RANGERS INTERNATIONAL FOOTBALL CLUB PLC

Annual Report 2017

Contents

Directors and Advisors

Directors

Dave King
Paul Murray
John Bennett
Graeme Park
Douglas Park
Alastair Johnston

Company Secretary

James Blair

Registered Office

Ibrox Stadium, Glasgow G51 2XD

Auditor

Campbell Dallas, Titanium 1, King's Inch Place, Renfrew PA4 8WF

Solicitors

Anderson Strathern LLP, George House, 50 George Square, Glasgow G2 1EH

Bankers

Metro Bank plc, One Southampton Row, London WC1B 5HA

Registrars

Capita Registrars, Ibex House, 42-47 Minories, London EC3 1DX

Stockbrokers

JP Jenkins, 31 Lombard Street, London EC3V 9BQ

Company Registration Number

SC437060

Business Review

Chairman's Report

The year under review was again an eventful one. The Club had a modest season on the pitch- finishing a distant third in the SPFL. While some people opined that this was a successful outcome for our first season back in the top flight- that is not the opinion of the Board. We increased investment in our football resources with an expectation of competing meaningfully for the league title - even though we did not realistically expect to win the league. The fact that we fell away so early in the season and came a distant third was extremely disappointing and not commensurate with the resources that had been invested.

However, progress is rarely smooth and it is how we react to inevitable set backs that will define us. In this regard, further changes and improvements, both on and off the pitch, were made to ensure the continued advancement of the Club to securing a SPFL title and competing strongly in Europe.

A significant achievement during the year was the successful resolution of the long-standing public litigation with Sports Direct on the retail arrangements entered into with a previous board. In addition to deflecting attention from our core operations, this litigation was extremely time consuming and expensive on a number of fronts. The prior arrangements were unprofitable for the Club given that a once vibrant and highly profitable retail operation was reduced to being ineffective- operationally and financially. This was exacerbated by the supporter boycott of the retail operations while under Sports Direct's stewardship. The retail arrangements also affected the Club's reputation as the negative publicity kept our corporate activities in the public eye to an extent often greater than what was happening on the field. Finally, while we managed our legal costs very carefully, the overall cost to the Club was substantial and a further drain on our financial resources. It is of great benefit to the Club that we have been able to resolve this dispute.

The football, the operating and the financial performance of the Company are dealt with elsewhere in this report so I will not repeat them. What I do need to stress however is the ongoing improvement to the financial strength of the Company and consequently the Club. The deficit funding that had been identified as necessary to support the football activities, to improve our administrative efficiency and to make much needed repairs and improvements to the physical infrastructure was again provided by Directors and other supporters of the Club on an interest free basis. The intention of the loans advanced is such that they can be converted to equity when future share issues are undertaken. Hence, for purposes of analysing the annual financial statements for the year under review, these loans are considered by the Directors to be quasi equity.

Importantly for shareholders, the termination of the old retail arrangements with Sports Direct resulted in the various intellectual property rights being transferred back to the Club. These rights have substantial value and the optimisation of that value can now be realised and further developed to the benefit of the Company and consequently the team. Historically, Rangers retail operations were very profitable and we are now in a position to take the necessary action to return them to that level of contribution.

We now have a level of operational and financial stability that had not been present in recent years. We have a strong Balance Sheet with ongoing financial support when this is required. Our stadium and training grounds are of the highest standard and are debt free. Our off the field distractions are finally behind us and we can now focus exclusively on improving our core business operations on a sustainable basis.

In any business people are key to its success and this is even more so for a football club. I take this opportunity to thank my colleagues on the Board and the management and staff throughout the football club for their continued support during another challenging year. I also take this opportunity to give particular thanks to John Gilligan who retired from the Board at the end of last season. John has been a stalwart of the Board since regime change and always ensured that the interest of our supporters was the prime consideration of the Board during deliberations. It is good to know that John's counsel is still available to the Club and that he continues to support his beloved team by his attendance on match days with his friends and family.

Dave King, Chairman

26 October 2017

Business Review (continued)

Operational Report

The footballing year under review ultimately was a disappointment with the team finishing third on its return to the Ladbrokes SPFL Premiership, as well as defeats in the semi-finals of both domestic cup competitions. This culminated with the resignation of the football management team in March, and the recruitment of a new team which we are confident will lead to much improved displays for the current season.

However, away from the pitch the Executive continues to work tirelessly to ensure that the rest of the Club supports the football department to be the best it can possibly be. Rangers must maintain improvement on and off the pitch, and the Board has continued to support that improvement wherever necessary.

The ongoing strengthening of the Academy at Auchenhowie will be a key component of that improvement and the appointment of a Director of Football should reap dividends over the coming years. The Director of Football's remit is to implement a strategy to develop the infrastructure of the football department, with a particular emphasis on scouting and recruitment. That process should identify players who fit the Rangers profile, and produce talent that is ready to step up to the first team. Last season, Aidan Wilson, Jamie Barjonas and Myles Beerman made that step and did well, and already this season Ross McCrorie has made his first-team debut.

The Club took the decision for the 2017/18 season to introduce a new Development Squad games programme. This removed the team from the SPFL Development League in order to lead the way in the new format of playing against top opposition from Academies such as Liverpool, Manchester City, Benfica, PSG and Feyenoord.

The team will be supported by a number of new coaching staff with Graeme Murty appointed as Head Development Squad Coach and David McCallum appointed as Head of Academy Coaching. Along with a number of ex-players, such as Steven Wright, Peter Lovenkrands and Andy Little, the Club now has a team more than capable of developing all its age groups.

Of course the younger age groups are just as important as the older ones and we are now in the second year of the new schools partnership with Boclair Academy. We have 27 players benefitting from 18 hours of football time every week alongside their school work, and this should nurture the type of players and young men who will be proud to play for Rangers.

In the past season, more than 25 of our players were selected for their national teams from U16 to U21 level, and this is another sign of the Academy's health.

The support that the first team received from the fans in the season 2016/17 was again remarkable, with more than 43,000 season tickets sold for the campaign, 1,000 hospitality customers per league game, and nearly half a million match tickets being sold through the Ticket Centre and the online sales platform.

This support is never taken for granted, however, and on a match day, the new Fan Zone has proved popular, along with increased activity in the Family Stand, which will increase in 2017/18. Be assured the Club will continue to look to innovate to improve the fans' experience.

The Club has consolidated its use of social media platforms, exploring new content types to interact with fans globally, and RangersTV broadcast 52 live matches to overseas customers. Subscribers to RangersTV increased by 61% last season, and those customers will benefit from a migration to HD-outputs in 2017/18, reflecting the investment made in this area of the business.

As mentioned last year, the Board is determined to invest in the maintenance, redevelopment and improvement of the Stadium to return it to its former condition.

Hospitality customers will have seen refurnishing and rebranding over the last two close seasons. The concourses have been rebranded in many areas, as well as being fitted with new TV systems that can be used by the fans and also by commercial partners. New LED screens around the pitch make the Club compliant with UEFA regulations for European or future International matches played at the ground. At the same time the Club is considering all options for the future renovation of the footprint around the Stadium.

Much of what the Club is able to do comes from the support of its commercial partners. The continued development of new relationships will assist the Club in becoming more competitive. The Club extended its shirt sponsorship agreement with 32Red for a further two years, as well as securing our first ever back-of-shirt deal with Utilita Energy. Along with deals with Tennents, PUMA, Coca-Cola and others, and the launch of the new Executive Club, it has been a strong year for the commercial wing of the business.

This commercial improvement goes hand-in-hand with the new Retail deal announced in June. This new agreement with Sports Direct allows the Club to break away from the deal signed by previous regimes, and create a new arrangement which the Board believes is markedly better for the Club.

Business Review (continued)

This new deal will be the first step in the Club keeping much more of the money spent by fans within the Club, and as new kits are launched over the coming 12 months, the Board hopes that the fans will have the confidence to return to the Megastore and to its online platforms, knowing that they are benefitting the team.

Rangers continues to recognise its place in the community as a force for good. We were proud to receive an Autism Friendly Award, after we improved accessibility for autistic supporters at the Stadium. Broxi's Den allows supporters with complex learning difficulties and sensory challenges, such as autism, to enjoy matches at Ibrox. The private suite in the Broomloan Stand is a state-of-the-art facility consisting of different zones that allow children and young adults to adjust to the noise, crowds and bustle of a match day.

As well as this, the Rangers Charity Foundation continues to do fantastic work throughout the Rangers community.

More than £130,000 was donated by the Foundation to 10 local, national and international partner charities, including UNICEF's Children's Emergency Fund, the Beatson, an Armed Forces Partnership, Glasgow City Mission, and Glasgow Children's Hospital Charity amongst many others. As well as that, supporters participating in the Foundation's events across the year raised more than £230,000.

The Foundation donated £243,287 worth of in-kind support in the form of auction prizes, signed memorabilia, tours, match tickets, can collections and other forms of assistance. We received 2,811 letters from community fundraisers across the country requesting support, which represented an unprecedented level of requests. All received a reply with 90% receiving an offer of support.

The Club as a whole is making progress. However, much work is still required and the Board will continually focus on achieving the goal of returning the Club to the top of Scottish football.

Business Review (continued)

Finance Report

We are pleased to present a set of financial results that reflect the continued progress of the Club back towards the top of Scottish football, as well as the work being done to ensure the Club is on a sure footing once it gets there.

The Board has continued its work of the previous year; reestablishing best practice within all areas of the Club; modernising and developing the structure at Auchenhowie; and revitalising the Stadium and its footprint. In addition, some of the key developments made by the Board during the year should improve future years' results – notably the recruitment of a Director of Football, and the agreement of a new Retail deal, which will deliver a much greater share of the profits from merchandising sales to the football club.

The previous football management team resigned during the season, resulting in Pedro Caixinha and his team joining in March. This allowed the new manager to assess the football squad towards the end of last season, and enabled the Club to move quickly during this summer's transfer window to invest in the manager's targets. An element of that investment is reflected in these financial statements, and the balance will fall into next year's results.

Returning to the SPFL Premiership and finishing third enabled a welcome return to European football for the Club going into season 2017/18. With the first tie taking place on 29 June 2017, the financial statements have been prepared for the 2016/17 season up to 28 June 2017. This allows a proper reflection of the 2016/17 season in the 2016/17 results.

With the Club having returned to European football, it is important that it operates within the boundaries of UEFA's Financial Fair Play regulations. We are pleased that this set of results allows us to comply with those.

Revenue for the year was £29.2m, an overall increase of £7.0m from the previous year. An increase in the average home league attendance from 44,359 to 48,893 drove an increase in gate receipts and hospitality. Season ticket income rose by £4.0m and hospitality receipts rose by £0.7m. We had one extra home league game compared to the previous year, and the same number of home cup games, meaning that not participating in the Challenge Cup was replaced by home draws in the other two domestic cups. Reaching the two cup semi-finals, as opposed to the Scottish Cup final in the previous year, meant that cup ticket revenues were down £0.5m. An increase in broadcast and media income of £1.6m reflects a higher distribution from the SPFL of £1.3m and prize monies from the cups. Sponsorship income for the year increased significantly to £1.5m.

Operating expenses excluding amortisation of players' registrations increased by £7.1m compared to the comparative year, to £31.3m. This demonstrates the Board's commitment to reinvest any additional revenues back into the Club. Football staff costs increased by £4.0m as the Club returned to the Premiership. Non-football staff costs increased by £0.3m. The majority of the balance of the increase in other operating expenses is driven by one extra home game in the year, and a higher cost in playing higher-risk and higher-attended matches.

The operational earnings before interest, tax, depreciation and amortisation (EBITDA) remained at a loss of £0.1m, meaning the Club is again close to break-even at a trading level. However, the Operating Loss for the year increased to £6.3m, largely as a result of non-recurring costs.

There was a net loss on disposal of players of £0.4m which relates to players released from their contracts or sold. Finance costs were £37k against a previous year cost of £15k reflecting interest charges incurred on finance leases. £1.0m of other finance costs reflects the amortisation of loans under the effective interest rate method, which is a non-cash item.

The overall net loss for the year was £6.7m compared to a loss of £3.3m for the previous year.

Further interest-free investor loans of £5.9m have been advanced to the Club in order to provide working capital facilities to support the Club through the low point in its annual operating cash cycle.

Dave King, Chairman

26 October 2017

Strategic Report

About Rangers International Football Club plc (the “Company”, “RIFC”, “RIFC plc”, and including its Subsidiaries, the “Group”), and Rangers Football Club (the “Club”)

Rangers Football Club, formed in Scotland in 1872, is one of the world’s most successful clubs, having won 54 League titles, 33 Scottish Cups, 27 League Cups and the European Cup Winners’ Cup in 1972. The Club’s loyal and sizeable supporter base, both in Scotland and around the world, enables the Club to boast one of the highest percentages of season ticket holders in the UK. Playing at the 50,817 seater Ibrox Stadium and benefitting from the world class 37 acre Auchenhowie training facility, Rangers have been a leading force in Scottish football for decades. This world class stadium, training infrastructure and a loyal and passionate global fanbase provide an excellent foundation for the Company.

The Club finished third in the SPFL (Scottish Professional Football League) Premiership in season 2016/17. The history, facilities and ambition of the Club are such that the Club remains a desirable destination for foreign and domestic players alike. The first team squad is managed by Pedro Caixinha.

The Directors, in preparing this Strategic Report, have complied with s414A to E of the Companies Act 2006.

This Strategic Report has been prepared for Rangers International Football Club plc and its subsidiary undertakings (the Group) as a whole and therefore gives greater emphasis to those matters which are significant to the Group when viewed as a whole.

Strategic Report (continued)

Consolidated Results of Operations

REVENUE

The table below sets out the Group's revenue during the year:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Gate receipts and hospitality	21,616	17,349
Sponsorship and advertising	1,530	663
Broadcasting rights	3,648	2,088
Commercial	375	233
Other revenue	2,063	1,895
Total revenue	**29,232**	**22,228**

Revenue for the year ended 30 June 2017 totalled £29.2 million. Of this total, gate receipts and hospitality income contributed £21.6 million. During the year the Club played nineteen home league matches, seven home cup matches, and one home friendly (2016: eighteen home league matches, seven home cup matches, one home friendly). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

A 32% increase in turnover is reflective of an increase to the average home league attendance from 44,359 to 48,893, driving increased season ticket, match ticket, and hospitality income. Season ticket income of £13.6 million was recognised during the year to 30 June 2017 based on sales of 43,253 season tickets (2016: £9.5 million from 37,481).

Broadcasting revenue during the year was boosted by being back in the SPFL Premiership, as well as runs to the semi-finals of both Cup competitions.

Commercial income of £0.4 million, sponsorship income of £1.5 million and broadcast income of £3.6 million recognised during the year to 30 June 2017 includes revenue earned from agreements with the Club's sponsors and commercial partners, as well as the sale of matchday publications and monies generated from TV and the SPFL for matches televised or broadcast to the public.

OPERATING EXPENDITURE

RIFC has incurred the following operating expenses during the year:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Staff costs	17,582	12,962
Other operating charges	11,882	9,337
Hire of plant and machinery	217	203
Depreciation and impairment of property, plant and equipment	1,575	1,584
Amortisation of trade marks	2	2
Amortisation and impairment of players' registrations	1,595	764
Auditor's remuneration	75	84
Total operating expenses	**32,928**	**24,936**

Player costs are RIFC's most significant expenditure, including £10.4 million (2016: £6.4 million) in respect of the first team playing squad. First team player salary costs are contractual and each player's salary is unique.

Other operating charges include matchday costs, such as policing, stewarding and pitch costs. A 27% increase in other operating charges against the previous year was driven by one additional home game played, in addition to the reintroduction of a pre-season foreign trip, and significantly increased repairs and refurbishments being carried out to the Stadium.

Strategic Report (continued)

CASH FLOW

The main sources of income for RIFC and its subsidiaries are season ticket sales, other match related revenue, commercial income and proceeds from the sale of players' registrations, which typically occur during the summer transfer window.

Cash payments primarily consist of the player and staff wages, direct costs and the payment of player transfer fees payable in respect of acquired players.

The following table shows information regarding RIFC's cash flows for the year to 30 June 2017.

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Cash flow from operating activities	(1,919)	1,973
Net cash used in investing activities	(3,934)	(943)
Net cash from financing activities	5,724	837
Net (decrease)/increase in cash and cash equivalents	**(129)**	**1,867**

Due to an increase in the operating loss, and non recurring costs incurred, there was a net cash outflow of £1.9 million from operating activities compared to an inflow of £2.0 million in the prior year. Net cash outflow on investing activities amounted to £3.9 million, compared to £0.9 million in the prior year.

Included within financing activities is the net receipt of interest-free loans from investors totaling £5.9 million. This balance was used to fund the Club's working capital requirements.

KEY PERFORMANCE MEASURES

RIFC uses a number of key performance measures in its business, including statutory measures, such as revenue and operating profit/(loss), before and after player trading. The most significant non statutory measures used include the wages/turnover ratio and season ticket sales. Key non-financial measures include on-pitch performance and attendance. The table below shows some KPIs for the year to 30 June 2017.

	Year ended 30 June 2017	Year ended 30 June 2016
Total revenue (£'000s)	29,232	22,228
Operating loss (£'000s)	(6,279)	(2,465)
Operational EBITDA (£'000s)*	(105)	(115)
First Team Wages/Turnover ratio	36%	29%
Number of games played (total)	52	51
Number of games played (SPFL home)	19	18
Number of games played (SPFL away)	19	18
Number of games played (Cup home)	7	7
Number of games played (Cup away)	4	7
Number of other games (Friendlies home)	1	1
Number of other games (Friendlies away)	3	-
Number of season tickets sold	43,253	37,481
Season ticket sales (£'000s)	13,590	9,539
Average season ticket price (£)	314	255
Average attendance (league home matches)	48,893	44,359

**Operational EBITDA (earnings before interest, tax, depreciation and amortisation) is the Group's Operating profit / (loss) from the year adjusted for any non-recurring, depreciation, amortisation and financial items not already shown below this line.*

Strategic Report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 3rd in the Ladbrokes SPFL Premiership. In addition, the Club reached the semi-finals of both the Betfred League Cup and the William Hill Scottish Cup. In the current season, the Club currently sits in 4th place in the Premiership, at the time of writing.

The Club enjoys a world class stadium and training infrastructure and a loyal and passionate global fan base, which provide a predictable income and the foundation for the Company. The Directors believe that digital media and RIFC's broadcasting arrangements enable RIFC to capitalise on the Club's brand better than has taken place before. The Directors are confident that the future of the Company is bright and are encouraged as they seek to achieve their goal of securing Rangers as a leading club in world football. Having returned to the Ladbrokes SPFL Premiership, the task is now to improve our finishing position in that League, and have regular European football at the Club.

RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that it considers to be associated with the running of a professional football club. Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. These risks are regularly reviewed internally by executive management. Each risk when identified is analysed to determine the likelihood of the risk occurring, the potential impact it may have on the Group if it did occur, and the steps that have been or should be taken to reduce the likelihood of occurrence and mitigate any potential impact. Management personnel are responsible for managing these risks and the required steps to be taken are subject to direction and on-going review by executive management and Directors.

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

Future funding

Building a team to challenge for the Ladbrokes SPFL Premiership and compete in European competition requires continued investment before success in these areas will generate a significant contribution to the revenues and cash flows of the Club. Until such time, the Group continues to require funding support from its investors. To this effect, the current and future financial position of the Group, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicate that additional funds are required to support the Club for the rest of the season 2017/18. The Board have received undertakings from the investors confirming that they will provide financial support. Further information can be found in note 1 to the financial statements.

Litigation

The Group operates at risk of litigation procedures from third parties, which are dealt with as they arise and on an individual basis. The key litigations to which the Group are party are identified later in this report alongside other pre-existing claims.

Retail revenue

With the new retail agreement in place, and all previous claims and litigation settled, the Club has made significant progress in its bid to return its retail operations to a profitable and thriving part of the business. The success of this initiative depends on the supporters having the confidence to return to the Club's outlets to purchase new strips and merchandise.

Season ticket revenues

Significant revenue is earned from the sale of season tickets. Current economic conditions can affect supporters' available income and there is a risk that the season ticket sales may fall. As well as the level of supporter engagement, the quality on the pitch, the standard of matchday entertainment, the level of success from the previous season, the level of opposition, together with pricing all have an effect on the decision to buy. Many of these factors are beyond the control of the Group.

Matchday attendances

Substantial income is derived from matchday ticket sales and the sale of various products and services on match days, including hospitality, catering and programmes. Worse than expected results and inclement weather, especially during the winter months can lead to a drop in attendances.

Broadcasting contracts and football competitions

The SPFL sells domestic broadcasting rights centrally. The Club currently competes in the Ladbrokes SPFL Premiership, and the SPFL provide revenue streams to the Group. The future level of revenue is not contractually guaranteed, and is subject to influence from third parties.

Strategic Report (continued)

RISKS AND UNCERTAINTIES (CONTINUED)

Player transfer market and wages

The football club is subject to two transfer windows within the year. The unpredictable nature of these, with players able to move relatively freely, despite their contracts and many clubs looking to buy players with comparative skills, means that all clubs cannot guarantee that they will retain or add to the squad to meet their requirements. The short transfer window can also have an inflationary effect on prices or alternatively drive selling prices down.

Player wages are subject to influence from competing clubs, particularly in those leagues with lucrative media contracts, significantly exceeding those available in smaller domestic markets. Consequently, all transactions are affected by a series of variable factors which result in the market being unpredictable.

Each of the factors above are influenced significantly by uncertainties beyond the control of the Group.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Group's business the financial risk that the Directors consider particularly relevant to the Group is cash flow risk. The Group addresses cash flow risk by carefully managing its working capital inflows and outflows. The Group manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Group does not enter into complex financial instruments for speculative purposes. Further information is provided in note 21 to the financial statements.

GOING CONCERN

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business. In satisfaction of this responsibility the Board has considered the Group's ability to meet its liabilities as they fall due.

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the Group manages its capital, its liquidity risk and its exposure to credit risk.

The Group meets its day to day working capital requirements through existing cash facilities, investor loans and finance leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

The Board has undertaken a recent and thorough review of the Group's forecasts and the associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The extent of this review reflected the current economic environment, the Club's current and projected trading and position in Scottish football.

Key assumptions in respect of the Group's forecasts are discussed within note 1 to the financial statements.

At the time of preparation, the forecasts identified that the Group would require a minimum of £4.0m additional funding by the end of season 2017/18 in order to meet its liabilities as they fall due. The first tranche of funding is required in November 2017.

Further funding amounting to £3.2m is forecast to be required during the 2018/19 season. However, the final amount is dependent on future football performance and European football participation amongst other factors.

The Board have discussed the Club's forecast cash shortfall and have reached an agreement with New Oasis Asset Limited whereby they will provide additional loan facilities as necessary to meet the above requirements.

Further to this, New Oasis Asset Limited and certain investors have agreed to extend their existing loan facilities to July 2019.

The Board is satisfied that those parties will continue to provide financial support to the Group and have satisfied themselves as to the validity of the undertakings.

The Board acknowledge that had these assurances not been secured then a material uncertainty would exist which may cast doubt over the Groups' ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. With the appropriate assurances obtained and the continued support of the investors, the Board believe that such uncertainty has been removed.

Strategic Report (continued)

GOING CONCERN (CONTINUED)

Further to this, the Board is hopeful that the Club will be in position to proceed with a share issue during 2018 in order to provide further finance for the Group.

The financial support committed more than covers the projected shortfall for this season and beyond.

As such, after making the enquiries referred to above, the Board of Directors believe that there is a reasonable expectation that the Group will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The RIFC Group maintains cash to fund the daily cash requirements of its business. The Group does not have access to any further banking facilities.

There are interest-free, unsecured loans with investors amounting to £15.9 million, whilst the Group also has finance lease agreements totalling £0.5 million.

As at 30 June 2017, the Group held £2.8 million within cash and bank balances.

Approved by the Board and signed on its behalf by:

Dave King, Chairman

26 October 2017

Directors' Report

The Directors present their report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group continue to be the operation of a professional football club in Scotland together with related commercial activities. A review of the Group's business, an indication of the likely future developments of its business and a description of the principal risks and uncertainties facing the Group are contained in the Business Review on pages 5 to 9, and the Strategic Report.

STRATEGIC REPORT

As the Company and its principal subsidiaries are managed and controlled as a single entity, the review of business and future developments, which is set out in the Strategic Report on pages 10 to 15, reflects the performance of the Group. A separate review of the Company would not be meaningful and is therefore not presented.

ENVIRONMENTAL MATTERS AND EMPLOYEE MATTERS

The Company aims to operate as a responsible employer. We seek to minimise the Group's impact on the environment and endeavour to achieve this through recycling and energy conservation wherever possible. We are also committed to maintaining a workplace of the highest standard and seek to do so by ensuring that we provide training programmes, appropriate remuneration and a positive working environment.

The Club has chosen to adopt the voluntary Living Wage rate as a minimum for employees over age 25.

RESULTS AND DIVIDENDS

The audited consolidated income statement for the year ended 30 June 2017 is set out on page 22. The Directors have not recommended the payment of a dividend (2016: nil).

DIRECTORS

The Directors serving throughout the year and to the date of this report were as follows:-

Name	Position
Paul Murray	Non-exec Director
Douglas Park	Non-exec Director
John Gilligan	Non-exec Director, resigned 22 May 2017
John Bennett	Non-exec Director
David King	Chairman
Graeme Park	Non-exec Director
Alastair Johnston	Non-exec Director, appointed 5 June 2017

OTHER INFORMATION

The Directors have included other information, in accordance with S414(6) of the Companies Act 2006, within the Strategic Report, being information on the exposure to risks and uncertainties.

DIRECTORS' INDEMNITIES

The Group or Company has not made any qualifying third-party indemnity provisions for the benefit of its Directors during the period.

CHARITABLE AND POLITICAL DONATIONS

The Group made cash donations of £4k (2016: £18k) to international, UK-based and local charities during the period. The Group made no political donations during the year (2016: nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues. Suitable training and adjustments to their work environment are arranged where appropriate, to allow staff to reach their potential. It is the policy of the Group that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

Directors' Report (continued)

EMPLOYEES CONSULTATION

The Group places considerable value on the involvement of its employees throughout the business. Employees are kept well-informed on matters affecting them as employees and on the various factors affecting the Group, such as performance. This is achieved by regular departmental meetings, email correspondence and intranet notices.

SUPPLIER PAYMENT POLICY

The Group's policy on payment of creditors is to negotiate payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within 30 days of the invoice date; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly.

KEY PERFORMANCE INDICATORS

The Directors monitor the business based on a number of key performance measures, being both financial and football-related, as shown in the Strategic Report.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the year-end is given in the notes to the financial statements.

AUDITOR

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors are aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Subsequent to the year end, Campbell Dallas LLP changed its statutory name. Campbell Dallas has been retained as the trading name of the auditor.

Approved by the Board and signed on its behalf by:

Dave King, Chairman

26 October 2017

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, 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 chosen to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether IFRS as adopted by the EU has been followed subject to any material departures disclosed or explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006, and as regards the Group accounts, article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and 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 financial statements may differ from legislation in other jurisdictions.

Dave King, Chairman

26 October 2017

Corporate Governance Statement

CORPORATE GOVERNANCE

The Board of Rangers International Football Club plc are committed to maintaining principles of strong corporate governance and standards of good practice that are appropriate to the size of the Company and that meet the standards expected of the Company's shareholders and other stakeholders including fans, employees and suppliers.

THE BOARD OF DIRECTORS

The Board of Directors operates within the framework discussed below.

The Board meets quarterly to consider all aspects of the Company's activities. A formal schedule of matters reserved for the Board is maintained and includes overall strategy, approval of major capital expenditure and consideration of significant financial and operational matters. The Board currently consists of the Chairman, five non-executive Directors and a company secretary.

OPERATIONAL BOARD

A separate operational Board functions within The Rangers Football Club Limited, and liaises directly with the RIFC plc Board. The operational Board consists of members of executive management and is responsible for implementing the Board's strategy and for monitoring the day to day operations of the Club.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

The Company's key risk management processes and system of internal control procedures include the following:

MANAGEMENT CONTROL SYSTEMS

The Company continues to invest in IT software and infrastructure in anticipation of future growth. Ticket, hospitality and event bookings are controlled and monitored by the Company's own bespoke booking software. Business-wide income and expenditure is controlled by in-house accounting systems.

These systems provide tight cash and cost controls, aid maximisation of attendance at matches and provide the necessary information for company management and the Board to effectively and efficiently run the business. The Company receives a large amount of its income in cash from its activities and the Directors have implemented rigorous cash control measures at each of its sites, particularly the Ticket Centre, which include: daily reconciliations of cash; daily monitoring of upcoming matches; use of safes; and regular reviews by company and department management.

PERFORMANCE MEASUREMENT

The Company's financial reporting procedures include detailed operational budgets for the year ahead and a five year plan, reviewed and approved by the Board. Performance is monitored throughout the year through monthly reporting of results versus budget, and key performance indicators. Relevant action is then taken including the preparation of updated forecasts for the year.

Independent auditor's report to the members of Rangers International Football Club plc

OPINION

We have audited the financial statements of Rangers International Football Club plc (the Parent), and its subsidiaries (the Group), for the year ended 30 June 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's loss for the year then ended;
- of the Group have been properly prepared in accordance with IFRSs as adopted by the European Union;
- of the Parent Company have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of Companies Act 2006.

BASIS FOR OPINION

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

EMPHASIS OF MATTER – GOING CONCERN

We draw attention to note 1 to the financial statements concerning the Group's ability to continue as a going concern. In order to continue operations for the next 12 months the Group is dependent upon raising additional finance to cover the projected cash shortfall of £4m in season 2017/18 and a further £3.2m in season 2018/19. Failure to secure additional funding would result in the existence of a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Independent auditor's report to the members of Rangers International Football Club plc (continued)

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Campbell Dallas

Greig McKnight (Senior Statutory Auditor)
for and on behalf of Campbell Dallas
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

26 October 2017

Consolidated Income Statement

For the year ended 30 June 2017

	Notes	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
CONTINUING OPERATIONS			
REVENUE	2	29,232	22,228
OPERATING EXPENSES			
Amortisation and impairment of players' registrations	3	(1,595)	(764)
Other operating expenses	3	(31,333)	(24,172)
Total operating expenses		(32,928)	(24,936)
Other operating income	3	417	243
OPERATING LOSS BEFORE NON-RECURRING ITEMS		**(3,279)**	**(2,465)**
Non-recurring costs	4	(3,000)	(286)
OPERATING LOSS		**(6,279)**	**(2,751)**
Profit / (loss) on disposal of player registrations	11	(446)	121
Profit / (loss) on disposal of fixed assets		(200)	-
Other charges	8	(1,043)	(310)
Share of income from associates	13	651	147
Reversal / (impairment) of investment in associates	13	522	(522)
Finance costs	8	(37)	(15)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(6,832)**	**(3,330)**
Taxation	9	169	27
LOSS FOR THE YEAR		**(6,663)**	**(3,303)**
(Loss)/profit for the year attributable to:			
Owners of the Company		(6,663)	(3,303)
Non-controlling interests		-	-
		(6,663)	**(3,303)**
Basic and diluted earnings per ordinary share	30	(8.18p)	(4.05p)

The notes on pages 29 to 59 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
LOSS FOR THE YEAR	**(6,663)**	**(3,303)**
Deferred tax relating to components of other comprehensive income (Note 9)	325	763
Other comprehensive income for the year	325	763
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(6,338)**	**(2,540)**
Total comprehensive (loss)/profit for the year attributable to:		
Owners of the Company	(6,338)	(2,540)
Non-controlling interests	-	-
	(6,338)	(2,540)

Consolidated Balance Sheet

As at 30 June 2017

	Notes	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	42,679	43,600
Intangible assets	11	25,415	17,901
Interests in associates	13	553	-
		68,647	**61,501**
CURRENT ASSETS			
Trade and other receivables	14	16,911	14,285
Cash and bank balances	15	2,829	2,958
		19,740	**17,243**
TOTAL ASSETS		**88,387**	**78,744**
CURRENT LIABILITIES			
Other loans	16	-	(3,750)
Trade and other payables	17	(8,473)	(5,281)
Obligations under finance leases	18	(125)	(38)
Deferred income	19	(17,881)	(15,491)
		(26,479)	**(24,560)**
NET CURRENT (LIABILITIES)/ASSETS		**(6,739)**	**(7,317)**
NON-CURRENT LIABILITIES			
Other loans	16	(13,984)	(5,224)
Trade and other payables	17	(3,927)	(514)
Obligations under finance leases	18	(351)	-
Deferred income	19	(488)	(366)
Deferred tax liability	20	(5,045)	(5,539)
		(23,795)	**(11,643)**
TOTAL LIABILITIES		**(50,274)**	**(36,203)**
NET ASSETS		38,113	42,541
EQUITY			
Share capital	23	815	815
Share premium account	24	19,048	19,048
Merger reserve	24	12,960	12,960
Revaluation reserve	25	26,740	26,777
Capital contribution	25	3,271	1,361
Retained earnings	26	(24,721)	(18,420)
TOTAL EQUITY		38,113	42,541

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 26 October 2017. They were signed on its behalf by:

Dave King, Chairman

The notes on pages 29 to 59 form an integral part of these financial statements.

Company Balance Sheet

As at 30 June 2017

	Notes	2017 £'000	2016 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	12	47,296	41,419
		47,296	**41,419**
CURRENT LIABILITIES			
Amounts due to subsidiary undertakings		(61)	(43)
Other loans	16	-	(3,750)
NET CURRENT (LIABILITIES)/ASSETS		**(61)**	**(3,793)**
NON-CURRENT LIABILITIES			
Other loans	16	(13,984)	(5,224)
TOTAL LIABILITIES		(14,045)	(9,017)
NET ASSETS		**33,251**	**32,402**
EQUITY			
Share capital	23	815	815
Share premium account	24	19,048	19,048
Merger reserve	24	12,960	12,960
Capital contribution	25	3,271	1,361
Retained earnings	26	(2,843)	(1,782)
TOTAL EQUITY		**33,251**	**32,402**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 26 October 2017. They were signed on its behalf by:

Dave King, Chairman

The notes on pages 29 to 59 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year to 30 June 2017

	Share capital	Share premium	Merger reserve	Retained earnings	Capital contribution	Revaluation reserve	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 30 June 2015	**815**	**19,048**	**12,960**	**(15,479)**	**-**	**26,376**	**43,720**
Loss for the year to 30 June 2016	-	-	-	(3,303)	-	-	(3,303)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	-	763	763
Transfer from revaluation reserve to retained earnings	-	-	-	453		(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	-	(91)	-	91	-
Equity element of interest-free loans from investors	-	-	-	-	1,361	-	1,361
As at 30 June 2016	**815**	**19,048**	**12,960**	**(18,420)**	**1,361**	**26,777**	**42,541**
Loss for the year to 30 June 2017	-	-	-	(6,663)	-	-	(6,663)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	-	325	325
Transfer from revaluation reserve to retained earnings	-	-	-	453		(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	-	(91)	-	91	-
Equity element of interest-free loans from investors	-	-	-	-	1,910	-	1,910
As at 30 June 2017	**815**	**19,048**	**12,960**	**(24,721)**	**3,271**	**26,740**	**38,113**

Company Statement of Changes in Equity

For the year to 30 June 2017

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Capital contribution £'000	Total £'000
As at 30 June 2015	**815**	**19,048**	**12,960**	**(1,429)**	**-**	**31,394**
Loss for the year to 30 June 2016	-	-	-	(353)	-	(353)
Equity element of interest-free loans from investors	-	-	-	-	1,361	1,361
As at 30 June 2016	**815**	**19,048**	**12,960**	**(1,782)**	**1,361**	**32,402**
Loss for the year to 30 June 2017	-	-	-	(1,061)	-	(1,061)
Equity element of interest-free loans from investors	-	-	-	-	1,910	1,910
As at 30 June 2017	**815**	**19,048**	**12,960**	**(2,843)**	**3,271**	**33,251**

Company Statement of Cash Flows

For the year to 30 June 2017

	Notes	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
CASH USED IN OPERATIONS	27	-	-
CASH USED IN INVESTING ACTIVITIES		-	-
CASH USED IN FINANCING ACTIVITIES			
Proceeds from issue of shares		-	-
Loans received		6,029	6,275
Loans repaid		(154)	-
Funds passed to subsidiary		(5,875)	(6,275)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-
Net (decrease)/increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-
		-	-

Consolidated Statement of Cash Flows

For the year to 30 June 2017

	Notes	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
CASH USED IN OPERATIONS	27	(1,919)	1,973
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(4,306)	(956)
Purchase of property, plant and equipment		(275)	(326)
Proceeds from sale of intangible assets		25	153
Proceeds from sale of tangible assets		10	-
Interest paid		(8)	(26)
Receipt of dividend from associate		620	212
NET CASH USED IN INVESTING ACTIVITIES		**(3,934)**	**(943)**
FINANCING ACTIVITIES:			
Payment of lease finance liabilities		(151)	(438)
Loans received		6,029	6,275
Loans repaid		(154)	(5,000)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**5,724**	**837**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(129)**	**1,867**
Cash and cash equivalents at the beginning of the period		2,958	1,091
Cash and cash equivalents at the end of the period		2,829	2,958
		(129)	**1,867**

Notes to the financial statements

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Rangers International Football Club plc was incorporated in Scotland on 16 November 2012 as a public company with registration number SC437060.

The address of the registered office is Ibrox Stadium, Glasgow, G51 2XD. The nature of the Group's operations is that of a football club.

The financial information is presented in pounds sterling, the currency of the primary economic environment in which the Group operates. All activities of the Group are performed in the United Kingdom.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

With the Club's Europa League qualifier taking place on 29 June 2017, the financial statements have been prepared to 28 June 2017. This will allow all 2017/18 activity to be reflected in the June 2018 financial statements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The following accounting policies have been identified by the Board as being the most significant to the statutory financial statements.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described further in significant accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Annual Report comprises the Strategic Report, Directors Report and the Annual Accounts. The Annual Accounts comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheet, Consolidated and Parent Company Statement of Cash Flows, Consolidated and Parent Company Statement of Changes in Equity, and note disclosures for the Group and Parent Company. The accounting year is the year to 30 June 2017. A separate Income Statement for the Parent Company has not been presented, as permitted by s408 of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except where IFRS permits recognition at fair value, specifically in relation to the valuation of property and measurement of financial instruments.

The principal accounting policies adopted are set out below.

Going concern

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business. In satisfaction of this responsibility the Board have considered the Group's ability to meet its liabilities as they fall due.

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the Group manages its capital, its liquidity risk and its exposure to credit risk.

The Group meets its day to day working capital requirements through existing cash facilities, investor loans and finance leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Board has undertaken a recent and thorough review of the Group's forecasts and the associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The extent of this review reflected the current economic environment, the Club's current and projected trading and position in Scottish football.

The forecasts make key assumptions, based on information available to the Board, around:

- Football performance, the forecast assumes the Club will challenge for the European places in the Ladbrokes SPFL Premiership in 2017/18 and participate in European competition in the season thereafter;
- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket prices to reflect annual inflationary increases and forecast improved football performance;
- Matchday income, which is projected to grow as a result of improving footballing performance and success;
- Sponsorship, commercial and other non-matchday income reflecting customer confidence returning and increased hospitality demand;
- The inclusion of cash flows as a result of the new retail agreement with SDI Retail Services Limited;
- Maintaining the current overhead cost base of the Club;
- Payroll costs reflecting the current squad size and composition in perspective to its assumptions around league performance. The forecast cash flows assumes future transfer payables will be met by future transfer receivables;
- The capital expenditure necessary to maintain and improve the stadium and general Ibrox vicinity;
- The Group's ability to secure further debt or equity finance from its current investors or through public share issue to allow the Group to continue to meet its liabilities as they fall due.

The Board recognises that achievement of the forecast is critically dependent on the football performance for the rest of the current season and next season, including the participation in European football competition. Consequently, sensitivities have been applied to the forecast based on a variety of football performance factors.

At the time of preparation, the forecasts identified that the Group would require a minimum of £4.0m additional funding by the end of season 2017/18 in order to meet its liabilities as they fall due. The first tranche of funding is required in November 2017.

Further funding amounting to £3.2m is forecast to be required during the 2018/19 season. However, the final amount is dependent on future football performance and European football participation amongst other factors.

The Board have discussed the Club's forecast cash shortfall and have reached an agreement with New Oasis Asset Limited whereby they will provide additional loan facilities as necessary to meet the above requirements.

Further to this, New Oasis Asset Limited and certain investors have agreed to extend their existing loan facilities to July 2019.

The Board is satisfied that those parties will continue to provide financial support to the Group and have satisfied themselves as to the validity of the undertakings.

The Board acknowledge that had these assurances not been secured then a material uncertainty would exist which may cast doubt over the Groups ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. With the appropriate assurances obtained and the continued support of the investors, the Board believe that such uncertainty has been removed.

Further to this, the Board is hopeful that the Club will be in position to proceed with a share issue during 2018 in order to provide further finance for the Group.

The financial support committed more than covers the projected shortfall for this season and beyond.

As such, after making the enquiries referred to above, the Board of Directors believe that there is a reasonable expectation that the Group will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

Consolidation

The consolidated accounts present the financial position, results, and cash flows for Rangers International Football Club plc and its subsidiaries as a combined entity.

Subsidiaries

The Group's consolidated accounts comprise the accounts of companies in which the Parent Company or subsidiaries have control.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Control

A company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies of the entity. A company loses control over an entity when it loses any of the above components. The loss of control can occur with or without a change in absolute or relative ownership levels.

The Directors maintain that the Group does not possess the ability to govern the financial and operating policies of Rangers Retail Limited, and therefore does not control the entity.

As such, Rangers Retail Limited continues to be treated as an associate of the Group.

Associates

Associates are entities over which the Group has significant influence, but not control. The existence of significant influence by an entity is usually evidenced, amongst other aspects, by a holding of 20-50% of the voting rights, by representation on the Board of Directors or equivalent governing body of the investee, participation in the policy-making process and material transactions between the entity and the investee.

Investments in associates are initially recognised at cost.

Thereafter investments in associates are accounted for using the equity method of accounting, less any impairment losses. The Group's proportionate share of the after tax profits or losses is recognised in the Consolidated Income Statement in a separate line. This share adds to or reduces the value of the investment in the Consolidated Balance Sheet. Distributions (dividends) received reduce the carrying amount of the investment.

The equity method is used from the date that significant influence arises, to the date significant influence ceases.

The Group's share of a loss is not recognised where this would reduce the value of an investment beyond £nil.

Investments in associates are classified as non-current assets inclusive of any goodwill on acquisition and presented as one-line items in the Consolidated Balance Sheet.

Elimination of intra-Group transactions

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method, other than for The Rangers Football Club Ltd. The use of merger accounting was applied to the acquisition of The Rangers Football Club Ltd in 2012.

The cost of acquisition is the consideration given in exchange for control over the identifiable assets, liabilities and contingent liabilities of the acquired company. This consideration includes cash paid plus the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group.

Contingent consideration arrangements are included in the cost of acquisition at fair value.

Management judgement is required to assess facts and circumstances existing at the Balance Sheet date that indicate the ability to meet the conditions of the arrangements. The value of consideration is assessed in line with these judgements. Changes in the fair value of assets acquired, liabilities assumed and the value of contingent consideration that the Group recognises after the acquisition date as the result of additional information about facts and circumstances that existed at the acquisition date are considered measurement period adjustments. In accordance with IFRS 3, adjustments are recognised to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Increases and decreases resulting from the above are recognised by means of an increase and decrease in goodwill. Comparative information for prior periods presented in the Financial Statements is amended as necessary.

Changes resulting from additional information in relation to circumstances occurring after the acquisition date are not measurement period adjustments. Changes that are not measurement period adjustments are recognised in the Income Statement in accordance with IAS 39.

Directly attributable transaction costs are expensed in the current period and reported within general and administration expenses unless these relate to the issue of debt or equity. Issue costs are taken directly against the debt or equity issued.

The acquired net assets, being the identifiable assets, liabilities and contingent liabilities are initially recognised at fair value.

Negative goodwill arising on acquisitions represents a gain on purchase. In accordance with IFRS 3 this constitutes an economic gain that is immediately recognised in the Income Statement.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Positive goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Assets and liabilities

An asset that is associated with the Group's normal operating cycle, held primarily for the purpose of being traded, expected to be realised within twelve months after the Balance Sheet date or is cash or cash equivalents (unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the Balance Sheet date) is classified as a current asset. All other assets are classified as non-current assets.

A liability is classified as current if it is expected to be settled in the Group's normal operating cycle, is held primarily for trading purposes and is due to be settled within twelve months after the statement of financial position date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date. All other liabilities are classified as non-current liabilities.

Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of shares are shown in equity as a deduction from proceeds within the share premium account.

Financial instruments

Financial instruments are classified as debt or equity in accordance with their underlying economic reality. Costs directly attributable to the issue of debt are shown as a deduction from the debt issued.

Interest, dividends, gains or losses related to a financial instrument that is classified as debt, will be presented as an expense or income in the Income Statement.

The Group has two main categories of financial instruments, which are trade and other receivables and other financial liabilities.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon recognition, these assets are measured at fair value less directly related transaction expenses. In successive periods these are measured at amortised cost, and any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses. Amortised interest is recognised as income within the Consolidated Income Statement.

Where these are provided interest-free or below market rate, the market value on initial recognition is required to be estimated by discounting the loan amount to the present value of future payments using an equivalent rate of a similar instrument.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In successive periods these are measured at amortised cost. Any differences between the value on initial recognition and the value on redemption is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value. The amortisation of financial liabilities is recognised as an expense within the Consolidated Income Statement.

Other financial liabilities includes Other loans and Trade and other payables. Where these are provided interest-free or below market rate, the market value on initial recognition is required to be estimated by discounting the loan amount to the present value of future payments using an equivalent rate of a similar instrument.

The difference arising between the fair value of investor loans and the redemption value is deemed as a capital contribution and taken direct to equity.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Cash and bank balances

Cash and bank balances in the Balance Sheet comprise cash at hand and in banks and short term deposits which without significant currency risk can be converted to cash within three months.

Impairment of financial instruments

An assessment is made at each Balance Sheet date as to whether there is any objective evidence of impairment. An asset is considered for impairment where events occur such as a reduction in anticipated future cashflows or a breach of contract. All losses from impairment are recognised as financial items in the Consolidated Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts.

Leasing

Leases that largely transfer rights and obligations to the Group (financial leasing) are capitalised as Property, plant and equipment, and the financial obligations are entered as obligations under finance leases. Other lease expenses are treated as operational leasing costs, and presented as operating expenses in the Consolidated Income Statement.

Leased items that are recorded in the Balance Sheet are subject to depreciation according to the useful life of the asset, and the leasing liabilities are reduced with the leasing fees paid, after deduction of interest.

Discontinued operations

A discontinued operation is a component of the Group's business whose operation and cash flows can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of the Group's business or geographical area of operation;
- is part of a single co-ordinated plan to dispose of a major line of the Group's business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria for re-sale. A disposal occurs on loss of control.

A discontinued operation is presented as a single amount on the face of the Consolidated Income Statement that includes:

- post tax profit or loss from discontinued operations;
- the post-tax gain or loss recognised in the measurement to fair value less costs to sell; and
- when realised, the post-tax gain or loss on disposal of the discontinued operation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales-related tax.

Merchandising revenue is recognised when goods are delivered and title has passed.

Gate receipts and other matchday revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when earned. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards for league placing are accounted for an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

Segmental accounting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. The Directors have concluded that in the year to 30 June 2017 the Group has only operated in one segment, namely the operation of a football club, and therefore no operating segment note has been prepared.

Non-recurring items

Items that are deemed to be non-recurring by virtue of their nature or size are separately identified on the Consolidated Income Statement to assist in understanding the financial performance of the Group. Such items are classed as 'non-recurring' within the Income Statement.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profits differ from net profit as reported in the income statement because they exclude items of income or expense that are taxable or deductible in other years and they further exclude items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the Balance Sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is charged or credited in the Income Statement or in the Statement of Other Comprehensive Income, where appropriate. The Group's liability for deferred tax is calculated using tax rates that have been substantively enacted by the Balance Sheet date. Where changes in tax rates occur that affect a deferred tax asset or liability relating to an item previously recognised in Other Comprehensive Income or direct to Equity, such changes are recognised within that applicable area. All other changes in tax rates are reflected within the Income Statement.

Deferred tax assets and liabilities require management judgement in determining such amounts to be recognised. In particular, significant judgement around the timing and quantum of future taxable income available is required when assessing the extent to which deferred tax assets should be recognised.

Brand intangible assets

The Group only carries brand intangible assets that have been acquired on the Consolidated Balance Sheet. Acquired brands are carried at cost, being estimated fair value on acquisition. Subject to an impairment review, no amortisation is charged on those brand intangible assets which the Board believes have an indefinite life on the basis that there is no foreseeable limit on the period of time for which the intangible asset is expected to generate cash flows.

The Group carries out an impairment review on the brand intangible assets, at least annually, or when a change in circumstances or situation indicates that those assets have suffered an impairment loss. Impairment is measured by comparing the carrying amount of an intangible asset with the 'recoverable amount', that is the higher of its fair value less costs to sell (FVLCS) and its value in use (VIU).

Player registrations

The costs associated with acquiring players' registrations, or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where players are acquired on deferred payment terms, these are deemed to be a financing transaction with a deemed interest rate applied. In such cases, the amount capitalised is the present value of future payments discounted using the deemed interest rate. When a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of market value for the non-cash consideration.

Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of first team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these fees are accounted for when it becomes probable that the number of appearances will be achieved or the specified future events will occur. These additional costs are capitalised and amortised as above. Likewise, any additional assets that are realised after selling players are recognised as debtors when it becomes probable that the conditions in the sale agreement will be met.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets excluding goodwill

The Group assesses at each Balance Sheet date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Impairment losses recognised with respect to CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell (FVLCS) and its value in use (VIU). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are reported separately in the Consolidated Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Group could receive for the CGU in an arm's length transaction. In determining FVLCS, fair value has been measured using the Income approach, in accordance with IFRS 13, and is categorised into level 3 in the fair value hierarchy as it includes unobservable inputs. Under this approach, the expected future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

A previously recognised impairment loss is reversed only if there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the Consolidated Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are not amortised but are instead subject to an annual impairment review. The Group considers its Brand to have indefinite useful life. Furthermore, the Group tests its tangible and intangible assets for impairment more frequently if there are indicators that the assets could be impaired.

Impairment testing procedures

The impairment test is carried out using the Income approach by assessing the net present value of future expected cash flows (on the basis of the continued operation of the cash generating unit) and comparing this to the carrying amount of net assets held by the cash generating unit.

If the carrying amount of net assets is higher than the calculated net present value then the assets are considered to be impaired.

The expected cash flow is based on the Group's forecast results and margins, including the necessary capital expenditure to meet anticipated performance. The assumptions used represent Management's best estimate and are based on past experience and internal information held by the Group. Given that the calculations for recoverable amounts require the use of estimates and assumptions, it is possible that the assumptions may change, which may impact the carrying value of the CGU and result in impairment.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing procedures (continued)

Key assumptions

Football team performance -	short term (1)	Finish in top-3 of SPFL Premeriership, qualify for Europa League participitation
Football team performance -	medium to long term (1)	Predictions of expected football results beyond season 2018/19 i.e. league placings, cup progressions, match day attendance, and future European participation.
Cash generating unit (2)		Football club operations
Budget period (3)		5 years
Discount rate (4)		13% pre tax
Growth rate (5)		2.0%

(1) The assumptions utilised in the model involve key judgements in respect of football performance in the short, medium and long term. The Board is satisfied with the robustness of these assumptions.

(2) The Group considers that the only cash generating unit is the operation of the football club. All income, costs and associated cash flows from retail operations are excluded from the impairment review.

Individual player registrations are included within the cash generating unit unless there are circumstances arising that would exclude them from the playing squad (such as sustaining a significant long term injury). In such circumstances, the players are unlikely to contribute to the future economic benefits of the cash generating unit and, as such, the carrying value of the player is removed from the cash generating unit. This is then assessed for impairment in isolation against the Group's best estimate of the player's fair value less any costs to sell. If the Group considers that impairment has occurred, a provision would be made as appropriate.

(3) The basis for the estimated cash flow is the confirmed budgets for 2016/17 and the cash flow forecasts for the next four years after. In the calculation, cash flows beyond this period are extrapolated using the estimated growth rate.

(4) A discount rate of 13% reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. The discount rate used in the prior year was 13%.

(5) The growth rate utilised is based on expected inflationary growth in the UK beyond the period of forecasting. The growth rate used in the prior year was 2.0%.

Indications of impairment

As part of the impairment testing, a sensitivity analysis was performed with changes (both positive and negative) to Domestic and European football related performance, player salaries and transfers, retail revenue, discount rate and growth rate. These are considered by the Group to be the key unobservable inputs which would impact the valuation model significantly. The weighted average results from the sensitivity analysis were then taken to determine the estimated net present value of the cash generating unit.

The impairment testing did not result in the identification of impairment losses.

The valuation model showed headroom of approximately £3.5m. The model by its nature is based upon uncertain assumptions and whilst the Group has a degree of expertise in these assumptions they are subject to change.

Interrelationships exist between all unobservable inputs. For example, a reduction in football related performance could impact the value of player costs or commercial and sponsorship income.

Critical sensitivities

Sensitivity applied	*Critical value – resulting in impairment charge*
Domestic and European football performance	Failure to participate in Europa League group stages a minimum of two times during the forecast period.
Discount factor	An increase in discount factor to 13.49%.
Player costs & transfers	An increase in the annual player salary costs by 3.25% above those projected in the cash flows.
	An increase in the annual transfer spend by 22.61% above those projected in the cash flows.
Retail revenue	A reduction in forecast annual retail revenue by 11%.
Growth rate	A reduction in growth rate from 2% to 1.31%.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Land and buildings held for use in operations, or for administrative purposes, are stated in the Balance Sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the Balance Sheet date.

At the date of revaluation, the Group estimates the fair value of the cash-generating unit (CGU) to which Land and buildings belong. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Group could receive for the CGU in an arm's length transaction.

Fair value has been measured using the Income approach, in accordance with IFRS 13, and is categorised into level 3 in the fair value hierarchy as it includes unobservable inputs. Under this approach, the expected future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

The discounted cash flow model used in the impairment testing procedures has also been used to determine the fair value of the CGU.

Further details with regard to the cash flow model used can be found within Impairment testing procedures section above. Relatively small changes in the assumptions could have a significant impact on the valuation of the CGU. For example, a reduction in discount rate applied, by 1%, would increase the value of the CGU by £8.3m.

The fair value of the CGU is allocated pro rata across the individual assets within the CGU, including Land and buildings. Management then perform a review of the individual fair values and consider whether this allocation is reflective of the current condition of the assets in question. Where they consider that the fair value allocated does not reflect the true condition of the assets, judgement is applied to adjust this allocation to a more appropriate basis.

Any revaluation increase arising on the revaluation of Land and buildings to fair value is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense. Under such circumstances, the increase is credited to the Income Statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such Land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to the Income Statement. On the subsequent sale or scrappage of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. There is also an annual transfer from revaluation reserve to retained earnings relating to annual depreciation.

Freehold land is not depreciated. Leasehold property is depreciated over the term of the lease. Other fixed assets are depreciated on a straight-line basis at annual rates appropriate to their estimated useful lives as follows:

Freehold properties	1.33%
General plant and equipment	10% – 33%

The Group capitalises costs in relation to an asset when an economic benefit from the asset is considered probable. Assets under the course of construction are carried at cost and include professional fees. Depreciation commences when the assets are ready for their intended use.

Provisions, contingent assets and liabilities

The Group only recognises liabilities where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be reliably estimated. In such instances a provision is calculated and recorded in the Financial Statements.

A contingent asset is not recognised in the Financial Statements but is disclosed when a possible asset arises from past events whose existence will be confirmed only by uncertain future events not wholly within the control of the entity and the inflow of economic benefits is assessed as probable at the Balance Sheet date.

A contingent liability is not recognised in the Financial Statements but is disclosed when an obligation arises from past events whose existence will be confirmed only by uncertain future events not wholly within the control of the entity; or an obligation arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Adoption of new and revised Standards

New, revised and amended standards that are effective for the year to 30 June 2017 are not applicable to the Group or do not have a significant impact on the financial statements.

At the date of authorisation of these financial statements, the following Standards and interpretations that are relevant to the Group were in issue but not yet effective, and have not been applied early in the financial statements:

Title	Key Issues	Effective Date	Impact on RIFC plc
IFRS 15 Revenue from Contracts with Customers	The new standard is a single global revenue standard and replaces IAS11, IAS18, IFRIC 13, IFRIC 18 and SIC 31. The standard contains a single model that applies to two approaches, being at point in time and over time. For complex transactions with multiple components, variable consideration or extended periods, application of the standard can lead to revenue being accelerated or deferred in comparison to current IFRS.	Periods beginning 1 January 2018	RIFC plc's key income streams are unlikely to be substantially affected.
IFRS 9 Financial Instruments	IFRS 9 was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.	Periods beginning 1 January 2018	An impact assessment has yet to be carried out, however RIFC plc's financial statements are unlikely to be substancially affected
IFRS 16 Leases	The standard provides a single lease accounting model requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset value is insignificant.	Periods beginning 1 January 2019 (though not yet endorsed for use in the EU)	An impact assessment has yet to be carried out.
IAS 7 Statement of Cash Flows	An amendment was introduced in January 2016 to IAS 7 to enable users of financial statements to evaluate changes in liabilities arising from financing activities and differentiate between changes arising from cash flows and non-cash changes.	Periods beginning January 2017 (though not yet endorsed for use in the EU)	Additional disclosure will be included if necessary in the 30th June 2018 financial statements, if required.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	FRIC 22 was introduced in June 2017 to clarify the appropriateness of recognising a current tax asset if tax laws require entities to make payments in respect of a disputed tax treatment.	Periods beginning 1 January 2018 (though not yet endorsed for use in the EU)	RIFC plc has no disputed tax treatments as at 30 June 2017 therefore IFRIC 22 is unlikely to substantially affect the Group.
FRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 was introduced in December 2016 to clarify the applicable exchange rate to be used when an entity has received advanced consideration in a foreign currency.	Periods beginning 1 January 2019 (though not yet endorsed for use in the EU)	RIFC plc does not expect to receive advanced consideration in a foreign currency therefore IFRIC 23 is unlikely to substantially affect the Group.

Notes to the financial statements (continued)

2. REVENUE

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Gate receipts and hospitality	21,616	17,349
Sponsorship and advertising	1,530	663
Broadcasting rights	3,648	2,088
Commercial	375	233
Other operating income	2,063	1,895
	29,232	**22,228**

3. LOSS FOR THE YEAR

	Notes	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Loss for the year has been arrived at after charging/(crediting):-			
Staff costs	6	17,582	12,962
Other operating charges		11,882	9,337
Hire of plant and machinery		217	203
Depreciation and impairment of property, plant and equipment	10	1,575	1,584
Amortisation of trademarks	11	2	2
Auditor's remuneration	5	75	84
Other operating expenses		**31,333**	**24,172**
Revenue grants		(417)	(243)
Amortisation and impairment of player registrations	11	1,595	764

Other operating charges includes matchday costs, such as policing, stewarding and pitch costs.

4. NON-RECURRING ITEMS

On 21 June 2017, the Group entered into a new retail operations, distribution and IP license agreement with SDI Retail Services Limited (replacing all existing agreements) and a deed of settlement and release in respect of all ongoing litigation and claims. In connection with these arrangements and the termination of the existing contracts, The Rangers Football Club Limited (TRFCL) incurred a non-recurring cost as shown and various dividend payments were agreed in respect of Rangers Retail Limited which have and will result in dividend payments to TRFCL. All of the litigation to which members of the Group and SDIR and its connected persons were party was dismissed between the members of the Group and SDIR and its connected persons on a no expenses due to or by basis. Going forward, the payments to TRFCL under the new license agreement will be significantly higher than under the previous agreements.

In the prior year, non-recurring costs relate to sums paid to the SPFL to settle the fine imposed on The Rangers Football Club plc ("Oldco").

Notes to the financial statements (continued)

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts:		
Audit of the Consolidated and Company's financial statements	40	44
Audit of the Company's subsidiaries	35	40
Total audit fees	**75**	**84**
Fees payable to the company's auditor for other services to the Group:		
Audit-related assurance services	12	12
Other tax advisory and compliance services	12	15
Other services	10	8
Total non-audit fees	**34**	**35**

No services were provided pursuant to contingent fee arrangements.

6. STAFF NUMBERS AND COSTS

The average monthly number of full-time employees (including executive Directors) was made up as follows:

	Year ended 30 June 2017 Number	Year ended 30 June 2016 Number
Football players	59	48
Others	120	109
	179	**157**

In addition, the Group employed an average of 471 part-time employees during the year (2016: 536), to assist on matchdays or other events.

The aggregate remuneration comprised:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Wages, salaries and benefits	15,791	11,657
Social security costs	1,666	1,206
Other pension costs	125	99
	17,582	**12,962**

Notes to the financial statements (continued)

7. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits £	Bonus £	Pensions £	Benefit in kind £	Year to 30 June 2017 £	Year to 30 June 2016 £
Non-Executive						
Alastair Johnston	-	-	-	-	-	-
Paul Murray	-	-	-	-	-	-
John Gilligan	-	-	-	-	-	-
Douglas Park	-	-	-	-	-	-
John Bennett	-	-	-	-	-	-
Dave King	-	-	-	-	-	-
Graeme Park	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Key management personnel	**345,540**	**93,199**	**13,080**	**3,408**	**455,227**	**391,477**

Key management personnel are, in addition to the Board of Directors, employees that have been or are part of the management of RIFC plc Group and have had substantial influence in important decision-making processes for the Group.

Management representatives have individual contracts that regulate salaries, bonuses, post-employment benefits and termination benefits. They were remunerated from The Rangers Football Club Limited throughout the year to 30 June 2017.

8. FINANCE COSTS AND OTHER CHARGES

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Finance costs		
Interest payable on lease finance agreements	30	23
Other interest	17	9
Interest received	(10)	(17)
Total finance costs	37	15
Other charges		
Amortisation of loans using effective interest rate method	1,043	310
Total other charges	1,043	310
Total finance costs and other charges	**1,080**	**325**

Notes to the financial statements (continued)

9. TAXATION

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Tax charged to the Income Statement:		
Current tax	-	-
Deferred tax (note 20)		
Origination and reversal of temporary differences	(169)	(27)
	(169)	**(27)**
Tax charged to Other Comprehensive income:		
Deferred tax (note 20)		
Origination and reversal of temporary differences	-	(130)
Deferred tax rate change on opening balances	(325)	(633)
	(325)	**(763)**
Total tax charged in the year	**(494)**	**(790)**

The credit for the year can be reconciled to the loss per the Income Statement as follows:

	Year ended 30 June 2017 £'000	Year ended 30 June 2016 £'000
Continuing Operations		
(Loss)/profit on ordinary activities before tax	(6,832)	(3,330)
Tax at the UK corporation tax rate of 19.75% (2016: 20%)	(1,349)	(666)
Tax effect of expenses that are not deductible in determining taxable profit	95	237
Tax effect of income not taxable in determining taxable profit	(232)	-
Difference between average rate and closing deferred tax rate	23	(3)
Tax losses unutilised and other temporary differences not recognised	1,294	405
Tax expense / (credit) for the year	**(169)**	**(27)**

Current tax is calculated at 19.75% of the estimated taxable profit / (loss) for the year (2016 – 20%). Finance Act 2016 was 'substantively enacted' and 'fully enacted' on 6 and 15 September 2016 respectively. This reduced the main rate of corporation tax applicable to 17% from 1 April 2020, replacing the 18% rate previously effective from that date. The closing deferred tax assets and liabilities have been calculated in accordance with the rates substantively enacted at the Balance Sheet date.

The Board are of the opinion that there is insufficient evidence to support recognition in the short-term of the unrecognised deferred tax asset disclosed in note 20.

Notes to the financial statements (continued)

10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Freehold properties £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
Cost or valuation at 1 July 2015	43,073	5,996	49,069
Additions	-	253	253
Disposals	-	(135)	(135)
Cost or valuation at 1 July 2016	43,073	6,114	49,187
Additions	15	849	864
Disposals	-	(911)	(911)
At 30 June 2017	**43,088**	**6,052**	**49,140**
Accumulated depreciation			
At 1 July 2015	2,127	2,011	4,138
Charge for the period to 30 June 2016	506	1,078	1,584
Eliminated on disposal	-	(135)	(135)
At 1 July 2016	2,633	2,954	5,587
Charge for the period to 30 June 2017	505	1,070	1,575
Eliminated on disposal	-	(701)	(701)
At 30 June 2017	**3,138**	**3,323**	**6,461**
Carrying amount			
At 30 June 2017	**39,950**	**2,729**	**42,679**
At 30 June 2016	40,440	3,160	43,600
At 30 June 2015	40,946	3,985	44,931
Amounts in respect of assets of the Group held under finance leases are as follows:			
Net book value at 30 June 2017	-	521	521
Net book value at 30 June 2016	-	901	901
Depreciation provided in the period at 30 June 2017	-	68	68
Depreciation provided in the period at 30 June 2016	-	174	174

On 30 June 2017 the Directors valued the Freehold Properties, comprising Ibrox Stadium and Auchenhowie training facility at Fair value. Fair value has been measured using the Income approach, in accordance with IFRS 13, and is categorised into level 3 in the fair value hierarchy as the inputs include unobservable inputs.

Further details in respect of the key assumptions, estimates and sensitivities in this assessment can be found in note 1 to these financial statements.

Whilst the cash flow model indicated that the CGU had a fair value in excess of carrying value, it was concluded that this excess did not relate to Freehold properties. As such, there has been no revaluation adjustment in the current year as the carrying value is deemed to be equivalent to its fair value.

Impairment tests for specific fixed assets are performed when there are indications of impairment. Where these assets do not form part of the overall CGU of Football operations, they are assessed in isolation.

Notes to the financial statements (continued)

11. INTANGIBLE ASSETS

	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
Cost or valuation at 1 July 2015	3,069	16,066	19,135
Additions	1,704	6	1,710
Disposals	(1,078)	-	(1,078)
Cost or valuation at 1 July 2016	3,695	16,072	19,767
Additions	10,330	-	10,330
Disposals	(1,930)	-	(1,930)
At 30 June 2017	**12,095**	**16,072**	**28,167**
Amortisation:			
At 1 July 2015	2,173	5	2,178
Charge for period to 30 June 2016	764	2	766
Eliminated on disposal	(1,078)	-	(1,078)
At 1 July 2015	1,859	7	1,866
Charge for period to 30 June 2017	1,595	2	1,597
Eliminated on disposal	(711)	-	(711)
At 30 June 2017	**2,743**	**9**	**2,752**
Net book value at 30 June 2017	**9,352**	**16,063**	**25,415**
Net book value at 30 June 2016	1,836	16,065	17,901
Net book value at 30 June 2015	896	16,061	16,957

The loss on disposal of player registrations amounted to £446,000 (2016: profit of £121,000). This amount relates to players sold or released from their contracts.

72% of the 2017 net book value of player registrations relates to 5 players. The average amortisation period remaining for those players is 35 months.

12. INVESTMENTS IN SUBSIDIARIES

Company	Investment of shares £'000	Capital contribution £'000	Total £'000
Cost at 1 July 2016	13,296	28,125	41,421
Capital contributed during the year	-	5,875	5,875
Cost and net book value at 30 June 2017	13,296	34,000	47,296

The Company's subsidiary undertakings are The Rangers Football Club Ltd, the main activity of which is the operation of a professional football club, and Rangers Media Limited, which is a company operating the production and content of media services for the Club. Both these companies are owned 100%.

The Rangers Football Club Ltd holds further investments in the following companies:

Name of company	Holding	Proportion of Shares Held	Nature of Business
Garrion Security Services Ltd	Ordinary Shares	100%	Security

These companies are all registered in the United Kingdom and their results are included in these consolidated financial statements.

Notes to the financial statements (continued)

13. INTERESTS IN ASSOCIATES

	£'000
Group	
At 1 July 2016	-
Share of profits in the year to 30 June 2017	651
Dividends received in the year to 30 June 2017	(620)
Reversal of prior year impairment provision	522
At 30 June 2017	553

Rangers Retail Limited is an entity whose principal activity is the retail of the Club's branded sports and leisure goods.

As set out in note 1, the Board of Directors consider that they do not control the entity. As such, they consider that, the investment in Rangers Retail Limited represents an investment in an associate, and have applied the equity method of accounting.

Entity	Rangers Retail Limited
Registered	England
Reporting date (1)	30 April
% Issued share capital held (2)	25.5%

Year to 30 April 2017	£'000
Non-current assets	-
Current assets	2,977
Current liabilities	(1,038)
Provisions	(216)
Net assets	**1,723**
Revenue	3,245
Net operating expenses	(1,910)
Profit before tax	**1,335**
Tax	(267)
Profit after tax	**1,068**

(1) The financial reporting date for Rangers Retail Limited is 30 April, in line with SportsDirect.com. The 2017 audit of Rangers Retail Limited has yet to be completed by their auditors at the date of approval of these financial statements. The information presented is the management accounts for the financial year to 30 April 2017.

(2) The Rangers Retail Limited Board acknowledges the share allotment error within Rangers Retail Limited, as disclosed in their financial statements. As at the year end, no steps had been taken by Rangers Retail Limited to correct this error. As such, the percentage of voting rights by number of allotted shares is 25.5%, although Rangers Retail Limited and its shareholders recognise that this should be corrected to 51% and proceed accordingly.

On 21 June 2017, the Group entered into a new retail operations, distribution and IP licence agreement with SDI Retail Services Limited (replacing all existing arrangements from this date onwards) and a deed of settlement and release in respect of all ongoing litigation and claims between the parties.

Following the new arrangements, the Group no longer considers the investment to be impaired and the prior year provision has been released. A dividend was also paid to the Group amounting to £620,000. The Group's investment value represents its share of the net assets of Rangers Retail Limited at 30th June 2017.

As part of this new arrangement, rights were granted to Rangers Retail Limited as may reasonably be required to effect the run off and cessation of that entity. It is anticipated that Rangers Retail Limited will be wound up in the near future. A further dividend of £567,500 was paid to the Group after the period end, and it is anticipated that a further smaller dividend may be paid before the winding up concludes. As such, all results within Rangers Retail Limited relate to discontinued operations.

Rangers Retail Limited is not a publicly quoted company and as such, no quoted market price is available.

Notes to the financial statements (continued)

14. TRADE AND OTHER RECEIVABLES

	2017 £'000 Group	2016 £'000 Group	2017 £'000 Company	2016 £'000 Company
Trade Debtors	15,420	12,602	-	-
Less: - provision for doubtful debts	(5)	(5)	-	-
	15,415	12,597	-	-
Other debtors	176	161	-	-
Prepayments and accrued income	1,320	1,527	-	-
	16,911	14,285	-	-

Ageing of past due but not impaired receivables:	2017 £'000 Group	2016 £'000 Group
31-60 days	21	-
61-90 days	9	5
91-120 days	3	10
	33	15

Player registration receivables:	2017 £'000	2016 £'000
Receivables due within one year	250	-
Receivables due more than one year	650	-
Financial discount effect	(91)	-
Net present value of receivables	809	-

The financial discount effect relates to the Group recognising deferred transfer installments, beyond normal business terms as a financing transaction with a deemed interest rate applied.

All other receivables are due within one year.

Trade receivables includes £12,510,000 (2016: £11,423,000) in respect of season tickets that are paid by supporters using deferred payment plans or merchant services.

The Directors consider the carrying amount of trade and other receivables to be approximate to their fair value.

15. CASH AND BANK BALANCES

	2017 £'000	2016 £'000
Group		
Balances with banks	2,815	2,945
Cash on hand	14	13
	2,829	2,958

Notes to the financial statements (continued)

16. OTHER LOANS

CURRENT LIABILITIES	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Investor loans at amortised cost	-	3,750	-	3,750
	-	3,750	-	3,750

NON-CURRENT LIABILITIES	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Investor loans at amortised cost	13,984	5,224	13,984	5,224
	13,984	5,224	13,984	5,224

ANALYSIS OF LOANS	Interest free loans from investors £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Investor loans repayable in July 2018	12,900	(1,413)	11,487
Investor loans repayable in December 2018	3,000	(503)	2,497
	15,900	(1,916)	13,984

Investor loans

Further details regarding investor loans can be found on note 28 to the financial statements.

During the year, £5.875m of additional investor loans were provided interest free to the Group. Under IFRS, such loans are required to be accounted for on initial recognition at fair value. As there is no active market for the loans, the fair value is required to be estimated by discounting these to the present value of future payments using an equivalent market rate of a similar instrument. Borrowings are subsequently stated at amortised cost with the difference between fair value on initial recognition and the redemption value recognised in the Income Statement over the period of the borrowings using the effective interest method.

Secured debts

The Scottish Sports Council (Sports Scotland) has a standard security over Auchenhowie. Finance leases are secured over the assets to which they relate.

Book value of non-current assets pledged as security	2017 £'000	2016 £'000
Non-current assets – standard security	6,735	6,819
Non-current assets – finance leases	521	901

Notes to the financial statements (continued)

17. TRADE AND OTHER PAYABLES

	2017 £'000	2016 £'000
Group		
Current liabilities		
Trade creditors	2,453	1,021
Social security and other taxes	2,723	2,659
Other creditors	51	48
Accruals	3,246	1,553
	8,473	**5,281**

The average credit taken for trade purchases is 27 days (2016 - 31 days).

	2017 £'000	2016 £'000
Non-current liabilities		
Trade creditors	1,707	137
Accruals	2,220	377
	3,927	**514**

	2017 Trade creditors £'000	2017 Accruals £'000	2016 Trade creditors £'000	2016 Accruals £'000
Non-current liabilities fall due as follows:				
Between one and two years	907	2,047	137	250
Between two and five years	800	173	-	127
	1,707	**2,220**	**137**	**377**

Included within liabilities are the following player registration payables:	2017 £'000	2016 £'000
Current liabilities	3,374	654
Non-current liabilities	4,453	514
Financial discount effect	(701)	-
	7,126	**1,168**

The financial discount effect relates to the Group receiving deferred transfer installments beyond normal business terms as a financing transaction with a deemed interest rate applied.

Notes to the financial statements (continued)

18. OBLIGATIONS UNDER FINANCE LEASES

Group

	Total minimum payments 2017 £'000	Future interest payable 2017 £'000	Present value as per financial statement 2017 £'000	Present value as per financial statement 2016 £'000
Repayment of borrowings on finance leases fall due as follows:				
In one year or less	159	34	125	38
Between one and five years	394	43	351	-
	553	77	476	38

The finance leases relate to funding of capital expenditure on Stadium lighting rigs, CCTV system installations and Training Ground pump systems. There are no contingent amounts payable or restrictions imposed by the above leasing arrangements.

Other Commitments

The Group has two rolling annual operating lease commitments amounting to £47,000.

19. DEFERRED INCOME

	2017 £'000	2016 £'000
Group		
Income deferred less than one year	17,881	15,491
Income deferred more than one year	488	366
	18,369	15,857

Deferred income less than one year comprises season tickets, sponsorship, hospitality and other elements of income that have been received in advance and will be recognised as revenue in the 2017/18 financial year. Deferred income more than one year relates to income received in advance from catering service contracts.

Notes to the financial statements (continued)

20. DEFERRED TAX

The following are major deferred tax liabilities recognised by the Group:

Specification of Basis for Deferred Tax	Opening balance 2017 £'000	Recognised in Income Statement 2017 £'000	Recognised in Other Comprehensive income 2017 £'000	Closing balance 2017 £'000
Non-current assets – temporary differences	5,566	(191)	(325)	5,050
Tax losses	(27)	22	-	(5)
Deferred tax liability	5,539	(169)	(325)	5,045

Specification of Basis for Deferred Tax	Opening balance 2016 £'000	Recognised in Income Statement 2016 £'000	Recognised in Other Comprehensive income 2016 £'000	Closing balance 2016 £'000
Non current assets	6,329	-	(763)	5,566
Tax losses	-	(27)	-	(27)
Deferred tax liability	6,329	(27)	(763)	5,539

At the Balance Sheet date, the Group has unrecognised tax losses of £25.7m creating an unrecognised deferred tax asset of £4.4m. There is also an unrecognised deferred tax liability of £0.37m in respect of temporary tax differences in non-current assets for which losses would be available to offset. No deferred tax assets have been booked due to uncertainty in the short term over when sufficient taxable profits will arise to offset these losses.

Notes to the financial statements (continued)

21. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maintaining a capital structure adequate for the risk profile of the business. Strong financial capital management is an integral part of the Board's strategy to achieve the Group's stated objectives. The Board reviews financial capital reports on a regular basis and the Group finance function do so on a daily basis ensuring that the Group has adequate liquidity. The Board's consideration of going concern is detailed in the Strategic Report. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 26 and the statement of changes in equity.

Financial risk management objectives and policies

The Group's financial assets include cash and cash equivalents and other short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. Surplus cash within the Group is put on deposit, the objective being to maximise returns on such funds, subject to acceptable credit liquidity and price risk, whilst ensuring that the short-term cash flow requirements of the Group are met.

The carrying value of the financial assets and liabilities (with non-financial assets and liabilities shown for reconciling purposes) are analysed as follows:

	Financial £'000	Non financial £'000	Total At 30 June 2017 £'000	Total At 30 June 2016 £'000
Non-current assets	-	68,647	68,647	61,501
Trade receivables and similar items	15,415	-	15,415	12,597
Cash and cash equivalents	2,829	-	2,829	2,958
Other current assets	1,496	-	1,496	1,688
Total assets	19,740	68,647	88,387	78,744
Financial liabilities				
Trade and other payables	12,400	-	12,400	5,795
Other liabilities	32,829	5,045	37,874	30,408
Total liabilities	45,229	5,045	50,274	36,203
Net (liabilities)/assets	(25,489)	63,602	38,113	42,541

The Group has not used derivative financial instruments during the year. The Board will review the need for the use of derivative financial instruments in the future.

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

(i) market risk;

(ii) credit risk; and

(iii) liquidity risk.

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

Notes to the financial statements (continued)

21. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates.

Foreign currency management

The reporting currency of the Group is UK Sterling. The Group is exposed to currency risk due to movements in foreign currencies relative to Sterling affecting the Group's foreign currency transactions and balances.

The amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Trade & other payables 2017 £'000	Cash & equivalents 2017 £'000	Trade & other payables 2016 £'000	Cash & equivalents 2016 £'000
Euro	(1,385)	14	-	39
Swiss Francs	-	1	-	1
USD	(4,382)	47	-	48

The following table details the Company's sensitivity to a 10% increase and decrease in GBP against the relevant foreign currencies. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where GBP strengthens 10% against the relevant currency. For a 10% weakening of GBP against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

	Euro 2017 £'000	Euro 2016 £'000	USD 2017 £'000	USD 2016 £'000
Profit/(loss)	124	(4)	394	(4)

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Of the total trade receivable balance of £15,415,000, £809,000 relates to amounts receivable from other football clubs in relation to player trading, and £7,813,000 relates to amounts due from merchant service providers. Such assets held by the merchant service provider are released to the Club over the course of the season. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and is £18,244,000.

There are no other significant concentrations of credit risk within the Group. The maximum risk exposure relates to the merchant services provider. The Merchant services provider is the UK subsidiary of a corporate entity listed on the New York stock exchange and meets the credit rating criteria of the Board. Management reviews the financial status of provider on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum credit risk exposure of the Group comprises the amounts presented in the balance sheet which are stated net of provisions for doubtful debts.

Notes to the financial statements (continued)

21. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Liquidity risk

The Group's policy is to maintain a balance of continuity of funding and flexibility through the use of loans and finance leases as applicable. At 30 June 2017, the Group has external loans of £13.98 million (note 16), and finance leases of £0.5m.

Ultimate responsibility for liquidity risk management rests with the Board. The Board uses management information tools including budgets and cash flow forecasts to be able to regularly monitor and manage current and future liquidity. Further information in respect of liquidity risk can be found within note 1 to the financial statements and in the Strategic Report.

At the year end, the Group's contractual cash flows and exposure to liquidity risk was as follows:

	Due on demand or less than one year £'000	Due 1-2 years £'000	Due 2-5 years £'000	Total As at 30 June 2017 £'000	Carrying value at June 2017 £'000
Investor loans	-	(15,900)	-	(15,900)	(13,984)
Trade and other payables	(8,473)	(3,377)	(1,251)	(13,101)	(12,400)
Finance lease obligations	(159)	(126)	(268)	(553)	(476)
Total	(8,632)	(19,403)	(1,519)	(29,554)	(26,860)

The investors have indicated that their loan facilities will continue to be made available whilst funds are still required by the Club.

22. FAIR VALUES

	Carrying value £'000
Non financial assets	
Property, plant & equipment	39,950

See note 10 for details of property, plant & equipment held at fair value. During the year there were no transfers between the levels of fair value hierarchy. The Group considers this to be a recurring measurement using a level 3 valuation method.

The value of all other financial assets and liabilities included in the Financial Statements are considered to be a reasonable approximation of fair value at the Balance Sheet date.

Notes to the financial statements (continued)

23. SHARE CAPITAL

Group and Company	As at 30 June 2017 £'000	As at 30 June 2016 £'000
Allotted, called up and fully paid 81,478,201 Ordinary shares of 1p each	815	815

There is only one class of ordinary shares. All shares carry equal rights.

24. SHARE PREMIUM AND MERGER RESERVE

	Total At 30 June Group £'000	Total At 30 June Company £'000
Share premium		
Previously reported balance at 30 June 2015	32,008	19,048
Prior period adjustment	(12,960)	-
Restated balance at 30 June 2015	19,048	19,048
Movement in year	-	-
Restated balance at 30 June 2016	19,048	19,048
Movement in year	-	-
Balance at 30 June 2017	19,048	19,048

Merger reserve	Total At 30 June Group £'000	Total At 30 June Company £'000
Previously reported balance at 30 June 2015	-	12,960
Prior period adjustment	12,960	-
Restated balance at 30 June 2015	12,960	12,960
Movement in year	-	-
Restated balance at 30 June 2016	12,960	12,960
Movement in year	-	-
Balance at 30 June 2017	12,960	12,960

In the prior year, the share premium and merger reserve were shown as a combined total within the Group financial statements. A prior period adjustment has been made to split the amounts within the Group financial statements in line with the Parent Company.

The merger reserve of £12,960,000 (2016 - £12,960,000) was created following the share for share exchange with The Rangers Football Club Limited in 2012. As a result of the restatement, there is no impact to the Income Statement and no impact on the Balance Sheet out with equity. The net impact on equity is £nil as the prior period adjustment is a reclassification only. The prior period adjustment does not impact basic or diluted earnings per share.

Notes to the financial statements (continued)

25. OTHER RESERVES

Revaluation reserve	**As at 30 June 2017 £'000**
Group	
Balance at 30 June 2015	26,376
Deferred tax liability relating to components of other comprehensive income	763
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2016	26,777
Deferred tax liability relating to components of other comprehensive income	325
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2017	**26,740**

Capital contribution reserve	**As at 30 June 2017 £'000**
Group and Company	
Balance at 30 June 2016	1,361
Contribution received	1,910
Balance at 30 June 2017	**3,271**

Investor loans were provided on an interest-free basis. On initial recognition, the loans are required to be booked at fair value. As there is no active market for the loans, the fair value is estimated by discounting the amount repayable to the present value using a market rate for a similar instrument. The difference arising between fair value and the nominal value is deemed as a capital contribution and taken direct to equity.

26. RETAINED EARNINGS

	Group £'000	**Company £'000**
Revised balance at 30 June 2015	(15,479)	(1,429)
Loss for the year ended 30 June 2016	(3,303)	(353)
Release of revaluation reserve for the year ended 30 June 2016	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2016	(91)	-
Balance at 30 June 2016	**(18,420)**	**(1,782)**
Loss for the year ended 30 June 2017	(6,663)	(1,061)
Release of revaluation reserve for the year ended 30 June 2017	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2017	(91)	-
Balance at 30 June 2017	**(24,721)**	**(2,843)**

The Parent Company is exempt from disclosing a company-only income statement. Its loss for the year was £1,061,000 (2016 - £353,000).

Notes to the financial statements (continued)

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	Year to 30 June 2017 £'000	**Year to 30 June 2016 £'000**	**Year to 30 June 2017 £'000**	**Year to 30 June 2016 £'000**
Loss for the year	(6,663)	(3,303)	(1,061)	(353)
Amortisation and impairment of intangible fixed assets	1,597	766	-	-
Depreciation and impairment of property, plant and equipment	1,575	1,584	-	-
Impairment on investment in associate	(522)	522	-	-
(Gain)/Loss on disposal of players' registrations	446	(121)	-	-
(Gain)/Loss on disposal of fixed assets	200	-	-	-
Financing costs and other charges	1,080	325	1,043	310
Share of Income from associates	(651)	(147)	-	-
Decrease/(increase) in trade and other receivables	(1,876)	(7,706)	18	43
(Decrease)/increase in trade and other payables and deferred income	3,064	10,080	-	-
Taxation	(169)	(27)	-	-
Cash used in operations	(1,919)	1,973	-	-

Notes to the financial statements (continued)

28. RELATED PARTY TRANSACTIONS

Investor loans

	2017 £'000 New Oasis Asset Limited	2017 £'000 Director loans	2017 £'000 Other related party loans	2017 £'000 Total Investor loans	2016 £'000 Total Investor loans
Opening balance	3,700	2,450	3,875	10,025	3,750
Loans repaid	-	(154)	-	(154)	-
Loans provided	3,000	1,500	1,529	6,029	6,275
Closing balance	6,700	3,796	5,404	15,900	10,025

Split as follows:

	2017 £'000 New Oasis Asset Limited	2017 £'000 Director loans	2017 £'000 Other related party loans	2017 £'000 Total Investor loans	2016 £'000 Total Investor loans
Investor loans due on demand	-	-	-	-	3,750
Investor loans repayable December 2017	-	-	-	-	6,275
Investor loans repayable July 2018	5,200	3,046	4,654	12,900	-
Investor loans repayable December 2018	1,500	750	750	3,000	-
	6,700	3,796	5,404	15,900	10,025

During the year, the Group received £5.875m (net) from Directors, existing shareholders and other parties. This entire amount was made available for working capital purposes.

New Oasis Asset Limited

Shareholder

The loan facilities provided were formally extended during the year to a repayment date of July 2018 and December 2018. New Oasis Asset Limited has advised that they will extend the facilities available whilst the funds are required by the Club. New Oasis Asset Limited is a company in which the Group Chairman, Mr D King and his immediate family are interested. No interest or fees have been or are to be charged in respect of the facilities and the loan is being provided on an unsecured basis.

Director loans

Douglas Park, John Bennett, Paul Murray

The loan facilities provided were formally extended during the year to a repayment date of July 2018 and December 2018. No interest or fees have been or are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

Other related party loans - *Shareholders and new investors*

George Taylor, George Letham, Andrew Ross, Barry Scott, Scott Murdoch

The loan facilities provided were formally extended during the year to a repayment date of July 2018 and December 2018. No interest or fees have been are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

Transactions with Rangers Retail Limited

Associate entity

During the year, the Company sold goods and services amounting to £99,000 to Rangers Retail Limited and received dividends amounting to £620,000. At the year end, the Company was due £23,000 from Rangers Retail Limited. This amount is included in trade receivables.

Key management personnel remuneration

Details in respect of the remuneration of the Board of Directors and Key management personnel are disclosed in note 7 to the financial statements.

Notes to the financial statements (continued)

29. CONTINGENT LIABILITIES

Independent Investigation

On 15 April 2013, the Board of RIFC plc announced that it was commissioning an independent examination and report relating to allegations made by Craig Whyte, the previous owner of Rangers Football Club plc, concerning RIFC's then Chief Executive and Commercial Director.

A letter before claim was received by the Company from legal advisers to Craig Whyte and Aidan Earley. The Company engaged the services of Allen & Overy LLP to defend against this possible claim. In addition, the non-executive directors of the Company (the "Investigation Committee") engaged the law firm Pinsent Masons LLP to investigate the connections between Craig Whyte and former and current personnel of the Company and its subsidiaries (the "Investigation").

The Investigation was overseen by Roy Martin QC.

On 30 May 2013, the Company announced that the Investigation had been concluded on 17 May 2013 and Pinsent Masons and Roy Martin QC have reported to the Investigation Committee. The Investigation Committee was satisfied that a thorough investigation was conducted despite the inherent limitations of a private inquiry.

Based on the assessment of the available evidence, the Company considers that the Investigation found no evidence that Craig Whyte had any involvement with Sevco Scotland Limited (now called The Rangers Football Club Limited), the company which ultimately acquired the business and assets of Rangers Football Club plc from its administrators; nor which would suggest that Craig Whyte invested in The Rangers Football Club Limited or Rangers International Football Club plc, either directly or indirectly through any third party companies or vehicles.

On 28 May 2013, a further letter before claim was sent to (inter alia) The Rangers Football Club Limited and Rangers International Football Club plc on behalf of Craig Whyte, Aidan Earley and (purportedly) Sevco 5088 Limited. The Board is of the view that the claims set out in the letter before claim are entirely unsubstantiated based on legal advice received to date by the Board and the outcome of the Investigation. This letter is now 52 months old and despite press reports no further correspondence or information in respect of this matter has been received in that time.

Rangers Retail Limited

On 21 June 2017, a deed of settlement and release was entered into between SDI Retail Services Limited, SportsDirect.com Retail Limited, Mike Ashley, Mash Holdings Limited, Rangers International Football Club Plc, The Rangers Football Club Limited, Dave King, Paul Murray and Rangers Retail Limited in respect of all ongoing litigation and claims between the parties. As a result, all contingent liabilities previously reported on this matter have been released from this date.

Loss of earnings / Civil action against former directors

On 23 May 2016, the Club commenced legal proceedings against Charles Green, Brian Stockbridge, Imran Ahmed, Derek Llambias, SportsDirect.com Retail Limited and Michael Ashley relating to the circumstances surrounding the entering into by the Club of a Stadium Sponsorship Agreement and its subsequent replacement by a Partnership Marketing Agreement.

The Club is seeking declarator that the Partnership Marketing Agreement was entered into in breach of fiduciary duties and duties under the Companies Act 2006 and is void. Following the deed of settlement and release as noted above, SportsDirect.com Retail Limited and Michael Ashley have been removed from the legal proceedings on a no expenses to or by basis.

The proceedings against the remaining parties continue.

Notes to the financial statements (continued)

30. EARNINGS PER ORDINARY SHARE

The Earnings per ordinary share has been calculated in accordance with IAS 33 as follows.

	Year to 30 June 2017	Year to 30 June 2016
(Loss)/profit for the year attributable to owners of the company (£'000)		
Earnings for the purpose of basic and diluted earnings per share	(6,663)	(3,303)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	(6,663)	(3,303)
Weighted average number of shares for the purpose of basic and diluted earnings per share	81,478,201	81,478,201
Basic and diluted earnings per ordinary share	(8.18p)	(4.05p)

31. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the year end:

Capital Commitments

The Group contracted for capital expenditure on stadium improvements and grounds equipment amounting to £797,000.

Acquisition and sale of player registrations

The Group contracted for the purchase of one player and sale of four players. The net receipt resulting from these transfers, after taking account of direct costs, is £240,000.

Rangers Retail Limited

On 16 October 2017, the Group received a further dividend from Rangers Retail Limited amounting to £567,500.

Investor loans

New Oasis Asset Limited and certain investors have extended their loan facilities to a repayment date of July 2019.

RANGERS FOOTBALL CLUB

READY