banks requiring financial support from the Government to continue to trade. To date Celtic has not seen a material impact on its business and subject to that there has been no change in financial risks from 2009.

Interest Rate Risk

The working capital of the Group and Company is funded largely by bank borrowings. The Group and Company has a £35.44m facility with the Co-operative Bank of which £12m is in the form of overdraft and £23.44m in long-term loans. While the nature of the overdraft results in the application of a floating rate, the loans offer the possibility to lock into a longer-term interest rate. £11.72m (2009: £12m) of the loan facility is required to be drawn down for the term of the facility agreement. In 2009/10 fixed rate periods varied between one and three months and the average balance on the loans was £11.86m (2009: £12m). During the course of the year the Group had an average credit balance on the overdraft facility of £7.53m (2009: £7.26m). The average overdraft rate applicable during the year was 1.50% (2009: 3.49%) and the average loan rate 1.84% (2009: 3.64%). In terms of the overall risk management process, executive management liaise closely with advisers in managing the risk profile of the Group and Company. In times of interest rate volatility, executive management take advice as to the various instruments that may protect the Group and Company against increased costs, whether this be an interest rate cap, collar or other mechanism. No such mechanisms were utilised during the year nor in 2009.

Based on the average levels of debt in the year to 30 June 2010 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 £0.04m (2009: £0.04m). The calculation in both years incorporates the terms and conditions of the agreement with the Co-operative Bank as noted above, the terms of which have not altered from 2009.

The bank loans and overdraft bear interest at LIBOR plus 1.125% and base rate plus 1.0% respectively, as was the case in the year ended 30 June 2009. The other loans of the Group and Company are interest free. It is the Group and Company policy to secure funding at the most cost-effective rates of interest available to the Group.

The maturity profile of the Group and Company's financial liabilities at 30 June 2010 and 30 June 2009 and details of applicable interest rates on these liabilities are disclosed in Notes 25 and 26.

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

Of the available bank facilities of £35.44m (2009: £36m), of which £23.44m is represented by long-term loans and £12m by overdraft, £23.72m (2009: £ 24.00m) remains undrawn at the balance sheet date as follows:

	2010 £000	2009 £000
Loans repayable within one year	375	282
Loans repayable between two and five years	1,500	1,500
Loans repayable in more than five years	9,844	10,218
Overdraft repayable on demand	12,000	12,000
	23,719	24,000

Credit Risk

Although the vast majority of individual transactions entered into with customers are low value, business objectives rely on maintaining a high quality customer base and place strong emphasis on good credit management. Prior to entering into significant contracts extensive credit checks on potential customers are carried out with the results having a strong bearing on the selection of trading partner. Executive management are responsible for most day-to-day aspects of credit management although contracts of significance, in terms being in excess of a predetermined value, are referred to the Board.

As at 30 June 2010, £0.37m representing 6.54% of trade receivables of the Group of £5.62m were past due but not impaired (2009: £0.47m, 15.4%) and £0.03m representing 0.8% of the trade receivables of the Company of £3.91m were past due but not impaired (2009: £0.01m, 5.8%). Group trade receivables of £0.48m (2009: £0.16m) were considered to be impaired at the year end. Details of trade receivables are included in Note 20. An analysis of trade receivables past due but not impaired is as follows:

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Trade receivables				
Up to 30 days past due	268	400	4	6
Between 60 and 30 days past due	15	34	3	7
Over 60 days past due	86	34	24	-
	369	468	31	13

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

	2010 Group £000	2009 Group £000	2010 Company £000	2009 Company £000
Co-operative Bank	5,651	10,313	4,914	10,064
Allied Irish Bank	192	149	-	-
Sub total	5,843	10,462	4,914	10,064
Cash on hand	24	27	-	-
Cash and cash equivalents	5,876	10,489	4,914	10,064

The Group deposits surplus funds only in approved high quality banks in order to restrict credit risk to financial assets in the form of monetary deposits. However, throughout both 2010 and 2009, the Co-operative Bank was in a net lending position as £11.72m (2009: £12m) of the available loan facility, as noted above, is required to be drawn down for the term of the facility agreement. To minimise any credit risk in respect of balances held with the Allied Irish Bank, such amounts are remitted to the Co-operative Bank on a regular basis.

Liquidity Risk

The financial liabilities of the Group and Company, principally trade payables and bank borrowings, are repayable in accordance with the respective trading and lending terms entered into by the Group. Trade payables are payable monthly in arrears where undisputed or alternatively in accordance with particular contract terms. As at 30 June 2010, 54% of trade payables of the Group were due to be paid within one month (2009: 45%) and 40% of trade payables of the Company were due to be paid within one month (2009: 9%). The average creditor payment period is 34 days (2009:35 days)

The maturity profile of the bank borrowings of the Group and Company is as set out in Note 25. Other loans held by the Company of £0.14m (2009: £0.14m) are repayable on demand.

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

Contractual maturity analysis for financial liabilities:

	2010 Group £000	2010 Group £000	2010 Group £000	2010 Group £000	2010 Group £000	2010 Group £000
	Due between 0 to 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Due after 5 years	In perpetuity	Total
Non-current borrowings	-	-	1,500	9,844		11,344
Trade and other payables	11,204	4,230	-	-		15,434
Current borrowings	136	-	-	-		136
Current portion of non-current borrowings	94	281	-	-		375
Convertible Cumulative Preference Share dividends*	-	-	-	-	544	544
Total	7,869	4,511	1,500	9,844	544	27,833

	2009 Group £000	2009 Group £000	2009 Group £000	2009 Group £000	2009 Group £000	2009 Group £000
	Due between 0 to 3 months	Due between 3 months to 1 year	Due between 1 to 5 years	Due after 5 years	In perpetuity	Total
Non-current borrowings	-	-	1,500	10,219		11,719
Trade and other payables	13,231	413	-	-		13,644
Current borrowings	140	-	-	-		140
Current portion of non-current borrowings	-	281	-	-		281
Convertible Cumulative Preference Share dividends*	-	-	-	-	544	544
Total	13,371	694	1,500	10,219	544	26,328

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

Compound Financial Instruments

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

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

Fair value of financial assets and financial liabilities

The fair value of the Group and Company's financial assets and liabilities, as defined above, are not materially different to their book value with the exception of the debt element of the Convertible Cumulative Preference Shares, the fair value of which is considered to be £9.08m (2009: £9.08m). The fair value of the debt element of the compound financial instruments has been calculated by reference to the discounted value of future cash flows.

Capital management

The Group and Company's capital base is as set out in the Statement of Changes in Equity and in Notes 22 and 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 bank borrowing facility of £35.44m is utilised to fund working capital. The Board consider carefully all significant capital projects and where necessary ensures that the funding of such is achieved through utilisation of the most appropriate funding mechanism whether borrowings or additional equity. The Board considers all these things by reference to projected costings and budgets, taking into account funding structures and sources and its overall objectives and policies to mitigate risk. Neither the Group nor Company is subject to any regulatory capital requirements.

30 POST BALANCE SHEET EVENTS**Capital expenditure**

Since the balance sheet date further capital expenditure on intangible assets of £7.58m (2009: £6.63m) has been committed.

31 RELATED PARTY TRANSACTIONS

Celtic plc undertakes related party transactions with its subsidiary company Celtic FC Limited which are governed by a management services agreement. This agreement covers the recharge of certain direct expenditure and or income from Celtic plc to Celtic F.C. Limited and the rental of certain properties at Celtic Park to Celtic F.C. Limited. Amounts recharged in the year by Celtic plc to Celtic F.C. Limited was £16.43m (2009: £14.49m). The balance outstanding at the year end is disclosed in Note 20.

CELTIC plc

(Incorporated in Scotland with company registration number SC003487)

Registered office: Celtic Park, Glasgow, G40 3RE

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2010 Annual General Meeting of Celtic plc (“Company”) will be held at Celtic Park, Glasgow G40 3RE on **18 November 2010 at 2.30pm** for the following purposes:

RESOLUTIONS

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 9 will be proposed as ordinary resolutions and Resolution 10 will be proposed as a special resolution.

Resolution 11 is an ordinary resolution and has been requisitioned by members under Section 338 of the Companies Act 2006 and is not proposed by the Directors.

Ordinary Business

1. To receive the Company’s annual accounts and the Auditors’ Report and the Directors’ Report for the year ended 30 June 2010.
2. To approve the Directors’ Remuneration Report for the year ended 30 June 2010.
3. To appoint Brian Duffy as a director of the Company.
4. To reappoint Ian Livingston, who retires by rotation, as a director of the Company.
5. To reappoint Eric Riley, who retires by rotation, as a director of the Company.
6. To reappoint Dermot Desmond, who retires by rotation, as a director of the Company.
7. To reappoint Tom Allison, who retires by rotation, as a director of the Company.
8. To reappoint PKF (UK) LLP as auditors of the Company and to authorise the directors to fix the remuneration of the auditors.

Special Business

9. That, pursuant to section 551 of the Companies Act 2006 (“2006 Act”) and Article 5 of the Company’s articles of association (“Articles”), the directors be and are generally and unconditionally authorised to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company (“Rights”) up to an aggregate nominal amount of £4,787,147.29 provided that this authority shall expire on 17 November 2015 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after this authority expires and the directors may allot shares or grant such Rights in pursuance of any such offer or agreement.

This authority is in substitution for all existing authorities under section 551 of the 2006 Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect.)

10. That, subject to the passing of Resolution 9 and pursuant to section 570 of the 2006 Act (and Article 5 of the Articles), the directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by Resolution 9 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

10.1 the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise):

10.1.1 to holders of ordinary shares (within the meaning of section 560(1) of the 2006 Act) in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

10.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities, or subject to such rights as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, record dates, fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange;

10.2 the allotment of equity securities in place of a cash dividend pursuant to any authority conferred upon the directors in accordance with and pursuant to Article 40.8 of the Articles; and

10.3 the allotment of equity securities otherwise than pursuant to sub-paragraphs 10.1 and 10.2 above, up to an aggregate nominal amount of £1,250,059;

and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the directors may allot equity securities pursuant to any such offer or agreement as if this power had not expired.

This power is in substitution for all existing powers under section 570 of the 2006 Act (which to the extent unused at the date of this resolution, are revoked with immediate effect).

Shareholder Requisition

Resolution 11 is an ordinary resolution, requisitioned on behalf of members in accordance with section 338 of the Companies Act 2006 and is not proposed by the Directors.

11. That the Board is requested to set in place a series of discussions with the various bodies which represent Celtic supporters on the advantages and disadvantages of direct representation on the Plc Board.

BY ORDER OF THE BOARD

Robert M Howat, Secretary

7 September 2010

1. The right to attend and vote at the meeting is determined by reference to the register of members. **Only those holders of ordinary shares and/or convertible preferred ordinary shares whose names are entered in the register of members of the Company as at 2.30 pm on 16 November 2010 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting (or adjourned meeting, as the case may be) in respect of the number of ordinary and/or convertible preferred ordinary shares registered in their name at that time.** Changes to entries in the register of members after 2.30 pm on 16 November 2010 or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member is entitled to appoint one or more persons as proxies to exercise all or any of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy, you will need to complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar on **0845 702 0192** or you may photocopy the enclosed proxy form. You will need to state clearly on each proxy form the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting if he or she so wishes.
4. A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars, **Computershare Investor Services PLC, PO Box 1075, The Pavillions, Bristol BS99 3FA**, so as to arrive no later than 24 hours (excluding weekends and bank holidays) before the time fixed for the annual general meeting or any adjourned meeting. In the case of a poll taken more than 48 hours (excluding weekends and bank holidays) after it is demanded, the form of proxy should be received by the Company's registrars at least 24 hours (excluding weekends and bank holidays) before the time appointed for the taking of the poll. In the case of a poll taken not more than 48 hours (excluding weekends and bank holidays) after it is demanded, the form of proxy should be delivered at the meeting to the Chairman or to the Secretary or to any Director.
5. If the registered holder of ordinary shares and/or convertible preferred ordinary shares is a corporate body, for example, a trust, company, association or club, the form of proxy should be executed under its common seal, under hand of a duly authorised officer or otherwise accompanied by a power of attorney or other authority under which it is signed or such authority certified notarially or in some other way approved by the directors.
6. A member which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.
7. Copies of the service contracts and letters of appointment of the directors are available for inspection during normal business hours at the registered office of the Company (excluding weekends and public holidays).
8. Biographical details of all those directors who are offering themselves for appointment or re election at the meeting are set out in the enclosed annual report and accounts.
9. If you have any questions about the form of proxy or the procedures to follow, please telephone the Computershare Investor Services helpline on **0845 702 0192**.
10. You may not use any electronic address provided in this notice to communicate with the Company for any purpose other than as may be expressly stated in this notice.

Each of Resolutions 1 to 10 is proposed and recommended by the Directors.

RESOLUTION 1: Annual report and accounts

The Directors must present the annual audited accounts of the Company and the Directors' and Auditors' Reports for the year ended 30 June 2010 ("2010 Annual Report") to shareholders at the meeting. You are voting to receive these reports. Detailed information is contained within the 2010 Annual Report.

RESOLUTION 2: Remuneration Report

The Company presents the Remuneration Report to the meeting for the approval of shareholders. The Remuneration Report explains the Company's policy on directors' pay and benefits and includes details of the salary and benefits paid to Directors serving during the financial year. The Remuneration Report is set out in full in the 2010 Annual Report.

RESOLUTION 3: Election of Brian Duffy

Mr Duffy was appointed to the Board as an independent non-executive director with effect from 8 February 2010 and is required to stand for election at the first opportunity following that.

He is the Group President, Europe of the Polo Ralph Lauren Corporation. He joined that organisation in 2003 as President and Chief Operating Officer, Europe from the Sara Lee Corporation where he held a number of senior posts. Mr Duffy also has a background in accountancy, qualifying as a chartered accountant in 1976.

Taking account of the significant parts that retailing, sponsorship and branding play in the Company's operations and affairs, Mr Duffy's background and experience in merchandising and brand development with one of the world's premier lifestyle brands is considered by the Board to be a very valuable resource to draw upon.

Mr Duffy, 56, was brought up in Glasgow and has been a lifelong supporter of the Club. The Board recommends that you vote in favour of his election.

RESOLUTION 4: Re-election of Ian Livingston

Under the Company's articles of association, one third of the directors are required to retire from office by rotation each year and each director is subject to re-election at least every three years.

Mr Livingston was appointed to the Board as an independent non-executive director with effect from 1 October 2007 and was elected at the annual general meeting in November that year. He now retires by rotation and stands for re-election.

He is the Chief Executive of BT Group plc, having also served as chief executive of BT Retail and as Group Finance Director. Mr Livingston has also previously been Group Finance Director of Dixons Group plc and a non-executive director of Ladbroke's plc (formerly Hilton Group plc). He qualified as a Chartered Accountant in 1987.

He is a long-standing season ticket holder and brings extensive business experience in sectors that are important to the Company's operations and business plans, including broadcasting, multimedia and retailing. Mr Livingston also performs a very important role as Chairman of the Audit Committee.

RESOLUTION 5: Re-election of Eric Riley

Mr Riley retires by rotation at this annual general meeting and stands for re-election. He is the Company's Financial Director, having served in that post since 1994. A chartered accountant, Mr Riley (53) has also served on the Board and Council of the Scottish Football Association and is a board member of the Scottish Premier League. He has an extensive knowledge of football regulatory and operational matters. The Company benefits substantially from his experience and knowledge of the sector and of the Company's affairs.

RESOLUTION 6: Re-election of Dermot Desmond

This resolution seeks approval for the re-election of Mr Desmond, who retires from office due to the application of Rule B7.1 of The UK Corporate Governance Code. That rule requires directors who have served for nine years or more to retire from office and stand for re-election annually. Mr Desmond is willing to stand for re-election as a director.

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

RESOLUTION 7: Re-election of Tom Allison

This resolution seeks approval for the re-election of Mr Allison, who by the time of the meeting will have served on the Board for just over nine years. He also retires from office due to the application of Rule B7.1 of The UK Corporate Governance Code. Mr Allison is willing to stand for re-election as a director.

Mr Allison has served as a non-executive director since September 2001. He is the chairman of the Remuneration Committee and is the Company's senior independent director. Mr Allison is based in Scotland and is the chairman of Peel Ports Limited and a director of Peel Holdings Limited. He is a member of the council of CBI Scotland and chairman of Keepmoat Limited, Tulloch Homes Group and UK Smart Meter Group. He is a valued member of the Board and brings extensive business knowledge and experience to this role.

The election and re-elections of directors referred to in the Notice and Notes on Resolutions 3 – 7 have been duly proposed and are recommended by the Board.

RESOLUTION 8: Appointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to shareholders. The auditors hold office until the end of the next such general meeting. The auditors are responsible for examining the Company's annual accounts and for forming an opinion as to whether they give a true and fair view of the Company's financial position and comply with statutory requirements.

The accounts for the year to 30 June 2010 have been audited by PKF (UK) LLP. That audit included an examination on a test basis of evidence relating to the amounts or disclosures in the accounts. Their report to the members of Celtic plc is included within the 2010 Annual Report.

Each year the Audit Committee considers the performance of the auditors, including factors such as objectivity, independence, quality of audit work, quality of service and value for money. The Board, taking account of the recommendations of the Audit Committee, is satisfied that the performance of PKF (UK) LLP continues to meet the necessary standards.

Accordingly this resolution proposes the reappointment of PKF (UK) LLP as auditors and follows standard practice in giving authority to the Board to determine their fees.

RESOLUTION 9: Authority to allot shares

Generally, the Directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders in general meeting.

This resolution, if passed, will authorise the Directors to allot shares in the Company (and to grant such rights) up to an aggregate nominal amount of £4,787,147.29 (which is the remaining unissued nominal share capital and represents approximately sixteen per cent (16%) of the issued share capital of the Company as at 7 September 2010, being the last practicable date before the publication of this document). This falls well within guidelines issued by the ABI, which suggest a general limit of one third of the issued share capital.

If given, this authority will expire on 17 November 2015.

RESOLUTION 10: Disapplication of pre-emption rights

Generally, if companies wish to allot new shares or other equity securities (within the meaning of section 560 of the Companies Act 2006) for cash, then under the Companies Act 2006 they must first offer such shares or securities to holders of ordinary shares in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 10, which will be proposed as a special resolution, renews a similar power given at last year's annual general meeting and, if passed, will enable the Directors to allot equity securities for cash up to an aggregate nominal value of £4,787,147.29 (being the remaining unissued share capital which as indicated above represents 16% of the issued capital and falls inside ABI guidelines) without having to comply with statutory pre-emption rights, but limited so that it applies only for allotments:

- (a) in connection with a rights issue, open offer or other pre-emptive offer to ordinary shareholders and to holders of other equity securities (if required by the rights of those securities or the directors otherwise consider necessary), but (in accordance with normal practice) subject to such exclusions or other arrangements, such as for fractional entitlements and overseas shareholders, as the Directors consider necessary;
- (b) in place of a cash dividend pursuant to any authority conferred upon the Directors in accordance with and pursuant to article 40.8 of the Company's articles of association (the Company's scrip dividend scheme); and
- (c) in any other case, up to an aggregate nominal amount of £1,250,059 (which represents approximately five percent of the issued ordinary share capital of the Company (including the convertible preferred ordinary shares and preference shares) as at 7 September 2010, being the last practicable date before the publication of this document).

The 5% figure mentioned in paragraph (c) above falls within ABI guidelines except that, as in previous years, it has been calculated with reference to convertible preferred ordinary and preference shares in addition to ordinary shares because each of these classes of shares is convertible into ordinary shares at the instance of the shareholder.

If given, this power will expire at the conclusion of the Company's next annual general meeting. It is the Directors' intention to renew this power each year, although it has not been used in recent years other than for implementation of the scrip dividend scheme.

RECOMMENDATIONS

The Directors believe that the proposals outlined in Resolutions 1 to 10 above are in the best interests of the Company and its shareholders. They intend to vote their own beneficial shareholdings in favour of each of the resolutions and recommend shareholders to do likewise.

RESOLUTION 11: Supporter Group Discussions

Resolution 11 has been requisitioned by certain members under the provisions of Section 338 of the Companies Act 2006. **The resolution is not proposed by the Directors.**

The following statement is circulated on behalf of those members in accordance with Section 314 of the Companies Act 2006:

"THE CELTIC TRUST"

The Celtic Trust is a not-for-profit membership organisation, formally constituted as an Industrial & Provident Society, that has been formed as a vehicle to mobilise the voting power of the many thousands of small shareholders of Celtic plc. Over the last eight years through a series of quarterly meetings with Celtic's Chief Executive, the Trust has had a constructive dialogue with Celtic Plc on issues of concern. However a key objective of the Trust remains to give supporters a formal voice at Board level in the future development of Celtic Football Club.

On three previous occasions the Trust has asked that the Board organise a mechanism whereby a representative of the fans could be democratically elected to serve on the Board of Celtic Plc. These proposals, although strongly supported by many attending the various AGMs, have always opposed by the Board and have always been defeated. The opponents of this idea have argued that having such a Board member would not enhance the Board and would be unworkable in a number of ways. The purpose of this resolution is to initiate a set of formal discussions which could explore in a more appropriate setting the idea of supporter representation on the Board and to deal with each of the objections in turn and to come to a considered and agreed view on this matter away from the constraints of a formal Plc AGM.

The Celtic Trust believes that supporter representation on the Plc Board would enhance communication between supporters of Celtic FC and the Board of Celtic Plc and by doing so improve the way that Celtic is run. Furthermore, we believe this could harness the enormous wealth of knowledge and expertise present within the fan base.

We ask you to support this resolution and the written statement above circulated to shareholders in advance of the meeting, in the interests of a stronger Celtic."

BOARD RESPONSE

The position of the Board on Resolution 11 is set out below.

Resolution 11 is not proposed or supported by the Board.

It is not necessary here to rehearse again all of the arguments that have previously been raised in connection with the end objective of this resolution, other than to note that they have been consistently re-iterated at previous AGMs, and consistently rejected by an overwhelming margin.

The election of directors is a matter for shareholders alone, acting in general meeting, based on resolutions proposed by shareholders or the Board. The mechanisms for requisitioning a resolution, including a requisition proposing the election of a particular individual, and the duties of those elected are enshrined in law, and are not founded in Celtic's case upon the individual representing a supporter or any other group other than shareholders generally. All of the Directors are long-time Celtic supporters. They bring with them skills that serve the Club well. They serve with professionalism but also with passion for the Club. The Board wishes to ensure that the rights of the Company's shareholders, in their capacity as shareholders, are respected and applied and is concerned that the resolution, if passed, would create a requirement for a formal dialogue having an objective which could run contrary to this principle.

However, the Board hugely values our supporters and discussions have taken place regularly with representatives of various supporter and shareholder groups in the past on issues of concern to those groups. Representatives of the Board meet regularly with supporters in various forms and forums to discuss and listen to their views, priorities and objectives. There is nothing to prevent any of those groups from raising this issue in those regular meetings, if they wish to do so. The Board makes clear that they and their representatives would be happy to respond on this as on other issues. The Board believes those meetings would be the better place for such dialogue and that the resolution is unnecessary.

For these reasons the Board recommends that you vote against the resolution.

Directors

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

* Independent Non-Executive Director
§ Senior Independent Director

Company Secretary

Robert M Howat

Company Number

SC3487

Registered Office

Celtic Park
Glasgow, G40 3RE

Directors of The Celtic Football and Athletic Company Limited

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

Football Manager

Neil Lennon

Auditors

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78 Carlton Place
Glasgow, G5 9TH

Solicitors

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

Bankers

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

Remuneration Committee

Thomas E Allison (Chairman)
Brian Duffy
Dr John Reid
Brian D H Wilson

Audit Committee

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

Nomination Committee

Dr John Reid (Chairman)
Thomas E Allison
Dermot F Desmond

Stockbroker and Nominated Adviser

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