

Rangers Lotteries Limited

Directors' report and financial statements

Registered number SC040034

31 July 2018



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Directors' report

The directors submit the audited financial statements of the company for the year ended 31 July 2018 to be presented at the annual general meeting of the company to be held in Argyle House, Ibrox, Glasgow.

Principal activities

The company operates lotteries under the Gambling Act 2008.

Results and dividends

The result (*2017: profit*) for the year amounted to £nil (*2017: profit of £54,291*).

The directors do not recommend the payment of a dividend (*2017: £nil*).

Business review

The company continues to channel funds towards the youth development programme at the Hummel Training Centre, Auchenhowie.

Political and charitable donations

The company made no political donations during the year (*2017: £nil*). Donations to UK charities amounted to £nil (*2017: £nil*).

Financing

The company generates revenue from the operation of lotteries, with the net surplus arising from lottery revenues, after the deduction of directly associated operating costs and lottery prize money, mainly being disbursed by way of donation to Rangers FC Youth Development Company Limited which, in turn, makes donations for the support and encouragement of the advancement of sport. The company operates with positive cash balances and, although there can be no certainty over the level of lottery revenues the company is able to generate in the future, the financial projections prepared by the directors indicate that the company is expected to be able to continue to generate positive cash balances for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors consider the company continues to have the ability to meet its financial obligations as they fall due and that it therefore remains appropriate to continue to present the company's financial statements on the basis of a going concern.

Directors

The directors of the company during the year were:

James MacBrayne
Colin Stewart

The interests of the directors in the parent company, Rangers FC Youth Development Company Limited, as at 31 July 2018, are disclosed in that company's financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed re-appointed and KPMG LLP will therefore continue in office.

By order of the board

A handwritten signature in black ink that reads "Colin Stewart". The signature is written in a cursive, flowing style.

Colin Stewart
Director

Broomloan House
150 Edmiston Drive
Glasgow
G51 2XD

1 April 2019

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of Rangers Lotteries Ltd

Opinion

We have audited the financial statements of Rangers Lotteries Limited ("the company") for the year ended 31 July 2018, which comprise the Statement of Income and Retained Earnings, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Rangers Lotteries Ltd (continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

8 April 2019

Statement of Income and Retained Earnings
for the year ended 31 July 2018

	<i>Note</i>	2018 £	2017 £
Turnover		1,277,779	989,480
Donated to Rangers FC Youth Development Company Limited (in relation to gaming activities. Minimum donation required by Gaming Commission)		(226,228)	(180,231)
Donated to Rangers FC Youth Development Company Limited (in relation to gaming surpluses and other activities)		(206,352)	(21,752)
		<hr/> 845,199	787,497
Direct costs		(300,876)	(250,395)
Prize money		(318,936)	(272,594)
		<hr/> 225,387	264,508
Gross profit		(225,387)	(210,217)
Other operating charges		<hr/>	<hr/>
Result/Profit before taxation	2	-	54,291
		<hr/>	<hr/>
Taxation	5	-	-
		<hr/>	<hr/>
Result/Profit for the financial year		-	54,291
		<hr/> <hr/>	<hr/> <hr/>
Retained earnings at 1 August		-	(54,291)
Result/Profit for the year		-	54,291
		<hr/>	<hr/>
Retained earnings at 31 July		-	-
		<hr/> <hr/>	<hr/> <hr/>

All of the company's operations are continuing.

There was no other comprehensive income other than the profit for the year as shown above.

Balance sheet
at 31 July 2018

	<i>Note</i>	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	6		3,630		3,089
Current assets					
Debtors	7	28,240		11,174	
Cash and bank		289,843		121,328	
		<u>318,083</u>		<u>132,502</u>	
Creditors: amounts falling due within one year	8	<u>(321,613)</u>		<u>(135,491)</u>	
Net current liabilities			<u>(3,530)</u>		<u>(2,989)</u>
Net assets			<u>100</u>		<u>100</u>
Capital and reserves					
Called up share capital	9		100		100
Revenue account			-		-
Shareholders' funds			<u>100</u>		<u>100</u>

These financial statements were approved by the board of directors on 1 April 2019 and were signed on its behalf by:



Colin Stewart
Director

Company registered number: SC040034

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A – small entities, and under the historical cost accounting rules.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102 Section 1A”) as issued in August 2016. The amendments to FRS 102 issued in July 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 Section 1A from old UK GAAP, the Company has made no measurement and recognition adjustments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Rangers Lotteries Limited (the “Company”) is a private company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC040034 and the registered address is Broomloan House 150 Edmiston Drive, Ibrox Stadium, Glasgow, G51 2XD.

Going concern

As explained in the directors' report on page 1, the company generates revenue from the operation of lotteries, with the net surplus arising from lottery revenues, after the deduction of directly associated operating costs and lottery prize money, mainly being disbursed by way of donation to Rangers FC Youth Development Company Limited which, in turn, makes donations for the support and encouragement of the advancement of sport. The company operates with positive cash balances and, although there can be no certainty over the level of lottery revenues the company is able to generate in the future, the financial projections prepared by the directors indicate that the company is expected to be able to continue to generate positive cash balances for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the directors consider the company continues to have the ability to meet its financial obligations as they fall due and that it therefore remains appropriate to continue to present the company's financial statements on the basis of a going concern.

Turnover

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

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

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

2 Result/Profit on ordinary activities

	2018 £	2017 £
<i>Result/Profit for the year is stated after charging:</i>		
Auditor's remuneration – audit services	6,265	11,775
Auditor's remuneration – services related to taxation	10,195	2,145
Depreciation on tangible fixed assets	1,202	1,267
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs (including directors)

	Number of employees	
	2018	2017
Average number of employees – administration	6	6

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	133,819	125,343
Social security costs	11,733	10,606
Other pension costs	8,366	6,270
	<u>153,918</u>	<u>142,219</u>

4 Directors' emoluments

No director emoluments were paid in the year (2017: £nil).

5 Taxation

No corporation tax is payable in respect of the current or prior year.

Factors affecting tax charge for year

The current tax charge is lower (2017: lower) than the standard rate of corporation tax for small companies in the UK (19%, 2017: 20%). The differences are explained below:

	2018	2017
	£	£
Profit on ordinary activities before tax	-	54,291
Profit on ordinary activities multiplied by small companies' rate of corporation tax of 19% (2017: 20%)	-	10,858
expenditure not eligible for deduction	-	-
Movement in unrecognised deferred tax asset	-	(10,858)
Corporation tax charge	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £422,209 at 31 July 2018 (2017: £422,209) which wholly comprises unutilised tax losses.

Notes (continued)

6 Tangible fixed assets

	Office equipment £
Cost	
At beginning of year	68,697
Additions in the year	1,742
	<hr/>
At end of year	70,439
	<hr/>
Depreciation	
At beginning of year	65,607
Charge for year	1,202
	<hr/>
At end of year	66,809
	<hr/>
Net book value	
At 31 July 2018	3,630
	<hr/>
At 31 July 2017	3,089
	<hr/>

7 Debtors

	2018 £	2017 £
Other debtors	7,596	1,320
Prepayments and accrued income	19,958	9,854
Taxation and social security	686	-
	<hr/>	<hr/>
	28,240	11,174
	<hr/>	<hr/>

The amount due from subsidiary undertaking of £148,671 (2017: £148,671) has been fully provided against at the balance sheet date.

8 Creditors: amounts falling due within one year

	2018 £	2017 £
Other creditors	80,268	53,410
Accruals and deferred income	28,222	29,967
Amount due to parent undertaking	213,122	48,878
Taxation and Social Security	-	3,236
	<hr/>	<hr/>
	321,613	135,491
	<hr/>	<hr/>

Notes (continued)

9 Called up share capital

		2018 £	2017 £
Allotted, issued and fully paid:	Nominal Value:		
Number:	Class:		
100	Ordinary	100	100
	£1	<u>100</u>	<u>100</u>

10 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 charge for this scheme represents contributions payable by the company to the fund and amounted to £8,366 (2017: £6,270). Amounts outstanding at year end in respect of these contributions were £nil (2017: £nil).

11 Related party transactions

During the year, the company made donations to Rangers FC Youth Development Company Limited, a fellow group company, totalling £432,580 (2017: £201,983). At the year end, £213,122 was due to Rangers FC Youth Development Company Limited (2017: £45,671).

Also at the year end, an amount of £148,671 (2017: £148,671) was due from Rangers Enterprises Limited, another group company. This balance was fully provided against in previous years.

12 Ultimate Parent company

The company is a wholly owned subsidiary of Rangers FC Youth Development Company Limited which is incorporated in Great Britain and registered in Scotland. Accounts for that company can be obtained from the Company Secretary at Broomloan House, Ibrox Stadium, 150 Edmiston Drive, Glasgow, G51 2XD.