

Rangers Pools Limited

Directors' report and financial statements

31 July 1998

Registered number 40034



Directors' report and financial statements

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Directors' report

The directors submit the audited financial statements of the company for the year ended 31 July 1998 to be presented at the annual general meeting of the company to be held in Edmiston House, Glasgow.

Principal activities

The company operates lotteries under the Lotteries and Amusements Act 1976 as amended by the National Lottery etc Act 1993.

Business review

The downward trend of previous periods and part of the current year had been arrested through the relaunch in the final quarter of a modified version of our weekly lottery. This, along with other developments, has given the company a sound base from which progress could be made.

Directors

The directors of the company during the year were:

James Robinson
William Steven

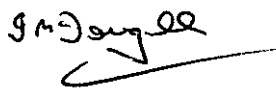
In accordance with the Articles of Association, Mr W Steven retires by rotation and, being eligible, offers himself for re-election.

The interests of the directors in the parent company, Rangers FC Development Fund Limited, during the year ended 31 July 1998, are disclosed in that company's financial statements.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



I McDougall
Secretary

11 Harrison Drive
Glasgow
G51 2UJ

29 September 1998

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Glasgow
G2 4QS
United Kingdom

Report of the auditors to the members of Rangers Pools Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

29 September 1998

Revenue account

for the year ended 31 July 1998

	Note	1998 £	1997 £
Turnover	2	1,903,556	1,992,667
Donated to Rangers FC Development Fund Limited		(495,226)	(580,884)
		<hr/>	<hr/>
Prize money		1,408,330 (672,666)	1,411,783 (752,502)
		<hr/>	<hr/>
		735,664	659,281
Exceptional item: Loan from parent undertaking waived during year		-	2,200,000
		<hr/>	<hr/>
		735,664	2,859,281
Staff costs	4	(210,350)	(207,985)
Depreciation		(4,648)	(5,597)
Other operating charges		(524,274)	(449,938)
Interest receivable		62,999	47,034
Interest payable		(1,211)	(3,276)
		<hr/>	<hr/>
		(677,484)	(619,762)
		<hr/>	<hr/>
Surplus on ordinary activities before taxation	3 & 5	58,180	2,239,519
Taxation	6	(11,349)	(11,211)
		<hr/>	<hr/>
Surplus for the year after taxation		46,831	2,228,308
Balance brought forward		249,420	(1,978,888)
		<hr/>	<hr/>
Surplus carried forward		296,251	249,420
		<hr/>	<hr/>

Statement of recognised gains and losses

There are no recognised gains or losses other than those reflected in the surplus for the year or the previous year as disclosed above.

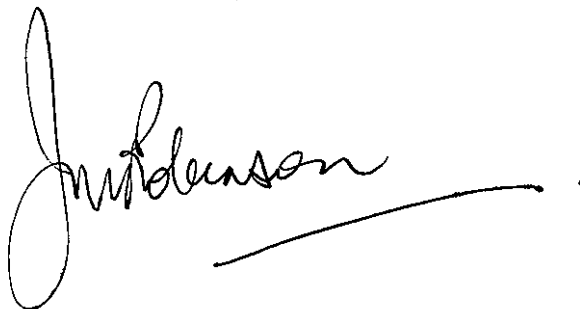
Balance sheet
at 31 July 1998

	Note	£	1998	£	£	1997	£
Fixed assets							
Tangible assets	7			7,157			7,743
Current assets							
Debtors	8	130,284			61,235		
Cash and bank		378,110			377,822		
			508,394			439,057	
Creditors: amounts falling due within one year	9	(219,200)			(197,280)		
Net current assets				289,194			241,777
Total assets less current liabilities				296,351			249,520
Capital and reserves							
Called up share capital	10			100			100
Revenue account				296,251			249,420
Shareholders' funds: all equity interests				296,351			249,520

There was no movement in shareholders' funds other than the surplus for the year.

These financial statements were approved by the board of directors on 29 September 1998 and were signed on its behalf by:

J Robinson
Director



Notes

(forming part of the financial statements)

1 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

2 Accounting policies

Turnover

Turnover represents fees for management services provided plus entry money received for lotteries taking place during the year.

Depreciation

Depreciation is provided on all fixed assets over the estimated useful life of the assets at the undernoted rates:

Office equipment - 20% to 50% per annum - straight line basis

Pension

Pension costs payable in the course of a year are charged in that year.

Taxation

The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

3 Surplus on ordinary activities

	1998 £	1997 £
<i>Surplus on ordinary activities is stated after charging:</i>		
Auditors' remuneration	4,110	3,990
Loss on disposal	-	1
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs (including directors)

	Number of employees	
	1998	1997
Average number of employees - administration	17	17
	<u> </u>	<u> </u>
The aggregate payroll costs of these persons were as follows:		
	1998	1997
	£	£
Wages and salaries	186,230	184,360
Social security costs	16,968	16,616
Other pension costs	7,152	7,009
	<u> </u>	<u> </u>
	210,350	207,985
	<u> </u>	<u> </u>

5 Directors' emoluments

No emoluments were paid to any director during the year (1997: £Nil).

6 Taxation

	1998	1997
	£	£
Corporation tax payable - current year	11,596	8,753
Adjustment relating to prior year	(247)	2,458
	<u> </u>	<u> </u>
	11,349	11,211
	<u> </u>	<u> </u>

Notes (continued)

7 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At beginning of year	66,239
Additions	4,062
	<hr/>
At end of year	70,301
	<hr/>
<i>Depreciation</i>	
At beginning of year	58,496
Charge for year	4,648
	<hr/>
At end of year	63,144
	<hr/>
<i>Net book value</i>	
At 31 July 1998	7,157
	<hr/>
At 31 July 1997	7,743
	<hr/>

8 Debtors

	1998 £	1997 £
Amounts owed by group undertakings	9,255	1,763
Other debtors	106,347	45,319
Prepayments and accrued income	14,682	14,153
	<hr/>	<hr/>
	130,284	61,235
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	1998	1997
	£	£
Amounts owed to group undertakings	62,151	65,368
Taxation and social security	34,634	26,689
Other creditors	104,252	88,354
Accruals	18,163	16,869
	<u>219,200</u>	<u>197,280</u>

10 Called up share capital

	1998	1997
	£	£
<i>Authorised:</i>		
25,000 ordinary shares of £1 each	25,000	25,000
	<u>25,000</u>	<u>25,000</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Parent company

The company is a wholly owned subsidiary of Rangers FC Development Fund Limited which is incorporated in Great Britain and registered in Scotland.

Notes *(continued)*

12 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for this scheme represents contributions payable by the company to the fund and amounted to £4,650 (1997: £4,587). No contributions were payable to the fund at the year end. The company also makes payments to certain employees' personal pension plans.

The following information does not form part of the audited statutory accounts and is included solely for the information of management.

Detailed revenue account (excluding lotteries)
for the year ended 31 July 1998

	1998		1997	
	£	£	£	£
Sales and recharges		169,856		-
Management charges received		42,400		85,208
		<hr/>		<hr/>
		212,256		85,208
Direct costs of recharges		(117,105)		-
		<hr/>		<hr/>
		95,151		85,208
Direct competition costs:				
Salaries, national insurance contributions and pension	191,791		189,903	
Printing and stationery	22,621		24,385	
Postages	44,988		46,598	
Advertising and promotion	21,396		21,696	
General expenses	72		(31)	
Bank charges	12,300		11,471	
	<hr/>		<hr/>	
	293,168		294,022	
Contribution to costs from lotteries	(280,239)		(280,438)	
	<hr/>		<hr/>	
		(12,929)		(13,584)
		<hr/>		<hr/>
Gross profit		82,222		71,624
Exceptional item:				
Loan from parent undertaking waived during year		-		2,200,000
		<hr/>		<hr/>
		82,222		2,271,624
Interest received		62,999		47,034
Interest paid		(1,211)		(3,276)
		<hr/>		<hr/>
		144,010		2,315,382
Establishment costs:				
Rates	16,573		10,752	
Property repairs	-		188	
Heat and light	8,447		7,063	
Cleaning wages and materials	6,631		7,241	
	<hr/>		<hr/>	
	31,651		25,244	
	<hr/>		<hr/>	
Office costs:				
Accounts salaries, national insurance contributions and pension	18,559		18,082	
Computer costs	2,248		2,178	
Telephone, fax and photocopier	4,363		4,906	
Office equipment depreciation	4,648		5,597	
Office upkeep	2,378		1,821	
Stationery and postages	6,329		5,370	
	<hr/>		<hr/>	
	38,525		37,954	
	<hr/>		<hr/>	
Carried forward	70,176	144,010	63,198	2,315,382

Detailed revenue account (excluding lotteries) (continued)
for the year ended 31 July 1998

	1998		1997	
	£	£	£	£
Brought forward	70,176	144,010	63,198	2,315,382
Office costs:				
Motor expenses	2,525		2,474	
Travel and entertaining	294		215	
Insurance	1,140		1,503	
Audit fees	4,110		4,041	
Professional fees	2,270		798	
Loss on disposal	-		1	
General expenses	5,315		3,633	
	<u>15,654</u>		<u>12,665</u>	
		(85,830)		(75,863)
Operating surplus for year		<u>58,180</u>		<u>2,239,519</u>

Detailed lotteries revenue account
for the year ended 31 July 1998

	1998 £	1997 £
Ticket sales	1,681,300	1,907,459
Donation to account from Lottery Manager	10,000	-
	<hr/> 1,691,300	<hr/> 1,907,459
Donated to Rangers FC Development Fund Limited	(463,552)	(579,912)
	<hr/> 1,227,748	<hr/> 1,327,547
Prize-money	(672,666)	(752,502)
	<hr/> 555,082	<hr/> 575,045
Expenses:		
Commission	(205,468)	(216,573)
Competition expenses	(317,940)	(357,500)
	<hr/>	<hr/>
Donated to Rangers FC Development Fund Limited	31,674	972
	<hr/> <hr/>	<hr/> <hr/>