The Rangers Football Club Limited
Annual report and financial statements
For the year ended 30 June 2016

Registered number: SC425159

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Directors and Advisors

Directors

Stewart Robertson

Andrew Dickson

Paul Murray

John Gilligan

Graeme Park

Company Secretary

James Blair

Registered Office

Ibrox Stadium, 150 Edmiston Drive, Glasgow G51 2XD

Auditor

Campbell Dallas LLP, 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

Company Registration Number

SC425159

Strategic Report

ABOUT THE RANGERS FOOTBALL CLUB LIMITED (THE "COMPANY", "TRFCL"), 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 dominant 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 won the SPFL (Scottish Professional Football League) Championship in season 2015/16 and was promoted back to the Ladbrokes SPFL Premiership. 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 Mark Warburton.

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

Strategic Report (continued)

Results of Operations

REVENUE

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

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Gate receipts and hospitality	17,349	11,612
Sponsorship and advertising	663	625
Broadcasting rights	1,354	684
Commercial	233	258
Other revenue	1,825	2,107
Total revenue	21,424	15,286

Revenue for the year ended 30 June 2016 totalled £21.4 million. Of this total, gate receipts and hospitality income contributed £17.3 million. During the year the Club played eighteen home league matches, seven home cup matches, and one home friendly (2015: eighteen home league matches, three home playoff matches and six home cup matches). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

A 40% increase in turnover is reflective of an increase to the average home league attendance from 34,556 to 44,359, driving increased season ticket, match ticket and hospitality income. Season ticket income of £9.5 million was recognised during the year to 30 June 2016 based on sales of 37,481 season tickets (2015: £6.3 million from 26,515).

Broadcasting revenue during the year was limited by playing in the SPFL Championship, however the run to the William Hill Scottish Cup final meant that there were more televised cup matches than the previous year.

Commercial income of £0.2 million, sponsorship income of £0.7 million and broadcast income of £1.4 million recognised during the year to 30 June 2016 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

TRFCL has incurred the following operating expenses during the year:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Staff costs	12,074	12,375
Other operating charges	9,340	10,104
Hire of plant and machinery	203	129
Depreciation of property, plant and equipment	1,583	2,104
Amortisation of trade marks	2	2
Amortisation of player registrations	764	1,043
Auditor's remuneration	40	40
Total operating expenses	24,006	25,797

Player costs are TRFCL's most significant expenditure, including £6.4 million (2015: £6.2 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 7% decrease in other operating charges against the previous year was driven by one fewer home game played, in addition to a £0.9 million decrease in professional and legal fees, as progress continues to be made off the field with regards to the stability of governance of the Club.

Strategic Report (continued)

KEY PERFORMANCE MEASURES

TRFCL 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 2016.

	Year ended 30 June 2016	Year ended 30 June 2015
Total revenue (£'000s)	21,424	15,286
Operating loss (£'000s)	(2,339)	(10,117)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£'000s)	10	(6,968)
First Team Wages/Turnover ratio	30%	41%
Number of games played (total)	51	54
Number of games played (SFL home)	18	18
Number of games played (SFL away)	18	18
Number of games played (Playoff home)	-	3
Number of games played (Playoff away)	-	3
Number of games played (Cup home)	7	6
Number of games played (Cup away)	7	6
Number of other games (Friendlies home)	1	-
Number of season tickets sold	37,481	26,515
Season ticket sales (£'000s)	9,539	6,301
Average season ticket price (£)	255	237
Average attendance (league home matches)	44,359	34,556

Strategic Report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 1st in the SPFL Championship, gaining promotion to the Ladbrokes SPFL Premiership for season 2016/17. In addition, the Club's first team won the Petrofac Training Challenge Cup, reached the third round of the League Cup, and the Final of the William Hill Scottish Cup. In the current season, the Club currently sits in third 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 compete successfully in that League and return to European football at the earliest opportunity.

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 Company 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 Company continues to require funding support from its investors. To this effect, the current and future financial position of the Company, its cash flows and liquidity position have been reviewed by the Directors. £2.9 million of funding has been received by the Club since the year end from its investors. The forecasts indicate that further funds will be required to support the Club for the rest of the season 2016/17. The Board have received undertakings from the investors confirming that they will provide financial support as it is required. Further information can be found in note 1 to the financial statements.

Litigation

The company 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 Company are party are identified later in this report alongside other pre-existing claims.

Retail revenue

With the continued lack of control over our retail activities, the Club's cash flows continue to be adversely affected by the profitability of Rangers Retail Limited. Retail should be a thriving area for the Club, and the Club is determined to address this situation. Ensuring the Club once again has a significantly profitable retail division is a key priority for the Board.

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 Company.

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 Company. The future level of revenue is not contractually guaranteed, and is subject to influence from third parties.

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 Company.

Strategic Report (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company 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 Company's business the financial risk that the Directors consider particularly relevant to the Company is cash flow risk. The Company addresses cash flow risk by carefully managing its working capital inflows and outflows. The Company manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Company does not enter into complex financial instruments for speculative purposes. Further information is provided in note 20 to the financial statements.

PROPERTY MATTERS

The most recent property valuation report from Rushton International dated 14 October 2015 includes a valuation of the company's properties under a depreciated replacement cost method at the same date as follows:

- Ibrox Stadium – £62.2 million; and
- Auchenhowie – £13.35 million.

This represents a combined value of £75.55 million.

The Company's financial statements include all of its properties at an existing use valuation of £40.4 million at 30 June 2016 after provisions for depreciation and impairment.

At each balance sheet date, TRFCL will review the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss by reference to their carrying values (including their revalued amounts). As at 30 June 2016, the Directors completed an impairment review by reference to discounted cash flows to ascertain the value at which the property and other non-current assets could be supported.

This exercise supported the carrying value of TRFCL's tangible and intangible assets of £61.5 million. Accordingly, TRFCL's property, which has been revalued under an existing use basis, has been included within the financial statements at £40.4 million with other non-current assets being included at £21.1 million. The Directors will re-visit this exercise at each subsequent balance sheet date to consider whether the value in use calculation supports an alternative value of TRFCL's properties.

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 Company will continue in business. In satisfaction of this responsibility the Board have considered the Company's ability to meet its liabilities as they fall due.

The Company'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 Company manages its capital, its liquidity risk and its exposure to credit risk.

The Company 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 Company'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 Company's forecasts are discussed within note 1 to the financial statements.

At the time of preparation, the forecast identified that the Company would require up to £4.0 million by way of debt or equity funding by the end of season 2016/2017 in order to meet its liabilities as they fall due. Following the progression of the team to the Semi Finals of the Scottish League Cup, the funding requirement is now anticipated to be £3.75 million. The first tranche of funding amounting to £2.9 million has been received from investors in October 2016, with further funds forecast to be required in March 2017.

Further funding may be required during the 2017/18 season, the quantum of which is dependent on future football performance and European football participation.

The Board of Directors has received undertakings from certain investors that they will provide financial support to Rangers International Football Club plc and have satisfied themselves as to the validity of these undertakings and that the individuals have the means and authority to provide such funding as and when it is required. In turn, Rangers International Football Club plc has provided the Company with written representation that it will continue to provide financial support for a period of at least twelve months from the date of signing the report. The Board acknowledge that had these assurances not been secured then a material uncertainty would exist which may cast doubt over the Company's 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 believes that any such uncertainty has been removed.

The financial support to be made available more than covers the projected shortfall for this season and beyond. The Board further understands that additional facilities can be made available as and when required for investment in the team.

GOING CONCERN (CONTINUED)

As such, after making the enquiries referred to above, the Board of Directors believe that there is a reasonable expectation that the Company 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 Company maintains cash to fund the daily cash requirements of its business. The Company does not have access to any further banking facilities.

The Company also has a finance lease agreement totalling £0.1 million.

As at 30 June 2016, the Company held £2,958,000 within cash and bank balances.

Approved by the Board and signed on its behalf by:

Paul Murray, Director

24 November 2016

Directors' Report

The Directors present their report on the affairs of the Company together with the financial statements and Auditor's Report for the year ended 30 June 2016.

PRINCIPAL ACTIVITIES AND STRATEGIC REPORT

The principal activities of the Company continue to be the operation of a professional football club in Scotland together with related commercial activities. A review of the Company's business, an indication of the likely future developments of its business and a description of the principal risks and uncertainties facing the Company are contained in the Strategic Report on pages 2 to 7.

ENVIRONMENTAL MATTERS AND EMPLOYEE MATTERS

The Company aims to operate as a responsible employer. We seek to minimise the Company'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 all its employees.

RESULTS AND DIVIDENDS

The Directors have not recommended the payment of a dividend (2015: nil).

DIRECTORS

The Directors serving throughout the year were as follows:-

Name
Stewart Robertson
Andrew Dickson
Paul Murray
John Gilligan
Graeme Park

The following Directors resigned during the year under review:-

Name	Date of Appointment	Date of Resignation
Douglas Park	6 March 2015	3 August 2015

DIRECTORS' INDEMNITIES

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

CHARITABLE AND POLITICAL DONATIONS

The Company made cash donations of £18k (2015: £54k) to international, UK-based and local charities during the period. The Company made no political donations during the year (2015: nil).

Directors' Report (continued)

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 Company 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 Company that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

EMPLOYEES CONSULTATION

The Company 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 Company, such as performance. This is achieved by regular departmental meetings, email correspondence and intranet notices.

SUPPLIER PAYMENT POLICY

The Company'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.

A resolution to reappoint Campbell Dallas LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Paul Murray, Director

24 November 2016

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 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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.

By order of the Board

Paul Murray, Director
24 November 2016

Independent auditor's report to the members of The Rangers Football Club Limited

We have audited the financial statements of The Rangers Football Club Limited for the year ended 30 June 2016 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the financial statements concerning the Company's ability to continue as a going concern. In order to continue operations for the next 12 months the Company is dependent on its parent entity raising additional finance and continuing to provide support to the Company. Failure to secure additional funding by the parent entity would result in the existence of a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of The Rangers Football Club Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Campbell Dallas LLP

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

24 November 2016

Income Statement

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
REVENUE	2	21,424	15,286
OPERATING EXPENSES			
Amortisation and impairment of player registrations	3	(764)	(1,043)
Other operating expenses	3	(23,242)	(24,754)
Total operating expenses		(24,006)	(25,797)
Other operating income	3	243	394
OPERATING LOSS		(2,339)	(10,117)
Non-recurring costs	4	(286)	-
Profit/(loss) on disposal of player registrations	11	121	1,180
Investment income	12	212	1,070
Finance costs	8	(15)	(56)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,307)	(7,923)
Taxation	9	-	(178)
(LOSS)/PROFIT FOR THE YEAR		(2,307)	(8,101)

All results arise from continuing operations

The notes on pages 18 to 47 form an integral part of the financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(LOSS)/PROFIT FOR THE YEAR		(2,307)	(8,101)
Deferred tax relating to components of other comprehensive income	9	763	-
Other comprehensive income for the year		763	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		(1,524)	(8,101)

Balance Sheet

As at 30 June 2016

	Notes	2016 £'000	2015 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	43,596	44,931
Intangible assets	11	17,901	16,957
		61,497	61,888
CURRENT ASSETS			
Trade and other receivables	13	14,677	6,892
Cash and bank balances	14	2,958	1,091
		17,635	7,983
TOTAL ASSETS		**79,132**	**69,871**
CURRENT LIABILITIES			
Trade and other payables	16	(5,251)	(4,336)
Obligations under finance leases	17	(38)	(438)
Deferred income	18	(15,477)	(6,238)
		(20,766)	(11,012)
NET CURRENT (LIABILITIES)/ASSETS		**(3,131)**	**(3,029)**
NON-CURRENT LIABILITIES			
Other loans	15	-	(5,000)
Trade and other payables	16	(514)	(59)
Obligations under finance leases	17	-	(38)
Deferred income	18	(366)	(244)
Deferred tax liability	19	(5,566)	(6,329)
		(6,446)	(11,670)
TOTAL LIABILITIES		**(27,212)**	**(22,682)**
NET ASSETS		**51,920**	**47,189**
EQUITY			
Share capital	22	334	334
Share premium account	23	12,960	12,960
Revaluation reserve	24	27,042	26,641
Capital contribution	24	28,125	21,850
Retained earnings	25	(16,541)	(14,596)
TOTAL EQUITY		**51,920**	**47,189**

The financial statements of The Rangers Football Club Limited (registered number SC425159) were approved by the Directors and authorised for issue on 24 November 2016. They were signed on its behalf by:

Paul Murray, Director

The notes on pages 19 to 47 form an integral part of these financial statements.

Statement of Changes in Equity

For the year to 30 June 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution £'000	Revaluation reserve £'000	Total equity £'000
As at 30 June 2014	**334**	**12,960**	**(6,857)**	**15,667**	**27,003**	**49,107**
(Loss)/profit for the year to 30 June 2015	-	-	(8,101)	-	-	(8,101)
Transfer from revaluation reserve to retained earnings	-	-	453	-	(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	(91)	-	91	-
Shareholder contributions received	-	-	-	6,183	-	6,183
As at 30 June 2015	**334**	**12,960**	**(14,596)**	**21,850**	**26,641**	**47,189**
(Loss)/profit for the year to 30 June 2016	-	-	(2,307)	-	-	(2,307)
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	-
Shareholder contributions received	-	-	-	6,275	-	6,275
As at 30 June 2016	**334**	**12,960**	**(16,541)**	**28,125**	**27,042**	**51,920**

Statement of Cash Flows

For the year to 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
CASH FLOWS FROM OPERATING ACTIVITIES	27	1,968	(13,218)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(956)	(217)
Purchase of property, plant and equipment		(321)	(126)
Proceeds from sale of intangible assets		153	1,411
Interest paid		(26)	(73)
Receipt of dividend from subsidiary		212	1,070
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		(938)	2,065
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease finance		(438)	(477)
Contribution received from parent company		6,275	6,183
Loans received		-	5,000
Loans repaid		(5,000)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		837	10,706
Net (decrease)/increase in cash and cash equivalents		1,867	(447)
Cash and cash equivalents at the beginning of the period		1,091	1,538
Cash and cash equivalents at the end of the period		2,958	1,091
		1,867	(477)

Notes to the financial statements

1. ACCOUNTING POLICIES

GENERAL INFORMATION

The Rangers Football Club Limited was incorporated in Scotland on 29 May 2012 with registration number SC425159.

The address of the registered office is Ibrox Stadium, Glasgow, G51 2XD. The nature of the Company'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 Company operates. All activities of the Company 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.

FIRST YEAR ADOPTION OF IFRS

For all periods up to and including the year ended 30 June 2015, the Company prepared its financial statements in accordance with extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 30 June 2016 together with the comparative period for the year ended 30 June 2015, are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS). The significant accounting policies adopted in meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet at the Company's date of transition to IFRS (1 July 2014), and made those changes in accounting policies and other restatements required for the first-time adoption of IFRS. Further details are provided in note 26 to these financial statements.

On transition to IFRS, the company has applied the requirements of paragraphs 6-33 of IFRS1 - First time adopters of International Financial Reporting Standards.

All estimates made on transition are consistent with those made on the same dates in accordance with United Kingdom generally accepted accounting practice (UK GAAP).

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRS retrospectively. The Company has taken advantage of the following exemptions:

Business combinations

The Company has elected not to apply IFRS 3 to business combinations that were effected before the date of transition to IFRS. As a result the assets and liabilities acquired or assumed in the combination that were recognised under previous GAAP are recognised in the acquirer's opening IFRS balance sheet, unless recognition is not permitted by IFRS.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

The following accounting policies have 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.

Notes to the financial statements

1. ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Annual Report comprises the Strategic Report, Directors Report and the Annual Accounts. The Annual Accounts comprise the Income Statement, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity, and notes. The accounting year is the year to 30 June 2016.

The financial statements have been prepared on the historical cost basis, except for 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") is required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. In satisfaction of this responsibility the Board has considered the Company's ability to meet its liabilities as they fall due.

The Company'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 Company manages its capital, its liquidity risk and its exposure to credit risk.

The Company meets its day-to-day working capital requirements through existing cash facilities, shareholder 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 that may impact the trading position of its customers and suppliers.

The Board has undertaken a recent and thorough review of the Company'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:

- Improving football performance following promotion at the conclusion of the 2015/16 season. The Company's forecast assumes the Club will challenge for the European places in the Ladbrokes SPFL Premiership in 2016/17 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 numbers and prices to reflect the 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 improved customer confidence and increased hospitality demand;
- The exclusion of cash flows from dividends from Rangers Retail Limited, as the Board considers that it has limited visibility on the timing and amount of any of these cash inflows;
- Continued overhead cost reduction measures to reflect the Club's operations returning to a more stable operating environment, thereby reducing wasted costs;
- Payroll costs reflecting an appropriate squad size and composition relative to the assumptions around league performance. The forecast cash flows assume conservative amounts generated from player sales;
- The Company's ability to secure further debt or equity finance from its parent and, ultimately, its investors to allow the Company to continue to meet its liabilities as they fall due.

The current and future financial position of the Company, its cash flows and liquidity position have been reviewed by the Board.

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. Consequently, sensitivities have been applied to the forecast based on a variety of football performance factors.

At the time of preparation, the forecast identified that the Company would require up to £4.0 million by way of debt or equity funding by the end of season 2016/2017 in order to meet its liabilities as they fall due. Following the progression of the team to the Semi Finals of the Scottish League Cup, the funding requirement is now anticipated to be £3.75 million. The first tranche of funding amounting to £2.9 million was received from investors in October 2016, with further funds forecast to be required in March 2017. Further funding is likely to be required during the 2017/18 season, the quantum of which is dependent on future football performance and European football participation.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Board of Directors has received undertakings from certain investors that they will provide financial support to Rangers International Football Club plc and have satisfied themselves as to the validity of these undertakings and that the individuals have the means and authority to provide such funding as and when it is required. In turn, Rangers International Football Club plc has provided the Company with written representation that it will continue to provide financial support for a period of at least twelve months from the date of signing the report. The Board acknowledge that had these assurances not been secured then a material uncertainty would exist which may cast doubt over the Company's 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 believes that any such uncertainty has been removed.

The financial support to be made available 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 Company will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Board continues to adopt the going concern basis in preparing this report and the statutory financial statements.

Assets and liabilities

An asset that is associated with the Company'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 Company's normal operating cycle, is held primarily for trading purposes, is due to be settled within twelve months after the statement of financial position date or the Company 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 Company 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 Company Income Statement.

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 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. The amortisation of financial liabilities is recognised as an expense within the Company Income Statement.

Other financial liabilities include Other loans and Trade and other payables.

Where loans 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 the loan and the redemption value is deemed as a capital contribution and taken direct to equity.

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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

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 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 Company (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 Company 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.

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 only when known at the end of the football season.

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 Company'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 is charged or credited in the Income Statement or in the Statement of Comprehensive Income, where appropriate. The Company's liability for deferred tax is calculated using tax rates that have been substantively enacted by the Balance Sheet date.

Brand intangible assets

The Company only carries brand intangible assets that have been acquired on the Company 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 Company 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 and its 'value in use'. 'Value in use' is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

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. 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)

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.

Any revaluation increase arising on the revaluation of such land and buildings 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, in which case 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 Company 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.

Segmental accounting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company 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 2016 the Company 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 Company Income Statement to assist in understanding the financial performance of the Company. Such items are classed as 'non-recurring' within the Income Statement.

Impairment of tangible and intangible assets excluding goodwill

The Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. 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 Company Income Statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

In assessing value in use, the estimated 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. In determining fair value less costs to sell, an appropriate valuation model is used.

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 Company 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 Company considers its Brand to have indefinite useful life.

Furthermore, the Company tests its tangible and intangible assets for impairment more frequently if there are indicators that any assets might be impaired.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing procedures
The impairment test is carried out by assessing the net present value of future estimated 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 estimated cash flow is based on the Company's forecasted 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 Company.

Key assumptions

Football team performance - short term (1)	Qualify for Europa League qualifiers, either through top-3 SPFL finish or cup qualification.
Football team performance - medium to long term (1)	Predictions of expected football results beyond season 2016/17 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 are satisfied with the robustness of the assumptions.

(2) The Company 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 against the Company's best estimate of the player's fair value less any costs to sell. If the Company considers that impairment is required, an appropriate provision would be made.

(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 thereafter. 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 2015 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 2015 was 2.4%.

1. ACCOUNTING POLICIES (CONTINUED)

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 costs and the discount rate. These are considered by the Company to be the key unobservable inputs that 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.

Critical values in sensitivities

The valuation model, by its nature, is based upon uncertain assumptions and whilst the Company 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.

Sensitivity applied	Critical value – resulting in impairment charge
Domestic and European football performance	Failure to participate regularly in European competition within the forecast period.
Discount factor	An increase in discount factor to 13.8%.
Player costs	An increase in net player trading and salaries of 37% in addition to that included in the cash flow projections.
Growth rate	A reduction in growth rate to 0.65%

Provisions, contingent assets and liabilities

The Company 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 2016 are not applicable to the Company 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 Company were in issue but not yet effective, and have not been applied in the financial statements:

Title	Key Issues	Effective Date	Impact on TRFCL
IAS 1 Disclosure Initiative	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial statements. Provides clarification that information should not be obscured by aggregating or providing immaterial information and that materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.	Periods beginning 1 January 2016	Presentational considerations only.
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 (though not yet endorsed for use in the EU)	TRFCL'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 (though not yet endorsed for use in the EU)	An impact assessment has yet to be carried out.
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.

Notes to the financial statements (continued)

2. REVENUE

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Gate receipts and hospitality	17,349	11,612
Sponsorship and advertising	663	625
Broadcasting rights	1,354	684
Commercial	233	258
Other operating income	1,825	2,107
	21,424	15,286

3. LOSS FOR THE YEAR

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Loss for the year has been arrived at after charging / (crediting):-			
Staff costs	6	12,074	12,375
Other operating charges		9,340	10,104
Hire of plant and machinery		203	129
Depreciation and impairment of property, plant and equipment	10	1,583	2,104
Amortisation of trademarks	11	2	2
Auditor's remuneration	5	40	40
Other operating expenses		**23,242**	**24,754**
Revenue grants		(243)	(394)
Amortisation and impairment of player registrations	11	764	1,043

Notes to the financial statements (continued)

4. NON-RECURRING ITEMS

In 2012, the SPL raised proceedings against The Rangers Football Club plc (Oldco) in relation to the use of EBTs and following a hearing in February 2013 a fine of £250,000 and costs of £150,000 were levied against Oldco. As part of the agreement to allow Rangers to participate in Scottish Football, there was a clause inserted where it was agreed that Rangers would become liable and responsible for the imposition of any sanctions by the SPL for any breach of SPL Rules and or articles by Oldco/Rangers FC (i.e. the £250,000 fine). The Club believed that the SPFL had, through documents and actions, waived all and any right it may have had to insist upon payment under the clause, thereby holding the Club harmless in relation to the sanctions. This was disputed by the SPFL.

Within the current SPFL rules there is a provision (known as the offset rule) whereby if any amounts are due to the SPFL, the Board of the SPFL are entitled to withhold amounts due to the Club up to the value of the amount outstanding. The Board of the SPFL determined that it would impose the offset rule to recover the £250,000 fine from the Club.

As a result of this decision, the Club invoked Article 99 of the SFA Articles seeking a determination by an Arbitral Tribunal appointed by the SFA that the sum was not due to the SPFL. The tribunal was held in October 2015 and found in favour of the SPFL and as such the Club was liable to pay the fine plus associated costs. The Club duly paid the SPFL and the total paid during the year amounted to £286,000 and has been disclosed as a non-recurring cost in the financial statements.

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts:		
Audit of the Company's financial statements	40	40
Total audit fees	40	40
Fees payable to the company's auditor for other services to the Company:		
Other tax advisory and compliance services	15	15
Total non-audit fees	15	15

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements (continued)

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 2016 Number	Year ended 30 June 2015 Number
Football players	48	52
Others	100	89
	148	141

In addition, the Company employed an average of 133 part-time employees during the year (2015: 130), to assist on matchdays or other events.

The aggregate remuneration comprised:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Wages, salaries and benefits	10,820	10,942
Social security costs	1,160	1,271
Other pension costs	94	162
	12,074	12,375

Notes to the financial statements (continued)

7. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits	Bonus	Pensions	Benefit in kind	Year to 30 June 2016	Year to 30 June 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Graham Wallace	-	-	-	-	-	225
Derek Llambias	-	-	-	-	-	46
Barry Leach	-	-	-	-	-	35
Stewart Robertson	179	53	-	1	233	-
Andrew Dickson	120	26	11	1	158	103
Non-Executive						
Norman Crighton	-	-	-	-	-	38
David Somers	-	-	-	-	-	40
Paul Murray	-	-	-	-	-	-
John Gilligan	-	-	-	-	-	-
Douglas Park	-	-	-	-	-	-
Graeme Park	-	-	-	-	-	-
Total	299	79	11	2	391	487

The aggregate emoluments and pension contributions of the highest paid director were £233,336 (2015: £215,038) and £nil (2015: £10,056) respectively.

8. FINANCE COSTS

	Year ended 30 June 2016	Year ended 30 June 2015
	£'000	£'000
Interest payable on lease finance agreements	23	57
Other interest	9	-
Interest received	(17)	(1)
Total finance costs	15	56

Notes to the financial statements (continued)

9. TAXATION

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Tax charged to the Income Statement:		
Current tax	-	178
Deferred tax (note 19)	-	-
	-	**178**
Tax charged to Other Comprehensive Income:		
Deferred tax (note 19)		
Origination and reversal of temporary differences	(130)	-
Deferred tax rate change on opening balances	(633)	-
	(763)	-
Total tax charged in the year	**(763)**	**(178)**

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

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Continuing Operations		
(Loss)/profit on ordinary activities before tax	(2,307)	(7,923)
Tax at the UK corporation tax rate of 20% (2015: 20.75%)	(461)	(1,644)
Tax effect of expenses that are not deductible in determining taxable profit	237	30
Tax effect of income not taxable in determining taxable profit	-	(18)
Prior year adjustment to current tax	-	178
Difference between average rate and closing deferred tax rate	(609)	-
Tax effect of transition to IFRS	2,385	-
Recognition of previously unrecognised losses	(2,385)	-
Tax losses unutilised and other temporary differences not recognised	70	1,632
Tax expense / (credit) for the year	(763)	178

Current tax is calculated at 20 % of the estimated taxable profit / (loss) for the year (2015 – 20.75%). Finance No.2 Bill 2015 became substantively enacted on 26 October 2015. This reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and 18% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated in accordance with the rates substantively enacted at the balance sheet date.

The directors 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 19.

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 2014	43,073	6,095	49,168
Additions	-	126	126
Disposals	-	(225)	(225)
Cost or valuation at 1 July 2015	43,073	5,996	49,069
Additions	-	248	248
Disposals	-	-	-
At 30 June 2016	43,073	6,244	49,317
Accumulated depreciation:			
At 1 July 2014	825	1,209	2,034
Charge for the period to 30 June 2015	516	802	1,318
Provision for impairment	786	-	786
At 1 July 2015	2,127	2,011	4,138
Charge for the period to 30 June 2016	506	1,077	1,583
Eliminated on disposal	-	-	-
At 30 June 2016	2,633	3,088	5,721
Carrying amount			
At 30 June 2016	40,440	3,156	43,596
At 30 June 2015	40,946	3,985	44,931
At 30 June 2014	42,248	4,886	47,134
Amounts in respect of assets of the Company held under finance leases are as follows:			
Net book value at 30 June 2016	-	901	901
Net book value at 30 June 2015	-	1,075	1,075
Depreciation provided in the period at 30 June 2016	-	174	174
Depreciation provided in the period at 30 June 2015	-	174	174

On 30 June 2016 the Directors valued the Freehold Properties, comprising Ibrox Stadium and the Auchenhowie training facility based on a value in use calculation of the net present values of future operating cash flows. The key assumptions in that calculation were the expected future cash flows and the use of a weighted average cost of capital of 13 per cent. The value in use calculation related to all fixed assets of the Company, including Intangible Assets. If required the property, plant and equipment valuation would be capped at the depreciated replacement cost (DRC) valuation as the stadium and training facilities are specialist assets. The DRC valuation, which represented a combined value of £75.55m at 14 October 2015, was performed by Rushton International, independent valuers, not connected to the Company.

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 2014	3,598	16,060	19,658
Additions	285	6	291
Disposals	(814)	-	(814)
Cost or valuation at 1 July 2015	3,069	16,066	19,135
Additions	1,704	6	1,710
Disposals	(1,078)	-	(1,078)
At 30 June 2016	3,695	16,072	19,767
Amortisation:			
At 1 July 2014	1,858	3	1,861
Charge for period to 30 June 2015	778	2	780
Eliminated on disposal	(728)	-	(728)
Provision for impairment	265	-	265
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 30 June 2016	1,859	7	1,866
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
Net book value at 30 June 2014	1,740	16,057	17,797

Four player registrations account for 69% of the net book value of player registrations capitalised.

The profit on disposal of player registrations amounted to £121,000 (2015: £1,180,000). The current year amount relates to solidarity payments received in respect of former players.

Notes to the financial statements (continued)

12. FIXED ASSET INVESTMENTS

	Principal activity	Place of registration	Type of holding	Holding %	At 30 June 2016 £	At 30 June 2015 £
Subsidiary undertakings:						
Rangers Retail Limited	Retail	UK	Ordinary shares	25.5%	51	26
Garrion Security Services Limited	Event Security	UK	Ordinary shares	100	1	1
					52	27

In the prior year the Company transferred 26 'B' shares in Rangers Retail Limited to SportsDirect.com Retail Limited upon receipt of, and for the duration of, a loan facility that was provided. Upon repayment of the loans to SportsDirect.com Retail Limited, the shares were transferred back to the Group.

The Board acknowledges the share allotment error within Rangers Retail Limited, as disclosed in their financial statements for the year to 26 April 2015. 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 held by the Club is 25.5%. Upon correction, this will return to 51% as intended following the return of the shares from SportsDirect.com.

The Company received investment income of £212,500 during the year (2015: £1,070,000) from Rangers Retail Limited.

13. TRADE AND OTHER RECEIVABLES

	2016 £'000	2015 £'000
Trade Debtors	12,544	5,764
Less/ provision for doubtful debts	(5)	(5)
	12,539	5,759
Amounts owed by subsidiaries	268	89
Amounts owed by group undertakings	182	214
Other debtors	161	137
Prepayments and accrued income	1,527	693
	14,677	6,892

Ageing of past due but not impaired receivables:	2016 £'000	2015 £'000
31-60 days	-	15
61-90 days	5	4
91-120 days	10	5
	15	24

All trade and other receivables are due within one year.

Trade receivables above include £nil (2015- £34,000) in relation to the disposal of player registrations and £11,423,000 (2015: £5,255,000) 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 approximate to their fair value.

Notes to the financial statements (continued)

14. CASH AND BANK BALANCES

	2016	2015
	£'000	£'000
Balances with banks	2,945	1,063
Cash on hand	13	28
	2,958	1,091

15. OTHER LOANS

NON-CURRENT LIABILITIES

	2016	2015
	£'000	£'000
SportsDirect.com Retail Limited loan at amortised cost	-	5,000
	-	5,000

Other Security

In the prior year, the SportsDirect.com Retail Limited loan was secured by a floating charge over the Club's assets, a fixed charge over Auchenhowie, Edmiston House, Albion car park and the Club's registered trademarks and charge over the shares under call option. All security in respect of the loan was discharged following the loan repayment in December 2015.

In addition to the security granted as noted above, 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

	2016	2015
	£'000	£'000
Non-current assets – standard security	6,819	24,736
Non-current assets – finance leases	901	1,075

Notes to the financial statements (continued)

16. TRADE AND OTHER PAYABLES

	2016	2015
	£'000	£'000
Current liabilities		
Trade creditors	1,019	998
Social security and other taxes	2,646	1,498
Other creditors	48	39
Accruals and other deferred income	1,538	1,801
	5,251	4,336

The average credit taken for trade purchases is 31 days (2015 - 33 days).

	2016	2015
	£'000	£'000
Non-current liabilities		
Trade creditors	137	-
Accruals	377	59
	514	59

	2016	2016	2015
Non-current liabilities fall due as follows:	Trade creditors	Accruals	Accruals
Between one and two years	137	250	41
Between two and five years	-	127	18
	137	377	59

17. OBLIGATIONS UNDER FINANCE LEASES

Borrowings are repayable as follows:	2016	2015
	£'000	£'000
Repayment of borrowings on finance leases fall due as follows:		
In one year or less	38	438
Between one and two years	-	38
	38	476

The finance leases relate to funding of the refurbishment of the stadium fast food outlets.

<u>Other commitments</u>

The Company has a rolling annual operating lease commitment amounting to £44,000. No other operating lease commitments have been entered into.

18. DEFERRED INCOME

	2016	2015
	£'000	£'000
Income deferred less than one year	15,477	6,238
Income deferred more than one year	366	244
	15,843	6,482

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 2016/17 financial year.

19. DEFERRED TAX

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

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

Specification of Basis for Deferred Tax	Opening balance 2015	Recognised in Income Statement 2015	Recognised in Other Comprehensive income 2015	Closing balance 2015
	£'000	£'000	£'000	£'000
Non current assets	6,329	-	-	6,329
Deferred tax liability	6,685	-	-	6,329

At the balance sheet date, the Company has unrecognised tax losses of £18.8m which equates to an unrecognised deferred tax asset of £3.4m. There is also an unrecognised deferred tax liability of £0.22m in respect of temporary tax differences in non current assets. 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)

20. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that entities in the Company 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 Company's stated objectives. The Board reviews financial capital reports on a regular basis and the Company finance function do so on a daily basis ensuring that the Company has adequate liquidity. The Board's consideration of going concern is detailed in the Strategic Report. The capital structure of the Company 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 22 to 24 and the Statement of Changes in Equity.

Financial risk management objectives and policies

The Company's financial assets include cash and cash equivalents and other short-term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company 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 Company 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 Company 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 2016 £'000	Total At 30 June 2015 £'000
Non-current assets	-	61,497	61,497	61,888
Trade receivables and similar items	12,539	-	12,539	5,759
Cash and cash equivalents	2,958	-	2,958	1,091
Other current assets	2,138	-	2,138	1,133
Total assets	17,635	61,497	79,132	69,871
Financial liabilities				
Trade and other payables	5,251	-	5,251	4,336
Other liabilities	16,395	5,566	21,961	18,346
Total liabilities	21,646	5,566	27,212	22,682
Net (liabilities)/assets	(4,011)	55,931	51,920	47,189

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

(i) market risk;

(ii) credit risk; and

(iii) liquidity risk.

20. FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Market risk

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

Foreign currency management

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

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

	Liabilities 2016 £'000	Assets 2016 £'000	Liabilities 2015 £'000	Assets 2015 £'000
Euro	-	39	-	5
Swiss Francs	-	1	-	1
USD	-	48	-	38

(ii) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Of the total trade receivable balance of £12,597,000, £nil relates to amounts receivable from various other football clubs in relation to player trading, and £8,829,000 relates to amounts due from merchant service providers. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and is £15,497,000.

There are no other significant concentrations of credit risk within the Company. The maximum risk exposure relates to the merchant services provider.

Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum credit risk exposure of the Company comprises the amounts presented in the Balance Sheet that are stated net of provisions for doubtful debts. The Company does not consider that it has significant credit risk.

(iii) Liquidity risk

The Company'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 2016, the Company has finance lease obligations amounting to £0.1m.

Ultimate responsibility for liquidity risk management rests with the Directors. The Directors use 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 Company'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 at 30 June 2016 £'000
Trade and other payables	(5,251)	(287)	(187)	(5,725)
Finance lease obligations	(38)	-	-	(38)
Total	(5,289)	(287)	(187)	(5,763)

21. FAIR VALUES

	Carrying value £'000s	Category Level 3
Non-financial assets		
Property, plant & equipment	40,440	40,440

See note 10 for details of property, plant & equipment held at fair value. The Company 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.

22. SHARE CAPITAL

	As at 30 June 2016 £'000
At 1 July 2015 and 30 June 2016 allotted, called up and fully paid 33,415,000 Ordinary shares of 1p each	334

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

23. SHARE PREMIUM

	As at 30 June 2016 £'000
Balance at 1 July 2015 and 30 June 2016	12,960

Notes to the financial statements (continued)

24. OTHER RESERVES

Revaluation reserve

	As at 30 June 2016 £'000
Balance at 30 June 2014	27,003
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability on transfer from revaluation reserve to retained earnings	91
Balance at 30 June 2015	26,641
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 on transfer from revaluation reserve to retained earnings	91
Balance at 30 June 2016	27,042

Capital contribution reserve

	As at 30 June 2016 £'000
Balance at 30 June 2014	15,667
Shareholder contributions received	6,183
Balance at 30 June 2015	21,850
Shareholder contributions received	6,275
Balance at 30 June 2016	28,125

25. RETAINED EARNINGS

	£'000
Balance at 30 June 2014	(6,857)
Loss for the year ended 30 June 2015	(8,101)
Release of revaluation reserve for the year ended 30 June 2016	453
Deferred tax liability on transfer from revaluation reserve to retained earnings	(91)
Balance at 30 June 2015	(14,596)
Loss for the year ended 30 June 2016	(2,307)
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	(16,541)

Notes to the financial statements (continued)

26. FIRST YEAR ADOPTION OF IFRS AND OTHER ADJUSTMENTS

On transition to IFRS, the following transitional changes, accounting policy choices and other adjustments should be noted:

a) Transition re-measurements

Under IAS 38, negative goodwill is not permitted whereas under previous UK GAAP negative goodwill held on the Balance Sheet was allowable. Consequently, negative goodwill has been released to equity at the date of transition to IFRS and any amortisation of negative goodwill during 2015 has been amended.

Under IAS 12, deferred tax is recognised on all temporary differences whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value re-measurements where this has a material impact on the Company results.

b) Prior period adjustments

During the preparation of the financial statements for the year ended 30 June 2016, it was identified that certain Revenue in respect of a contractual arrangement should have been deferred and released over the life of the contract rather than recognised immediately. This resulted in Revenue being overstated by £122,000 in the year to 30 June 2015 and £122,000 in the year to 30 June 2014, the correction of which results in a corresponding decrease in equity for both periods. As such the comparative figures in the financial statements for the year ended 30 June 2016 have been revised with the total impact of £244,000 recognised in the line item of Deferred Income within Non-current liabilities.

Furthermore, all line items in Amounts due to Parent Entity within Trade and Other Payables have been reclassified to Equity within the Capital Contribution Reserve. In the opinion of the Board, this is a more appropriate reflection of the substance of the loan arrangements between the company and its parent as the parent entity has no immediate or foreseeable intention to initiate repayment of the loan.

26. FIRST YEAR ADOPTION OF IFRS AND OTHER ADJUSTMENTS (CONTINUED)

Reconciliation of equity at date of transition to IFRS (1 July 2014)	Notes	UK GAAP 1 July 2014 £'000	Transition re-measurements (note 'a')	Prior period adjustments (note 'b')	IFRS 1 July 2014 £'000
NON-CURRENT ASSETS					
Negative goodwill		(18,318)	18,318	-	-
Property, plant and equipment		17,797	-	-	17,797
Intangible assets		47,134	-	-	47,134
		46,613	**18,318**	-	**64,931**
CURRENT ASSETS					
Trade and other receivables		3,318	-	-	3,318
Cash and bank balances		1,538	-	-	1,538
		4,856	-	-	**4,856**
TOTAL ASSETS		**51,469**	**18,318**	-	**69,787**
CURRENT LIABILITIES					
Trade and other payables		(22,490)	-	15,667	(6,823)
Obligations under finance leases		(477)	-	-	(477)
Deferred income		(6,088)	-	-	(6,088)
		(29,055)	-	-	**(13,388)**
NET CURRENT (LIABILITIES)/ASSETS		**(24,199)**	-	**15,667**	**(8,532)**
NON-CURRENT LIABILITIES					
Other loans		-	-	-	-
Trade and other payables		(364)	-	-	(364)
Obligations under finance leases		(477)	-	-	(477)
Deferred tax liability		-	(6,329)	-	(6,329)
Deferred income		-	-	(122)	(122)
		(841)	**(6,329)**	**(122)**	**(7,292)**
TOTAL LIABILITIES		**(29,896)**	**(6,329)**	**(122)**	**(20,680)**
NET ASSETS		**21,573**	**11,989**	**15,545**	**49,107**
EQUITY					
Share capital		334	-	-	334
Share premium account		12,960	-	-	12,960
Revaluation reserve		33,423	(6,420)	-	27,003
Capital contribution		-	-	15,667	15,667
Retained earnings		(25,144)	18,409	(122)	(6,857)
TOTAL EQUITY		**21,573**	**11,989**	**15,545**	**49,107**

26. FIRST YEAR ADOPTION OF IFRS AND OTHER ADJUSTMENTS (CONTINUED)

Reconciliation of equity at 30 June 2015	Notes	UK GAAP 30 June 2015 £'000	Transition re-measurements (note 'a')	Prior period adjustments (note 'b')	IFRS 30 June 2015 £'000
NON-CURRENT ASSETS					
Negative goodwill		(17,367)	17,367	-	-
Property, plant and equipment		16,957	-	-	16,957
Intangible assets		44,931	-	-	44,931
		44,521	**17,367**	**-**	**61,888**
CURRENT ASSETS					
Trade and other receivables		6,892	-	-	6,892
Cash and bank balances		1,091	-	-	1,091
		7,983	**-**	**-**	**7,983**
TOTAL ASSETS		**52,504**	**17,367**	**-**	**69,871**
CURRENT LIABILITIES					
Trade and other payables		(22,436)	-	18,100	(4,336)
Obligations under finance leases		(438)	-	-	(438)
Deferred income		(6,238)	-	-	(6,238)
		(29,112)	**-**	**-**	**(11,012)**
NET CURRENT (LIABILITIES)/ASSETS		**(21,129)**	**-**	**18,100**	**(3,029)**
NON-CURRENT LIABILITIES					
Other loans		(5,000)	-	-	(5,000)
Trade and other payables		(59)	-	-	(59)
Obligations under finance leases		(38)	-	-	(38)
Deferred tax liability		-	(6,329)	-	(6,329)
Deferred income			-	(244)	(244)
		(5,097)	**(6,329)**	**(244)**	**(11,670)**
TOTAL LIABILITIES		**(34,209)**	**(6,329)**	**(244)**	**(22,682)**
NET ASSETS		**18,295**	**11,038**	**17,856**	**47,189**
EQUITY					
Share capital		334	-	-	334
Share premium account		12,960	-	-	12,960
Revaluation reserve		32,970	(6,329)	-	26,641
Capital contribution		3,750	-	18,100	21,850
Retained earnings		(31,719)	17,814	(244)	(14,596)
TOTAL EQUITY		**18,295**	**11,038**	**17,856**	**47,189**

Notes to the financial statements (continued)

26. FIRST YEAR ADOPTION OF IFRS AND OTHER ADJUSTMENTS (CONTINUED)

Reconciliation of Income Statement at 30 June 2015	Notes	UK GAAP Year ended 30 June 2015 £'000	Transition re-measurements (note 'a')	Prior period adjustments (note 'b')	IFRS Year ended 30 June 2015 £'000
REVENUE	2	15,408	-	(122)	15,286
OPERATING EXPENSES					
Amortisation & impairment of player registrations	3	(1,043)	-	-	(1,043)
Other operating expenses	3	(23,803)	(951)	-	(24,754)
Total operating expenses		(24,846)	(951)	(122)	(25,797)
Other operating income	3	394	-	-	394
OPERATING LOSS		(9,044)	(951)	(122)	(10,117)
Non-recurring costs	4	-	-	-	-
Investment income	12	1,070	-	-	1,070
Profit/(loss) on disposal of player registrations	10	1,180	-	-	1,180
Finance costs	8	(56)	-	-	(56)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,850)	(951)	(122)	(7,923)
Taxation	9	(178)	-	-	(178)
(LOSS)/PROFIT FOR THE YEAR		(7,028)	(951)	(122)	(8,101)

27. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash flows from operating activities	Year to 30 June 2016 £'000	Year to 30 June 2015 £'000
(Loss)/profit for the year	(2,307)	(7,923)
Amortisation and impairment of intangible fixed assets	766	1,043
Depreciation and impairment of property, plant and equipment	1,583	2,104
(Gain)/Loss on disposal of players' registrations	(121)	(1,180)
Financing costs and other charges	15	56
Dividends received from Rangers Retail Limited	(212)	(1,070)
Decrease/(increase) in trade and other receivables	(7,975)	(3,574)
(Decrease)/increase in trade and other payables and deferred income	10,219	(2,496)
Taxation	-	(178)
Cash flows from operating activities	1,968	(13,218)

28. RELATED PARTY TRANSACTIONS

Balances with Group entities

At the year end the Company held short term receivables due from Garrion Security Services Limited and Rangers Media Limited amounting to £267,000 and £139,000 respectively (2015: £214,000 and £89,000).

Transactions with Rangers Retail Limited

During the year, the Company sold goods and services amounting to £119,000 to Rangers Retail Limited and received dividends amounting to £212,500. At the year end, the Company was due £14,000 from Rangers Retail Limited. This amount is included in trade receivables.

Key management personnel

Key management personnel are the members of the Executive Board. Details regarding key management personnel remuneration are disclosed in note 7 to these financial statements.

29. CONTINGENT LIABILITIES AND ASSETS

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 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 that 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. This view incorporates legal advice received by the Board and the outcome of the Investigation. This letter is now 40 months old and no further correspondence or information in respect of this matter has been received during this time.

Rangers Retail Limited

On 18 May 2016 the Club served notice on Rangers Retail Limited concerning the termination of the IP Licence and Rights agreement (IPLR) between that company and the Club with immediate effect as a result of breaches of that Agreement by Rangers Retail Limited. Rangers Retail Limited relied on the rights granted to it pursuant to the IPLR to provide certain Sponsoring Rights to PUMA United Kingdom Limited. The Club terminated the Sponsorship Rights with effect from 17 August 2016.

Despite the termination of the IPLR, Rangers Retail Limited has continued to sell Rangers kit and other items relying on the Rangers brand and trademarks at the Rangers Megastore and at Sports Direct and other outlets. The Club has written to both Rangers Retail Limited and SDI Retail Services Limited asking them to cease and desist from these activities. The Club has also contacted various regulatory bodies concerning this activity by Rangers Retail Limited and SDI Retail Services Limited. The Club is also actively considering what other action it should consider to protect and preserve its trade mark and other intellectual property rights.

When the IPLR was terminated the Club intimated a claim to Rangers Retail Limited for damages of £1m in respect of breaches of the IPLR by Rangers Retail Limited.

29. CONTINGENT LIABILITIES (CONTINUED)

Rangers Retail Limited (continued)

On 15 August 2016 the Club was served with a claim by SDI Retail Services Limited raised in the Chancery Division of the High Court of Justice. The Club is a Defendant to the Claim which has also been brought against Dave King, Paul Murray and Rangers Retail Limited. The Claim seeks the Court's permission for SDI Retail Services Limited to be allowed to bring derivative proceedings on Rangers Retail Limited's behalf against the other defendants to the claim. The proceedings SDI Retail Services Limited wishes to be allowed to bring on Rangers Retail Limited's behalf would seek declarations that the IPLR is in full force and effect and that the Club's notice was ineffective to terminate the IPLR. The Club, Mr King and Mr Murray intend to dispute SDI Retail Services Limited's entitlement to be permitted to bring derivative proceedings on Rangers Retail Limited's behalf and a hearing is scheduled at the High Court on 1/2 December 2016 to determine whether SDI Retail Services Limited should be allowed to continue such proceedings. The proceedings that SDI Retail Services Limited wishes to be allowed to bring includes a claim for damages against the Club. No value has been placed on that claim. The Club will resist any such claim and in any event believes it would not exceed £1m.

The Club and its nominated directors of Rangers Retail Limited have been and continue to be denied information by SDI Retail Services Limited relating to Rangers Retail Limited's financial position and business affairs. The Club has intimated a series of events of default in terms of the Rangers Retail Limited shareholders' agreement in this and other respects. SDI Retail Services Limited has also intimated an event of default against the Club arising out of the Club's termination of the IPLR. No proceedings have yet been issued by SDI Retail Services Limited or the Club in respect of these intimations.

Following the 2015 audit of Rangers Retail Limited, the Club discovered that an additional 100 shares in Rangers Retail Limited had been issued to SDI Retail Services Limited. SDI Retail Services Limited is responsible for ensuring Rangers Retail Limited's records are true and complete. SDI Retail Services Limited has now agreed that these shares should not have been issued and that Rangers Retail Limited should apply to the court for rectification of its registers and the cancellation of the extra shares.

On the basis of the information presently available, the Board and its nominated directors on the Rangers Retail Limited Board have concerns about the future viability of Rangers Retail Limited. Further enquires are being made by the nominated directors into the financial position of Rangers Retail Limited and the situation will be kept under close review.

Loss of earnings / Civil action against former directors

On 23 May 2016, TRFCL 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 Company of a Stadium Sponsorship Agreement between the Club and SportsDirect.com Retail Limited and its subsequent replacement by a Partnership Marketing Agreement between the Company and SportsDirect.com Retail Limited. The Company is seeking declarator that the Partnership Marketing Agreement was entered into in breach of fiduciary duties and separately duties under the Companies Act 2006 and is void. The Club is also seeking damages from the Defenders in respect of their breaches of duty totalling c. £4.1m. The proceedings have been raised in the Court of Session in Edinburgh and are currently at the adjustment stage. A date for an initial hearing has yet to be set.

30. POST BALANCE SHEET EVENTS

Shareholder contributions

In October 2016, the Company received £2.9m of shareholder contributions as detailed in note 1 to the financial statements.

Acquisitions of player registrations

Subsequent to the year end, the Company contracted for the purchase of eleven player registrations. The sums payable, inclusive of transfer fees, agent costs and compensation payments amount to £3,032,000.

Capital Commitments

Subsequent to the year end, the Company contracted for capital expenditure on stadium improvements and grounds equipment amounting to £583,000.

Notes to the financial statements (continued)

31. CONTROLLING PARTY

The controlling party of The Rangers Football Club Limited is Rangers International Football Club plc, as 100% shareholder. Its registered company number is SC437060. Copies of this company's financial statements are available from Companies House, or from its own website www.rangers.co.uk.