

The Rangers Football Club Limited
Annual report and financial statements
for the year ended 30 June 2015

Registered number: SC425159

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The Rangers Football Club Limited

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The Rangers Football Club Limited

Officers and professional advisers

DIRECTORS

Andrew Dickson
Paul Murray
John Gilligan
Graeme Park
Stewart Robertson

COMPANY SECRETARY

James Blair

REGISTERED OFFICE

Ibrox Stadium, 150 Edmiston Drive, Glasgow G51 2XD

COMPANY REGISTRATION NUMBER

SC425159

INDEPENDENT AUDITOR

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

LAWYERS

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

BANKERS

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

The Rangers Football Club Limited

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 recently remained in the Championship of the Scottish Professional Football League (SPFL), however it is still the intention of the Directors and the Manager for the Club to return to top level football as soon as possible. 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 E of the Companies Act 2006.

The Rangers Football Club Limited

Strategic Report (continued)

RESULTS OF OPERATIONS

TURNOVER

The table below sets out the Company's turnover for the year to 30 June 2015:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Gate receipts and hospitality	11,612	12,361
Sponsorship and advertising	625	1,466
Broadcasting rights	684	710
Commercial	258	651
Other turnover	2,229	1,962
	<hr/>	<hr/>
Total turnover	15,408	17,150
	<hr/>	<hr/>

Turnover for the year ended 30 June 2015 totalled £15.4 million (year ended 30 June 2014: £17.2 million). Of this total, gate receipts and hospitality income contributed £11.6 million (2013: £12.4 million). During the year the Club played eighteen home league matches, three home playoff matches and six home cup matches (2014: eighteen home league matches and four home cup matches). No turnover is recognised in respect of away fixtures except for a small share of ticket turnover from away cup matches.

Season ticket income of £6.3 million was recognised during the year to 30 June 2015 based on sales of 26,515 season tickets (2014: £7.7 million from 36,039).

Broadcasting revenue during the year was limited by playing in the SPFL Championship, and therefore having a limited number of televised matches.

Commercial income of £0.3 million, sponsorship income of £0.6 million and broadcast income of £0.7m recognised during the year to 30 June 2015 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.

The Rangers Football Club Limited

Strategic Report (continued)

OPERATING EXPENDITURE

TRFCL has incurred the following operating expenses during the year:

	Year ended 30 June 2015	Year ended 30 June 2014
	£'000	£'000
Staff costs	12,375	13,966
Other operating charges	10,144	10,390
Amortisation of negative goodwill	(951)	(951)
Hire of plant and machinery	129	129
Depreciation and impairment of property, plant and equipment	2,104	1,139
Revenue grants	(394)	(307)
Amortisation of trade marks	2	2
Amortisation and impairment of players' registrations	1,043	929
Total operating expenses	24,452	25,297

Player costs are TRFCL's most significant expenditure, including £6.2 million in respect of the first team playing squad (2014: £6.5 million). 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.

The Rangers Football Club Limited

Strategic Report (continued)

KEY PERFORMANCE INDICATORS (KPIs)

TRFCL uses a number of key performance measures in its business, including statutory measures, such as turnover and operating profit/(loss). The most significant non-statutory measures used include the first team wages/turnover ratio and season ticket sales. Key non-financial measures include on pitch performance and attendance. The table below shows selected KPIs for the year ended 30 June 2015.

	Year ended 30 June 2015	Year ended 30 June 2014
Total turnover (£'000s)	15,408	17,150
Operating loss (£'000s)	(9,044)	(8,147)
First Team wages/turnover ratio	40%	38%
Number of games played (total)	54	49
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)	6	4
Number of games played (cup away)	6	8
Number of other home games (friendlies)	-	1
Number of season tickets sold	26,515	36,039
Season ticket sales (£'000s)	6,301	7,726
Average season ticket price (£)	237	214
Average attendance (league home matches)	34,556	41,444

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 3rd in the SPFL Championship, and will remain in that Division for the 2015/16 season. In addition, the Club's first team reached the Semi Final of the League Cup, and the Semi Final of the Petrofac Training Cup. In the current season, the Club currently sits in first place in the Championship.

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. Directors are confident that the future of the Company is bright and encourages them as they seek to achieve their goal of securing Rangers as a leading club in world football. Securing promotion to the Premiership will help them in this task.

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. 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 the impact if it did occur. 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 Rangers Football Club Limited

Strategic Report (continued)

RISKS AND UNCERTAINTIES (continued)

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

Future funding

The current and future financial position of the Company, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicated that further funds would be required early in December 2015. Accordingly, The Group received funding from certain shareholders, directors and new investors at that time and the Board received undertakings from certain shareholders confirming that they will provide financial support as and when it is required going forward. 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.

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 SPFL Championship, which provides lower revenue streams than the Company aims to receive in future years. 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.

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.

The Rangers Football Club Limited

Strategic Report (continued)

PROPERTY MATTERS

The 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 £40.9 million at 30 June 2015 after provisions for depreciation and impairment.

At each balance sheet date, the Company 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 2015, 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 the Company's tangible and intangible assets of £61.9 million. Accordingly, TRFCL's property, which has been revalued under an existing use basis, has been included within the financial statements at £40.9 million with other non-current assets being included at £21.0 million. The Directors will re-visit this exercise at each subsequent balance sheet date to consider whether the value in use calculation can support a higher 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, 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 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.

The forecast identified that the Company will require up to £2.5m by way of debt or equity funding by the end of season 2015/2016 in order to meet its liabilities as they fall due. Further funding will be required during the 2016/17 season, the quantum of which is dependent on future football performance and promotion to the SPFL Premiership. The forecast indicated that an initial tranche of funds will be required in December 2015.

Accordingly, The Group received funding from certain shareholders, directors and new investors at that time. Furthermore, the Board of Directors received undertakings from certain shareholders that they will provide financial support to the Group going forward 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, the ultimate parent company (Rangers International Football Club plc) has provided the company with written representation that it will not call in the intercompany balances due, and will continue to provide financial support for at least twelve months from the date of the report. The Board acknowledge that had these assurances and funding 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 it's ability to realise its assets and discharge its liabilities in the normal course of business. The Board is delighted that this uncertainty has been removed and the appropriate assurances obtained.

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.

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.

The Rangers Football Club Limited

Strategic Report (continued)

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. At the year end, there is a secured loan facility from Sportsdirect.com Retail Limited. The Company has drawn £5 million under this facility. Since the year end the Company advised the lender that it does not anticipate drawing any further sums pursuant to this facility and on 24 December 2015 repaid all sums drawn under the facility in full.

The Company also has a finance lease agreement totalling £0.5 million.

As at 30 June 2015, the Company held £1,091,000 within cash and bank balances.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P. Murray', with a large, stylized flourish at the end.

Paul Murray, Director

31 January 2016

The Rangers Football Club Limited

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 2015.

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 8.

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.

DIVIDENDS

The Directors have not recommended the payment of a dividend (2014: nil).

DIRECTORS

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

Norman Crichton	(appointed 20 November 2013)	(resigned 17 December 2014)
Alexander Easdale	(appointed 11 September 2013)	(resigned 9 March 2015)
James Easdale	(appointed 9 July 2013)	(resigned 25 February 2015)
David Somers	(appointed 20 November 2013)	(resigned 2 March 2015)
Graham Wallace	(appointed 20 November 2013)	(resigned 26 October 2014)
Derek Llambias	(appointed 5 November 2014)	(resigned 10 April 2015)
Barry Leach	(appointed 5 January 2015)	(resigned 10 April 2015)
Paul Murray	(appointed 9 March 2015)	
John Gilligan	(appointed 9 March 2015)	
Andrew Dickson	(appointed 9 March 2015)	
Douglas Park	(appointed 9 March 2015)	(resigned 3 August 2015)
Stewart Robertson	(appointed 16 June 2015)	
Graeme Park	(appointed 3 August 2015)	

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 and appropriate training is arranged. 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.

The Rangers Football Club Limited

Directors' Report (continued)

EMPLOYEES CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Company. This is achieved by departmental meetings and intranet notices.

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

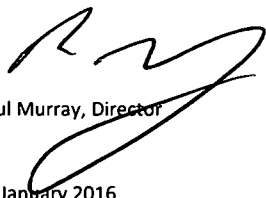
In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- 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

31 January 2016

The Rangers Football Club Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.



Paul Murray, Director

31 January 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 2015 on pages 14 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditor's 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 11, 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 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 Directors' Report 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 ultimate parent entity raising additional finance and continuing to provide support to the Company. Failure to secure additional funding by the ultimate 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or



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

1 February 2016

The Rangers Football Club Limited

Profit and loss account For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Turnover	2	15,408	17,150
Operating expenses	3	(24,452)	(25,297)
Operating loss		(9,044)	(8,147)
Gain/(loss) on disposal of player registrations		1,180	395
Investment income	12	1,070	109
Loss on ordinary activities before finance charges		(6,794)	(7,643)
Finance charges (net)	4	(56)	(119)
Loss on ordinary activities before taxation	5	(6,850)	(7,762)
Taxation on loss on ordinary activities	8	(178)	180
Loss for the financial year	18,19	(7,028)	(7,582)

All results arise from continuing operations.

The notes on pages 17 to 36 form an integral part of these financial statements.

The Rangers Football Club Limited

Statement of total recognised gains and losses For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Loss for the year	18,19	(7,028)	(7,582)
Gains on property revaluation		-	-
		<hr/>	<hr/>
Total recognised gains and losses		(7,028)	(7,582)
		<hr/>	<hr/>

Note of historical cost profits and losses For the year ended 30 June 2015

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Reported loss on ordinary activities before taxation	(6,850)	(7,762)
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	453	340
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	(6,397)	(7,422)
	<hr/>	<hr/>
Historical cost loss for the year retained after taxation	(6,575)	(7,242)
	<hr/>	<hr/>

The Rangers Football Club Limited (registered number: SC425159)

Balance Sheet
At 30 June 2015

	Notes	At 30 June 2015 £'000	At 30 June 2014 £'000
Fixed assets			
Negative goodwill	9	(17,367)	(18,318)
Intangible assets	10	16,957	17,797
Tangible assets	11	44,931	47,134
Investments	12	-	-
		<u>44,521</u>	<u>46,613</u>
Current assets			
Debtors	13	6,892	3,318
Cash at bank and in hand		1,091	1,538
		<u>7,983</u>	<u>4,856</u>
Creditors: Amounts falling due within one year	14	<u>(29,112)</u>	<u>(29,055)</u>
Net current liabilities		<u>(21,129)</u>	<u>(24,199)</u>
Total assets less current liabilities		23,392	22,414
Creditors: Amounts falling due after more than one year	15	<u>(5,097)</u>	<u>(841)</u>
Net assets		<u>18,295</u>	<u>21,573</u>
Capital and reserves			
Called-up share capital	17	334	334
Share premium account	18	12,960	12,960
Capital contribution reserve	18	3,750	-
Revaluation reserve	18	32,970	33,423
Profit and loss account	18	(31,719)	(25,144)
Shareholders' funds	19	<u>18,295</u>	<u>21,573</u>

The notes on pages 17 to 36 form an integral part of these financial statements.

The financial statements of The Rangers Football Club Limited (registered number SC425159) were approved by the Directors and authorised for issue on 31 January 2016. They were signed on its behalf by:



Paul Murray, Director

The Rangers Football Club Limited

Notes to the financial statements For the year ended 30 June 2015

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior period.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

Consolidation

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it is a wholly owned subsidiary of Rangers International Football Club plc, which prepares group financial statements. Accordingly, the financial statements present information about the Company as a standalone entity, not its group.

Cash flow statement

The Company has taken advantage of the exemption in FRS 1 from preparing a cash flow statement on the grounds that its results and cash flows are included in the consolidated financial statements of its ultimate Parent Company, Rangers International Football Club plc.

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, shareholder funding 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.

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

- Continued progression through the Scottish league structure. The Company's forecast assumes the Club will achieve promotion to the SPFL Premiership at the conclusion of the 2015/16 season and will consolidate its position in the SPFL Premiership in 2016/17.
- 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 from season 2015/16 to reflect the expected return to the SPFL Premiership (while still remaining below the levels when the Club was previously in the SPL)
- Matchday income, which is projected to grow as the Club progresses through the Scottish League structure.
- Sponsorship, commercial and other non-matchday income reflecting customer confidence returning and increased hospitality demand.
- The exclusion of cash flows from dividends from Rangers Retail Limited, as the Board considers that it has limited visibility as regards the timing of any of these cash inflows.
- Continued overhead cost reduction measures to reflect the Club's operations returning to a more stable operating environment.
- Payroll costs reflecting the current squad size and composition in perspective to its assumptions around league progression. The forecast cash flows assume conservative amounts generated from player sales.
- The Company's ability to secure further debt or equity finance to allow the Company to continue to meet its liabilities as they fall due.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

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.

The forecast identifies that the company will require up to £2.5m by way of debt or equity funding by the end of season 2015/2016 in order to meet its liabilities as they fall due. Further funding will be required during the 2016/17 season, the quantum of which is dependent on future football performance and promotion to the SPFL Premiership. The forecast indicates that an initial tranche of funds will be required in December 2015.

Accordingly, The Group received funding from certain shareholders, directors and new investors at that time. Furthermore, the Board of Directors received undertakings from certain shareholders that they will provide financial support to the Group going forward 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, the ultimate parent company (Rangers International Football Club plc) has provided the company with written representation that it will not call in the intercompany balances due, and will continue to provide financial support for at least twelve months from the date of 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 it's ability to realise its assets and discharge its liabilities in the normal course of business. The Board is delighted that this uncertainty has been removed and the appropriate assurances obtained.

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 they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

Negative Goodwill

Negative goodwill, arising in a business acquisition is recognised as a negative asset at the date that control is acquired (the acquisition date). Negative goodwill is measured as the excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over the sum of the consideration transferred. The release to the profit and loss account is calculated over the estimated economic life of the underlying assets to which the negative goodwill relates.

Revenue recognition

Turnover 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.

Gate receipts and other matchday turnover 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 turnover 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 charge/(credit) represents the sum of the tax currently payable/recoverable and deferred tax. The current tax charge/(credit) is based on taxable profit/(loss) for the period. Taxable profit/(loss) differs from net profit/(loss) as reported because it excludes 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/asset 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. The Company's liability for deferred tax is calculated using tax rates that have been substantively enacted by the balance sheet date.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. ACCOUNTING POLICIES (CONTINUED)

Brand intangible assets

The Company only carries brand intangible assets on the balance sheet that have been acquired. 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.

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 as provisions, 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.

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 profit and loss account. On the subsequent sale or scrapping 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 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.

During the year the Company reassessed the estimated useful life of the Stadium and subsequently increased the amortisation rate from 1% to 1.33%. This is a change in estimate and is accounted for accordingly under FRS18. This resulted in additional depreciation of £105k.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. ACCOUNTING POLICIES (CONTINUED)

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 immediately in the profit and loss account, 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 profit and loss account 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 the assets could be impaired.

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.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing procedures (continued)

Key assumptions

Football team performance - short term (1) Obtain promotion to the SPFL Premiership in season 2015/16

Football team performance - medium to long term (1) Predictions of expected football results beyond season 2015/16 i.e. league placings, cup progressions, match day attendance, and future European participation from 2017/18 onwards.

Cash generating unit (2) Football club operations

Budget period (3) 5 years

Discount rate (4) 13% pre-tax

Growth rate (5) 2.4%

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

(2) The Company considers that the only cash generating unit is the operation of the football club. Due to the loss of control over retail operations, all income, costs and associated cash flows in this respect have been excluded from the impairment review.

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

(3) The basis for the estimated cash flow is the confirmed budgets for 2015/16 and the cash flow forecasts for the next four years after. In the calculation, cash flows beyond this period are extrapolated using the estimated growth rate.

(4) A discount rate of 13% reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. The discount rate used in 2014 was 14%. The Company considers that risk profile of the business as a whole has diminished following the appointment of the new board of Directors, progress made on bringing financial stability to the Club, and the strengthening of the corporate management team and football department.

(5) The growth rate utilised is based on expected inflationary growth in the UK beyond the period of forecasting.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

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 discount rate. These are considered by the Company to be the key unobservable inputs which would impact the valuation model significantly. The weighted average results from the sensitivity analysis were then taken to determine the estimated net present value of the cash generating unit.

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

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

Discount factor

An increase in discount factor to 13.7%.

Player costs

An increase in net player spend of 30% in addition to that included in the cash flow projections.

Domestic and European football performance

Failure to participate in European competition from 2017/18 onwards.

Operating cash flows

A 25% reduction in operating cash flows generated over the 5 year period of the cash flow forecasts.

Business acquisitions

The fair value of businesses acquired, where market values are not easily available, are determined by various valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar businesses or models, and third-party experts are used.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Gate receipts and hospitality	11,612	12,361
Sponsorship and advertising	625	1,466
Broadcasting rights	684	710
Commercial	258	651
Other income	2,229	1,962
	<hr/>	<hr/>
	15,408	17,150
	<hr/>	<hr/>

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

3. LOSS FOR THE YEAR

TRFCL has incurred the following operating expenses during the year:

		Year ended 30 June 2015	Year ended 30 June 2014
	Notes	£'000	£'000
Staff costs	6	12,375	13,966
Other operating charges		10,144	10,390
Amortisation of negative goodwill	9	(951)	(951)
Hire of plant and machinery		129	129
Depreciation and impairment of property, plant and equipment	11	2,104	1,139
Revenue grants		(394)	(307)
Amortisation of trade marks	10	2	2
Amortisation and impairment of players' registrations	10	1,043	929
		<hr/>	<hr/>
Total operating expenses		24,452	25,297
		<hr/>	<hr/>

Player costs are TRFCL's most significant expenditure. 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.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

4. FINANCE CHARGES

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Interest on loans	-	45
Interest payable on lease finance agreements	57	91
Interest received	(1)	(17)
	<hr/>	<hr/>
Total interest charged to income statement	56	119
	<hr/>	<hr/>

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'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	80
	<hr/>	<hr/>
Total audit fees	40	80
	<hr/>	<hr/>
Fees payable to the Company's auditor for other services to the Company:		
Other tax advisory and compliance services	15	35
	<hr/>	<hr/>
Total non-audit fees	15	35
	<hr/>	<hr/>

No services were provided pursuant to contingent fee arrangements.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

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 2015	Year ended 30 June 2014
Football players	52	53
Others	89	103
Total	141	156

In addition, the Company employed an average of 130 part-time employees during the period (2014: 127), for matchday and other events.

The aggregate remuneration comprised:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Wages and salaries	10,942	12,387
Social security costs	1,271	1,395
Other pension costs	162	184
Total	12,375	13,966

7. DIRECTORS' REMUNERATION

	Salary and Payroll Benefits £'000	Fees £'000	Severance Payments £'000	Pensions £'000	Bonus £'000	Gain on share options £'000	Benefits in Kind £'000	Total £'000
Year ended 30 June 2015	344	-	120	18	-	-	5	487
Year ended 30 June 2014	435	27	566	18	62	189	7	1,126

The aggregate emoluments and pension contributions of the highest paid director were £215,038 (2014: £358,846) and £10,056 (2014: £18,981) respectively. Directors that have been appointed since March 2015 that are not part of the day-to-day management of the company have received no remuneration.

The number of directors to whom retirement benefits were accruing was as follows:

	Year ended 30 June 2015	Year ended 30 June 2014
Money purchase schemes	2	2

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

8. TAX ON LOSS AND ORDINARY ACTIVITIES

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Current corporation tax (charge)/credit	(178)	180

The difference between the tax charge of £178,000 and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Loss on ordinary activities before tax	(6,850)	(7,762)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK – 20.75%	1,421	1,746
Effects of:		
Tax effect of income not chargeable for tax purposes	255	60
(Capital allowances in excess of depreciation)/ Depreciation in excess of capital allowances	(437)	(112)
Prior year adjustment	(178)	-
Brand amortisation allowance	133	-
Expenses not deductible for tax purposes	(18)	(19)
Tax losses arising	(1,355)	(1,495)
Current Corporation tax (charge)/credit	(178)	180

At the balance sheet date, the Company has an unrecognised deferred tax asset of £5,866,070 (2014 - £4,442,000) relating to unused tax losses which are available for offset against future profits and fixed asset and intangible timing differences. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available in the short term.

The Company holds properties held at a revalued amount. If these properties were to be sold in the future at the revalued amount, a chargeable gain of £6,798,000 would arise.

Finance Act 2013, which was enacted on 17 July 2013, reduced the main rate of corporation tax to 21% for the financial year commencing 1 April 2014. This rate was further reduced to 20% for the financial year commencing 1 April 2015. The closing deferred tax assets and liabilities have been calculated in accordance with the rates substantively enacted at the balance sheet date.

The Company is unaware of any factor outwith normal business activities which will have a material impact on future tax charges.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

9. NEGATIVE GOODWILL

	£'000
Cost:	
At 1 July 2014	(20,231)
At 30 June 2015	(20,231)
Amortisation:	
At 1 July 2014	1,913
Release for the year	951
At 30 June 2015	2,864
Net book value at:	
1 July 2014	(18,318)
30 June 2015	(17,367)

Negative goodwill is being released to the profit and loss account over the estimated economic lifespan of the underlying assets to which it relates.

10. INTANGIBLE ASSETS

	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
At 1 July 2014	3,598	16,060	19,658
Additions	285	6	291
Disposals	(814)	-	(814)
At 30 June 2015	3,069	16,066	19,135
Amortisation:			
At 1 July 2014	1,858	3	1,861
Charge for year	778	2	780
Eliminated on disposal	(728)	-	(728)
Provision for impairment	265	-	265
At 30 June 2015	2,173	5	2,178
Net book value at:			
1 July 2014	1,740	16,057	17,797
30 June 2015	896	16,061	16,957

In the year, capitalised player registrations were impaired by £265k. Impairment losses occurred where the Company considered there to be a permanent diminution in value. Further details of the impairment assessments performed by the directors are provided in note 1.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

11. TANGIBLE ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties £'000	Fixtures and Fittings £'000	Total £'000
Cost:			
At 1 July 2014	43,073	5,960	49,033
Additions	-	126	126
Disposals	-	(225)	(225)
At 30 June 2015	<u>43,073</u>	<u>5,861</u>	<u>48,934</u>
Depreciation:			
At 1 July 2014	825	1,074	1,899
Charge for year	516	802	1,318
Provision for impairment	786	-	786
At 30 June 2015	<u>2,127</u>	<u>1,876</u>	<u>4,003</u>
Net book value			
At 1 July 2014	42,248	4,886	47,134
At 30 June 2015	<u>40,946</u>	<u>3,985</u>	<u>44,931</u>

Amounts in respect of assets of the Company held under finance leases are as follows:

Net book value at 1 July 2014	-	1,249	1,249
Net book value at 30 June 2015	-	1,075	1,075
Depreciation provided in the year	-	174	174

Further details of the impairment assessments performed by the directors are provided in note 1.

On 30 June 2015 the Directors valued the Freehold Properties, comprising Ibrox Stadium and 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. The impairment loss recognised above relates to a provision made on Edmiston House. As the property is currently in need of restoration, non-income generating, nor contributing to football operations, this was assessed separately for impairment. This is based on the estimated fair value of the highest and best possible use in its current condition at the year end.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

12. FIXED ASSET INVESTMENTS

	Principal activity	Place of registration	Type of holding	Holding %	At 30 June 2015 £	At 30 June 2014 £
<i>Subsidiary and associate undertakings:</i>						
Rangers Retail Limited	Retail	UK	Ordinary shares	26	26	51
Garrion Security Services Limited	Event Security	UK	Ordinary shares	100	1	1
					<hr/>	<hr/>
					27	52
					<hr/>	<hr/>

The Company received investment income of £1,070,000 from its holding in Rangers Retail Limited during the year (2014: £109,000).

Full details on the change in holding in Rangers Retail Limited can be found in the Annual Report of the Group's parent company, Rangers International Football Club plc.

13. DEBTORS - AMOUNT DUE WITHIN ONE YEAR

	At 30 June 2015 £'000	At 30 June 2014 £'000
Trade debtors	5,759	2,091
Amounts owed by subsidiaries	89	367
Amounts owed by group undertakings	214	92
Other debtors	137	120
Prepayments and accrued income	693	648
	<hr/>	<hr/>
	6,892	3,318
	<hr/>	<hr/>

Amounts owed by subsidiaries and amounts owed by related companies are unsecured, repayable on demand and do not accrue interest.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 30 June 2015 £'000	At 30 June 2014 £'000
Trade creditors	998	1,811
Amounts owed to parent company	18,100	15,667
Other taxation and social security	1,498	1,167
Other creditors	39	347
Deferred income	6,238	6,088
Accruals	1,801	1,998
Other loans	-	1,500
Obligations under finance leases and hire purchase contracts	438	477
	<u>29,112</u>	<u>29,055</u>

Amounts owed to parent company are unsecured, repayable on demand and do not accrue interest.

15. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	At 30 June 2015 £'000	At 30 June 2014 £'000
Other loans	5,000	-
Accruals	59	364
Obligations under finance leases and hire purchase contracts		
- due between 1 and 2 years	38	438
- due between 2 and 5 years	-	39
	<u>5,097</u>	<u>841</u>

SportsDirect.com Retail Limited - £10m Credit Facility

At the year end, the club had a credit facility of £10m available from SportsDirect.com Retail Limited. The Facility was structured in two separate interest-free tranches, £5m of which had been drawn down. There was no specified repayment period for the first tranche of the Facility.

The Facility was secured by (1) a floating charge over the Club's assets, (2) fixed charges over Auchenhowie, Edmiston House, Albion Car Park, and the Club's registered trademarks and (3) charge over the shares under call option. The securities exclude Ibrox Stadium.

The second tranche of £5m was to be used, if required, for working capital purposes and would be subject to due diligence by SportsDirect.com prior to any draw down.

The Board announced on 23 March 2015 that it would not be continuing the process of drawing down this second tranche and on 24 December 2015 repaid all sums drawn down on the facility.

Other security

In addition to the security granted as noted above, The Scottish Sports Council (Sports Scotland) have a standard security over Auchenhowie. This is subject to a ranking agreement with SportsDirect.com Retail Limited.

Finance leases are secured over the assets to which they relate.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

16. OBLIGATIONS UNDER FINANCE LEASES

Borrowings are repayable as follows:

	At 30 June 2015 £'000	At 30 June 2014 £'000
Repayment of borrowings on finance leases fall due as follows:		
In one year or less	438	477
Between one and two years	38	438
Between two and five years	-	39
	<u>476</u>	<u>954</u>

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

A standard fixed security has been granted over these assets.

17. CALLED-UP SHARE CAPITAL

	At 30 June 2015 £'000	At 30 June 2014 £'000
Allotted, called-up and fully-paid		
33,415,000 ordinary shares of £0.01 each	<u>334</u>	<u>334</u>

18. RESERVES

	Share premium account £'000	Revaluation reserve £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
Company					
At 1 July 2014	12,960	33,423	-	(25,144)	21,239
Transfer from revaluation reserve to the profit and loss reserve in respect of depreciation	-	(453)	-	453	-
Shareholders contributions received	-	-	3,750	-	3,750
Loss for the financial year	-	-	-	(7,028)	(7,028)
At 30 June 2015	<u>12,960</u>	<u>32,970</u>	<u>3,750</u>	<u>(31,719)</u>	<u>17,961</u>

The capital contribution is represented by funds received from the ultimate parent company, Rangers International Football Club plc.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

19. RECONCILIATION OF MOVEMENTS IN COMPANY SHAREHOLDERS' FUNDS

	At 30 June 2015 £'000	At 30 June 2014 £'000
Loss for the financial year	(7,028)	(7,582)
Other recognised gains and losses relating to the year (net)	-	-
	<u>(7,028)</u>	<u>(7,581)</u>
Shareholders contributions received	3,750	-
Net (reduction in)/ addition to shareholders' funds	(3,278)	(7,581)
Opening shareholders' funds	21,573	29,155
Closing shareholders' funds	<u>18,295</u>	<u>21,573</u>

20. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	At 30 June 2015 £'000	At 30 June 2014 £'000
Plant and machinery:		
Expiry date		
- between two and five years	44	44
	<u>44</u>	<u>44</u>

21. CONTINGENT LIABILITIES

Independent Investigation

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

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

The Investigation was overseen by Roy Martin QC.

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

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

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

21. CONTINGENT LIABILITIES (continued)

Independent Investigation (continued)

On 28 May 2013, a further letter before claim was sent to (inter alia) The Rangers Football Club Limited and Rangers International Football Club plc on behalf of Craig Whyte, Aidan Earley and (purportedly) Sevco 5088 Limited. The Board is of the view that the claims set out in the letter before claim are entirely unsubstantiated based on legal advice received to date by the Board and the outcome of the Investigation. This letter is now 26 months old and no further correspondence or information in respect of this matter has been received in that time.

Injunction and Damages Claim

The day before June's EGM an Injunction was granted preventing RIFC plc disclosing publishing or communicating various matters relative to discussions, agreements or arrangements between members of the Group and Sports Direct International plc (SDI) and members of its group. The injunction was granted on an interim basis until final judgement on the application raised by SDI against RIFC plc for injunction and damages. The application is being defended by RIFC plc. SDI has now dropped the damages element of its application.

SDI made an application claiming RIFC plc and Dave King, the Chairman of the plc Board, were in breach of the injunction. SDI's application has been dismissed.

EBT Fine

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 believes that the SPFL has, 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 is 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 have determined that it shall use the offset rule to recover the £250,000 fine from the Club.

As a result of this decision, the Club has invoked Article 99 of the SFA Articles seeking a determination by an Arbitral Tribunal appointed by the SFA that the sum is not due to the SPFL.

Whilst the Board of Directors based on legal advice are confident that the case will be settled in its favour, should the Club lose the case, then the Club will be liable for the £250,000 fine plus interest and associated costs.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available, in accordance with FRS 8 'Related Party Disclosures', not to disclose transactions entered into between two or more wholly owned members of a group.

George Letham

Shareholder of RIFC plc

During the year, the Company repaid loans totaling £1.0m to Mr. George Letham. This loan was interest free, and was repaid on 29 September 2014.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

22. RELATED PARTY TRANSACTIONS (continued)

Mr. A Easdale

Former director of The Rangers Football Club Limited

During the year, the Company repaid loans totaling £0.5m to Mr. Alexander Easdale. This loan was interest free, and was repaid on 5 January 2015.

MASH Holdings Limited

Shareholder

During the year, the Company entered into a credit facility agreement with MASH Holdings Limited. On 27 October 2014, the first credit facility of £2m was agreed, for a period of six months, interest-free. The facility was secured by standard security over the properties of Edmiston House and Albion car park.

On 12 November 2014, an extension to this facility of £1m was agreed, under the same terms.

On 27 January 2015, the MASH Holdings Limited facility was repaid in full and all rights and security associated with the facility were cancelled upon receipt of the facility from SportsDirect.com Retail Limited.

SportsDirect.com Retail Limited

On 27 January 2015, the Company announced that it had entered into agreements with SportsDirect.com Retail Limited and associated companies, to provide a long term on-going credit facility of up to £10m. The facility is structured in two separate interest-free tranches. £5m was made available immediately for working capital purposes and for the repayment of the credit facilities with MASH Holdings Limited. Security has been provided on the SportsDirect.com Retail Limited loan as detailed in note 15 to the financial statements.

At the balance sheet date, the loan has been disclosed as falling due in greater than one year as the loan had no specified repayment date. Subsequent to the year end, the Group Board announced its intention to repay the loan in the year to 30 June 2016. Following the receipt of further shareholder investment, the loan was repaid in full on 24 December 2015. The securities over the Company's heritable properties have been discharged and the Company's trademarks are being re-registered into the Company's name.

Rangers Retail Limited

Associate entity

During the year, the Company sold goods and services amounting to £186,000 to Rangers Retail Limited. At the year end, the Company was due £38,000 in trade receivables.

On 27 January 2015, the Company entered into a new IP License and rights agreement which replaced the existing agreement with its associate entity, Rangers Retail Limited. This agreement licenses the exclusive intellectual property rights and trade marks to Rangers Retail Limited. The agreement was entered into as part of the overall arrangements with SportsDirect.com Retail Limited at that date.

Keith Bishop Associates

During the year, the Company incurred costs of £54,300 to Keith Bishop Public Relations Limited trading as Keith Bishop Associates, a company of which the former director Derek Llambias was also a director. Mr Llambias was also a shareholder in this company before his appointment to the Board of the Company. The annual return of that company discloses that Mr Llambias transferred his shareholding (51% of the issued share capital) to SportsDirect.com Media Limited shortly before being appointed a director of the Company.

The Rangers Football Club Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

23. POST-BALANCE SHEET EVENTS

Mr C Green legal fees

In early October 2015, a claim was lodged at the Court of Session in Edinburgh for declarator that, in brief, RIFC plc should meet any reasonable professional costs and expenses incurred by Charles Green in respect of his defence of criminal proceedings commenced against him by Her Majesty's Advocate. In November 2015, the action was dismissed by the Court of Session but is now the subject of a reclaiming motion by Mr Green.

Directors' movements

On 3 August 2015, non-executive director Douglas Park resigned from The Rangers Football Club Limited. He was replaced on the Board by his son, Graeme Park.

Acquisitions of player registrations

Subsequent to the year end, the Company contracted for the purchase of nine player registrations. The sums payable, including agent costs, amount to £988,000.

New funding

Subsequent to the year end, the Group received £5.7m from existing shareholders, directors and other parties. £5m of this funding was used to repay the loan from SportsDirect.com Retail Limited with the remaining amount available for working capital purposes.

802 Works Limited litigation

A claim has been received from and legal proceedings instituted by 802 Works Limited in respect of the wi-fi system installed at Ibrox Stadium. This claim, which is for the sum of £300,000 plus interest and costs, will be resisted by the Company and the Company is also counterclaiming the sum of £600,000 from 802 Works Limited.

24. 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.