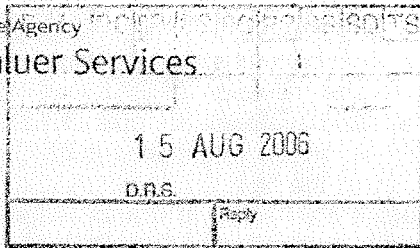




Valuation Office Agency
District Valuer Services



Glasgow City Council
Development & Regeneration Services
229 George Street
GLASGOW
G1 1QU

For the attention of [REDACTED]

[REDACTED]
District Valuer Scotland South West

Blythswood House
200 West Regent Street
Glasgow
G2 4JJ

Our Reference : 859015/[REDACTED]
Your Reference : [REDACTED]

Please ask for : [REDACTED]
Tel : 0141 [REDACTED]
Fax : 0141 [REDACTED]
E Mail : scotlandsw@voa.gsi.gov.uk

Date: 11 August 2006

Dear Sir

DISPOSAL OF VARIOUS INTERESTS TO CELTIC PLC

I refer to our meeting on 1 August 2006 and to previous correspondence in this connection, in particular to my letters of 16 March and 13 July 2006.

I understand that Celtic only has a total budget of £675,000 (to include the valuation of Strathy Park) to cover all the valuation issues; Westhorn, Strathy Park, the conjoined coach and car park and the land within the Celtic Triangle. In the light of sale of the former Belvedere Hospital site, it now appears that Celtic have insufficient funds to acquire all the sites in which they are interested.

Westhorn

In summary, the terms previously discussed for Westhorn effectively assumed a rate of £24,000 per unit (gross) and, whilst there were rumours (in March) that the price paid for the former Belvedere Hospital site may have been as much as [REDACTED] per unit gross of abnormal costs, I was prepared to ratify the terms agreed, as the Belvedere site price had not been confirmed.

I specifically stressed that it was therefore a high risk strategy if Celtic Plc were seeking to drag out negotiations relating to what is one of the smallest elements of the deal (the conjoined car park) as, if fresh information came to hand regarding the price paid by Kier Homes for the adjacent hospital site, I would need to reconsider my valuation for Westhorn.

During our previous discussions, Celtic must have been convinced that the site valuation paid for the former hospital site would have been substantially less than [REDACTED] per unit gross. This confidence was evidently misplaced in the light of the sale price, which was confirmed last month, as Kier Homes have paid a consideration of £7.5m for the former hospital site, which breaks down at [REDACTED] per unit net, making an allowance of circa [REDACTED] per unit towards abnormal site development costs.

Therefore the comparative figure of [REDACTED] per unit (gross) for the former hospital site is now sufficient evidence to warrant reconsideration of the deal for Westhorn, which is now based on historic information at only £24,000 per unit (gross).

Our previous valuation of Westhorn (@ £24,000 per unit gross) was based upon an assumed density of 160 units, which gave a gross site valuation of £3.84 million from which we deducted an allowance towards abnormal site development costs of £21,970 say £22,000 per unit or £3.5 million. On this basis the residual site valuation was £340,000 and you and I were prepared to accept Strathy Park in lieu of the balance (to which a notional valuation of £250,000 was given), forgoing the differential of £90,000 to acknowledge the benefit to the city of Glasgow as a result of having control over the Strathy Park site.

Celtic have made various arguments about the allegedly preferred position of the former hospital site compared with Westhorn and whilst I am not wholly convinced about this view, I would be prepared to make a 10% deduction between the former hospital site and Westhorn in order to move matters forward.

On this basis the gross site valuation for Westhorn increases to £4.64 million (160 units @ £29,000 per unit) from which I deduct abnormal costs of say £3.5 million (160 units @ £22,000 per unit) producing a residual site valuation of £1.14 million but say £1.1 million.

If Celtic only have a budget of £675,000 including the valuation of Strathy Park (£250,000) and the notional benefit to the city of Glasgow by the deal (£90,000) the outstanding balance of £760,000 significantly exceeds the residual budget that Celtic have for all the parcels of land.

Comment

I therefore consider that the Council should pull back from all the deals and concentrate on Westhorn only. As Celtic has expressed an interest in acquiring these pieces of land, it might provide some comfort if Celtic had an option to acquire these pieces of land, held open for a period of, say five years.

At the same time the Council needs to regulate the various pieces of land currently occupied by Celtic and for which no rent is currently paid. I would suggest that land within the Celtic triangle is leased at 10% of the capital valuations (£100,000 per acre capital value).

Celtic will obviously be unhappy as they will now be asked to pay a market rent for land that has been used rent free for so long. However, I presume your Council needs to lease these sites on a commercial basis in order to satisfy audit and, now that it has been brought to our attention, I would recommend that the occupancy of these pieces of land should be put on a commercial basis.

Legal issues

It might be worthwhile to seek advice from your Legal Services on a number of points:

1. The terms of the Westhorn sale agreement between Glasgow City Council and Celtic plc of 20 June 2003, page 3, condition 5 states that either party may refer the matter to arbitration. I wonder if your solicitor has yet advised, in event that negotiations do break down, when is the first day when either party is legally able to refer the matter to arbitration. What also happens in the interim? If Celtic plc were to refer the matter to arbitration tomorrow, can they still be asked to quit Westhorn? If so, can they be asked to quit Westhorn with immediate effect?
2. Can the Council serve notice to quit (removal) and still implement the sale agreement/valuation marketing clause?
3. Is the Council legally entitled to ask Celtic to demolish those buildings erected on land within the Celtic Triangle, which are constructed on land owned by your Council?

4. Have Celtic acquired any rights by prescription over the areas above, including the right to use the Council's land at Janefield Street/Holywell Street as a means of emergency access? I understand that without this access, it might be difficult for Celtic to obtain safety certificates for match days.

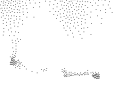
I would appreciate if you could keep me informed of Celtic's reaction of the suggestion that we concentrate on the sale of Westhorn only for the moment and look forward to receiving a response from your Legal Services on the above points.

Naturally, if you feel another meeting with you, Celtic or their agents would be useful, I would be more than happy to attend.

Should you have any questions, please do not hesitate to contact me.

Yours faithfully


District Valuer Services



The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for ensuring the integrity and reliability of financial data. This section also outlines the various methods and tools used to collect and analyze financial information, highlighting the need for consistency and transparency in the reporting process.

The second part of the document focuses on the challenges and risks associated with financial reporting. It identifies common pitfalls such as incomplete data, misclassification of expenses, and potential biases in the analysis. The text provides practical advice on how to mitigate these risks and ensure that the reported information is both accurate and comprehensive.

Finally, the document concludes by discussing the broader implications of financial reporting for stakeholders and the overall health of the organization. It stresses the importance of clear communication and collaboration between different departments to ensure that all relevant information is captured and reported accurately.

The following table provides a detailed breakdown of the financial data reported for the period. It includes a comparison of actual results against budgeted figures, as well as an analysis of the variances. The data is presented in a clear and concise format, allowing for easy interpretation and comparison.

Category	Actual	Budgeted	Variance
Revenue	1,250,000	1,200,000	50,000
Cost of Goods Sold	750,000	780,000	(30,000)
Gross Profit	500,000	420,000	80,000
Operating Expenses	300,000	320,000	(20,000)
Operating Income	200,000	100,000	100,000
Interest Expense	50,000	50,000	0
Income Before Taxes	150,000	50,000	100,000
Taxes	30,000	30,000	0
Net Income	120,000	20,000	100,000

The table above illustrates a significant positive variance in operating income, primarily driven by higher revenue and lower costs than budgeted. This indicates that the organization has performed well in its core operations during the period.

The following section provides a detailed analysis of the variances identified in the table. It examines the reasons for the differences between actual and budgeted figures, such as changes in sales volume, pricing, and cost control measures. This analysis is crucial for understanding the underlying factors that have influenced the organization's financial performance.

The analysis shows that the increase in revenue is primarily due to higher sales volume, which is a positive sign for the organization. However, the decrease in operating expenses is also noteworthy, as it suggests that the organization has been able to control its costs effectively.

The overall results of the financial reporting process are highly positive, reflecting the organization's strong performance and effective cost management. The data presented in this report provides a clear and comprehensive view of the organization's financial health and is a valuable tool for decision-making and strategic planning.

In conclusion, the financial reporting process is a critical component of any organization's operations. It provides a clear and accurate picture of the organization's financial performance, enabling stakeholders to make informed decisions and take corrective actions when necessary. The data presented in this report demonstrates the organization's strong financial performance and its ability to manage its resources effectively.

The following section provides a summary of the key findings and recommendations from the financial reporting process. It highlights the areas where the organization has performed well and identifies the areas that need further attention. These recommendations are intended to help the organization continue to improve its financial performance and maintain its competitive edge in the market.

The first recommendation is to continue to focus on increasing sales volume, as this is the primary driver of revenue growth. The second recommendation is to maintain the current level of cost control, as this has been a key factor in the organization's success. Finally, the organization should continue to invest in its financial reporting systems and processes to ensure that it remains accurate and reliable.

The financial reporting process is an ongoing one, and it is essential that the organization continues to monitor its performance and take corrective actions as needed. The data presented in this report provides a solid foundation for this ongoing process and is a valuable tool for the organization's future success.