The Rangers Football Club Limited
Annual report and financial statements
For the year ended 30 June 2018

Registered number: SC425159

Contents

Directors and Advisers

Directors

Stewart Robertson

Andrew Dickson

Company Secretary

James Blair

Registered Office

Ibrox Stadium, Glasgow G51 2XD

Auditor

Campbell Dallas Audit Services, 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 Hummel Training Centre, Rangers have been a leading force in Scottish football for decades. This world class stadium, training infrastructure and a loyal and passionate global fanbase provide an excellent foundation for the Company.

The Club finished third in the SPFL (Scottish Professional Football League) Premiership in season 2017/18. 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 Steven Gerrard.

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 2018 £'000	Year ended 30 June 2017 £'000
Gate receipts and hospitality	22,989	21,616
Sponsorship and advertising	1,922	1,530
Broadcasting rights	3,437	2,861
Commercial	594	375
UEFA solidarity and prize money	653	273
Other revenue	2,023	1,697
Total revenue	31,618	28,352

Revenue for the year ended 30 June 2018 totalled £31.6 million. Of this total, gate receipts and hospitality income contributed £23.0 million. During the year the Club played nineteen home league matches, two home cup matches, one European tie and one home friendly (2017: nineteen home league matches, seven home cup matches, no European tie, one home friendly). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

A 12% increase in turnover is reflective of an increase to the average home league attendance from 48,893 to 49,173, driving increased season ticket, match ticket and hospitality income. Season ticket income of £14.7 million was recognised during the year to 30 June 2018 based on sales of 44,658 season tickets (2017: £13.6 million from 43,253).

Broadcasting revenue, UEFA solidarity and prize money were all boosted by being back in European competition, as well as an increase to the central funds received from the SPFL.

Commercial income of £0.6 million, sponsorship income of £1.9 million and broadcast income of £3.4 million recognised during the year to 30 June 2018 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.

Other revenue includes income from catering, tours, events and related activities.

OPERATING EXPENDITURE

TRFCL has incurred the following operating expenses during the year:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Staff costs	23,019	16,591
Other operating charges	13,298	12,384
Hire of plant and machinery	86	217
Depreciation of property, plant and equipment	1,611	1,568
Amortisation of trade marks	2	2
Amortisation and impairment of player registrations	7,358	1,595
Auditor's remuneration	35	35
Total operating expenses	45,409	32,392

Player costs are TRFCL's most significant expenditure, including £15.1 million (2017: £10.4 million) in respect of the first team playing squad. First team player salary costs are contractual and each player's salary is unique.

Other operating charges include matchday costs, such as policing, stewarding and pitch costs. A 7% increase in other operating charges against the previous year was driven by direct costs incurred in fulfilling additional non-matchday sales, additional marketing across the business, as well as additional travel costs to European and pre-season matches.

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 2018.

	Year ended 30 June 2018	Year ended 30 June 2017
Total revenue (£'000s)	31,618	28,352
Operating loss (£'000s)	(13,361)	(6,623)
Operational EBITDA (£'000s)	(4,198)	(457)
First Team Wages/Turnover ratio	48%	37%
Number of games played (total)	50	52
Number of games played (SPFL home)	19	19
Number of games played (SPFL away)	19	19
Number of games played (Cup home)	2	7
Number of games played (Cup away)	5	4
Number of games played (Euro home)	1	0
Number of games played (Euro away)	1	0
Number of other games (Friendlies home)	1	1
Number of other games (Friendlies away)	2	3
Number of season tickets sold	44,658	43,253
Season ticket sales (£'000s)	14,664	13,590
Average season ticket price (£)	328	314
Average attendance (league home matches)	49,173	48,893

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

Strategic Report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 3rd in the Ladbrokes SPFL Premiership. In addition, the Club's reached the semi-finals of both the Betfred League Cup and the William Hill Scottish Cup.

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 TRFCL's broadcasting arrangements enable TRFCL 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 Europa League Qualifying rounds and Group Stages, the task is now to improve our performance, and have regular European football at the Club.

RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that it considers to be associated with the running of a professional football club. Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. These risks are regularly reviewed internally by executive management. Each risk when identified is analysed to determine the likelihood of the risk occurring, the potential impact it may have on the 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. The forecasts indicate that funds are required to support the Club for the rest of the season 2018/19 and season 2019/20. 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 the Going Concern section of this report and 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 the Annual Report alongside other pre-existing claims.

Retail revenue

Despite a new retail agreement in place with Sports Direct for season 2017/18, the Club continues to be left frustrated by the lack of performance, communication and transparency of Sports Direct. Whilst the Club's position with regards to its retail activities remains unresolved, it is taking all steps it deems necessary to ensure it returns its retail operations to a profitable and thriving part of the business and to ensure the disruption experienced over the summer months does not happen again.

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 Club also competes in European competition and UEFA provide revenue streams to the Club in these circumstances. The future level of revenue is not contractually guaranteed, and is subject to influence from third parties and football performance.

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. Further information is provided in note 18 to the financial statements.

GOING CONCERN

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the 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, 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 forecasts identified that the Company would require a minimum of £4.6m by way of debt or equity funding by the end of season 2018/19 in order to meet its liabilities as they fall due. The first tranche of funding is required from investors in January 2019. Further funding amounting to £3.0m is forecast to be required during the 2019/20 season. However, the final amount required is dependent on future football performance, European football participation and player trading amongst other factors. Such amounts are in addition to the funds raised by the share issue in September 2018.

The Board have discussed the Club's forecast cash shortfall and have reached agreement with New Oasis Asset Limited whereby they will provide additional loan facilities as necessary to meet the above requirements. Further to this, New Oasis Asset Limited and certain investors have agreed to extend their existing loan facilities to July 2020.

The Board is satisfied that those parties will continue to provide financial support to the Company as it is required and have satisfied themselves as to the validity of the undertakings given and that those parties have the means and authority to provide such funding as and when it is required.

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. It is important to stress that, with the appropriate assurances obtained and the continued support of the investors, the Board believe that such uncertainty has been removed, and the Company is therefore able to trade as a going concern and discharge its liabilities in the normal course of business.

The financial support committed by the parties above 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.

Strategic Report (continued)

LIQUIDITY AND CAPITAL RESOURCES

The Company maintains cash to fund the daily cash requirements of its business.

At the balance sheet date, there are finance lease agreements totalling £1.2m and the Company held £1.5m within cash and bank balances.

Approved by the Board and signed on its behalf by:

Andrew Dickson, Director

5 December 2018

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 2018.

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.

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 employees over the age of 25.

RESULTS AND DIVIDENDS

The Directors have not recommended the payment of a dividend (2017: nil).

DIRECTORS

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

Name
Stewart Robertson
Andrew Dickson

OTHER INFORMATION

The Directors have included other information, in accordance with S141(c) of the Companies Act 2006, within the Strategic Report, being information on financial risk management and exposure to risks and uncertainties.

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 £2k (2017: £4k) to international, UK-based and local charities during the period. The Company made no political donations during the year (2017: 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.

Approved by the Board and signed on its behalf by:

Andrew Dickson, Director

5 December 2018

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.

Andrew Dickson, Director
5 December 2018

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

Opinion

We have audited the financial statements of The Rangers Football Club Limited (the 'company') for the year ended 30 June 2018 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw your attention to 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 upon raising additional finance to cover the projected cash shortfall of £4.6m in season 2018/19 and a further £3.0m in season 2019/20. Such amounts are inherently dependent on a number of key variables, including the achievement of forecast football performance and player trading. Should certain inputs to the cash flows not be achieved as forecast, the projected cash shortfall could be materially higher than that detailed above. Failure to secure additional funding 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. Our opinion is not modified in respect of this matter.

Other information

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

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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.

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

Responsibilities of directors
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, and for such internal control as the Directors determine necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Use of our report
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.

Campbell Dallas Audit Services

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

5 December 2018

Income Statement

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
REVENUE	2	31,618	28,352
Operating expenses	3	(38,051)	(30,797)
		(6,433)	(2,445)
Other operating income	3	430	417
OPERATING LOSS BEFORE PLAYER AMORTISATION		(6,003)	(2,028)
Amortisation and impairment of player registrations	3	(7,358)	(1,595)
OPERATING LOSS BEFORE NON-RECURRING ITEMS		(13,361)	(3,623)
Non-recurring costs	3	-	(3,000)
OPERATING LOSS		(13,361)	(6,623)
Profit/(loss) on disposal of player registrations	10	1,187	(446)
Profit/(loss) on disposal of fixed assets		-	(200)
Investment income	11	568	620
Finance costs	7	(754)	(37)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(12,360)	(6,686)
Taxation	8	92	191
LOSS FOR THE YEAR		(12,268)	(6,495)

All results arise from continuing operations

The notes on pages 18 to 46 form an integral part of the financial statements.

Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
LOSS FOR THE YEAR		(12,268)	(6,495)
Deferred tax relating to components of other comprehensive income	8	-	325
Other comprehensive income for the year		-	325
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(12,268)	(6,170)

Balance Sheet

As at 30 June 2018

	Notes	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	43,193	42,658
Intangible assets	10	27,271	25,415
		70,464	68,073
CURRENT ASSETS			
Trade and other receivables	12	18,570	16,979
Cash and bank balances	13	1,526	2,829
		20,096	19,808
TOTAL ASSETS		**90,560**	**87,881**
CURRENT LIABILITIES			
Trade and other payables	14	(11,880)	(8,440)
Obligations under finance leases	15	(338)	(125)
Deferred income	16	(20,725)	(17,875)
		(32,943)	(26,440)
NET CURRENT (LIABILITIES)/ASSETS		**(12,847)**	**(6,632)**
NON-CURRENT LIABILITIES			
Trade and other payables	14	(4,389)	(3,927)
Obligations under finance leases	15	(866)	(351)
Deferred income	16	(488)	(488)
Deferred tax liability	17	(4,992)	(5,050)
		(10,735)	(9,816)
TOTAL LIABILITIES		**(43,678)**	**(36,256)**
NET ASSETS		**46,882**	**51,625**
EQUITY			
Share capital	20	334	334
Share premium account	21	12,960	12,960
Revaluation reserve	22	26,378	27,005
Capital contribution	22	41,525	34,000
Retained earnings	23	(34,315)	(22,674)
TOTAL EQUITY		**46,882**	**51,625**

The financial statements of The Rangers Football Club Limited (registered number SC425159) were approved by the Directors and authorised for issue on 5 December 2018. They were signed on its behalf by:

Andrew Dickson, Director

The notes on pages 18 to 46 form an integral part of these financial statements.

Statement of Changes in Equity

For the year to 30 June 2018

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution £'000	Revaluation reserve £'000	Total equity £'000
As at 30 June 2016	**334**	**12,960**	**(16,541)**	**28,125**	**27,042**	**51,920**
Loss for the year to 30 June 2017	-	-	(6,495)	-	-	(6,495)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	325	325
Transfer from revaluation reserve to retained earnings	-	-	453	-	(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	(91)	-	91	-
Shareholder contributions received	-	-	-	5,875	-	5,875
As at 30 June 2017	**334**	**12,960**	**(22,674)**	**34,000**	**27,005**	**51,625**
Loss for the year to 30 June 2018	-	-	(12,268)	-	-	(12,268)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	-	-
Transfer from revaluation reserve to retained earnings	-	-	718	-	(718)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	(91)	-	91	-
Shareholder contributions received	-	-	-	7,525	-	7,525
As at 30 June 2018	**334**	**12,960**	**(34,315)**	**41,525**	**26,378**	**46,882**

Statement of Cash Flows

For the year to 30 June 2018

	Notes	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
CASH FLOWS FROM OPERATING ACTIVITIES	24	**(4,031)**	**(1,943)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(6,080)	(4,306)
Purchase of property, plant and equipment		(1,015)	(251)
Proceeds from sale of intangible assets		2,199	25
Proceeds from sale of tangible assets		-	10
Interest paid		(155)	(8)
Receipt of dividend from subsidiary		568	620
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(4,483)**	**(3,910)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of lease finance		(314)	(151)
Contribution received from parent company		7,525	5,875
NET CASH INFLOW FROM FINANCING ACTIVITIES		**7,211**	**5,724**
Net (decrease)/increase in cash and cash equivalents		**(1,303)**	**(129)**
Cash and cash equivalents at the beginning of the period		2,829	2,958
Cash and cash equivalents at the end of the period		1,526	2,829
		(1,303)	(129)

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 and is rounded to the nearest thousand (£'000s). 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.

With the Club's Europa League qualifier for 2017/18 taking place on 29 June 2017, the financial statements for 2017 were prepared to 28 June 2017. These financial statements therefore cover the period from 29 June 2017 to 30 June 2018. This allows all 2017/18 activity to be reflected in the June 2018 financial statements.

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.

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, Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows, Statement of Changes in Equity, and notes. The accounting year is the year to 30 June 2018.

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.

The principal accounting policies adopted are set out below:-

Going concern

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the 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, investor loans and finance leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

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

- Football performance, the forecast assumes the Club will challenge for the European places in the Ladbrokes SPFL Premiership in 2018/19 and participate in European competition in the season thereafter;
- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket prices to reflect annual inflationary increases and forecast improved football performance;
- Matchday income, which is projected to grow as a result of improving footballing performance and success;
- Sponsorship, commercial and other non-matchday income reflecting customer confidence returning and increased hospitality demand;
- The amount and timing of cash flows from retail activities;
- The forecast overhead cost base of the Club;
- Payroll costs reflecting the 2018/19 squad size and composition in perspective to its assumptions around football performance;
- The quantum of future transfer receivables and payables;
- The capital expenditure necessary to maintain and improve the stadium, training facility and general Ibrox vicinity;
- The Company's ability to secure further debt or equity finance from its current investors or through public share issue to allow the Company to continue to meet its liabilities as they fall due.

The Board recognises that achievement of it forecast is critically dependent on a number of the key assumptions noted above.

At the time of preparation, the forecast identified that the Company would require a minimum of £4.6m by way of debt or equity funding by the end of season 2018/19 in order to meet its liabilities as they fall due. The first tranche of funding is required from investors in January 2019. Further funding amounting to £3.0m is forecast to be required during the season 2019/20. However, the final amount required is dependent on future football performance, European football participation and player trading amongst other factors. Such amounts are in addition to the funds raised by the share issue in September 2018.

The Board of Directors have discussed the Club's forecast cash flow shortfall and have reached agreement with New Oasis Asset Limited whereby they will provide additional loan facilities as necessary to meet the above requirements. Further to this, New Oasis Asset Limited and certain investors have agreed to extend their existing loan facilities to July 2020.

The Board is satisfied that those parties will continue to provide financial support to the Company as it is required and have satisfied themselves as to the validity of undertakings given and that those parties have the means and authority to provide such funding as and when it is required.

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. It is important to stress that with the appropriate assurances obtained and the continued support of the investors, the Board believe that such uncertainty has been removed, and the Company is therefore able to trade and discharge its liabilities in the normal course of business.

The financial support committed by the parties above 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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

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.

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

Other financial liabilities

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

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

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

Cash and bank balances

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

Impairment of financial instruments

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

1. ACCOUNTING POLICIES (CONTINUED)

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 on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

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

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

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

Brand intangible assets

The 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 (FVLCS) to sell and its 'value in use' (VIU).

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.

1. ACCOUNTING POLICIES (CONTINUED)

Player registrations

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

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

Property, plant and equipment

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

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

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

Further details with regard to the cash flow model used can be found within the Impairment testing section above. Relatively small changes in the assumptions could have a significant impact on the valuation of the CGU. For example, a reduction in discount rate applied, by 1%, would increase the value of the CGU by £8.5m.

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

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

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

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

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

The 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 2018 the Company has only operated in one segment, namely the operation of a football club, and therefore no operating segment note has been prepared.

Notes to the financial statements (continued)

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 (CGU) to which the asset belongs. Impairment losses recognised with respect to CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An asset's recoverable amount is the higher of an asset's or cash generating unit's FVLCS and its VIU. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

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

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

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

A previously recognised impairment loss is reversed only if there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the 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 the assets could be impaired.

Impairment testing procedures

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

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

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing procedures (continued)

Key assumptions

Football team performance - short term (1)	Finish in top-3 of SPFL Premiership, qualify for Europa League participation
Football team performance - medium to long term (1)	Predictions of expected football results beyond season 2018/19 i.e. league placings, cup progressions, match day attendance, player trading 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)	1.8%

(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. All income, costs and associated cash flows from retail operations are included in 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 or not being part of the first team manager's plans). 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 is made as appropriate.

(3) The basis for the expected cash flow is the confirmed budgets for 2018/19 and the cash flow forecasts for the following four years. Expected cash flows are calculated using a weighted average of possible outcomes considered based on football team performance.

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

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

Notes to the financial statements (continued)

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 salaries and transfers, retail revenue, discount rate and growth rate. These are considered by the Company to be the key unobservable inputs which would impact the valuation model significantly.

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

The valuation model showed headroom of approximately £3.9m. The 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.

Critical sensitivities

Sensitivity applied	Critical value – resulting in impairment charge
Domestic and European football performance	Failure to participate in Europa League group stages a minimum of two times during the forecast period after season 2018/19.
Discount factor	An increase in discount rate to 13.54%.
Player costs & transfers	An increase in the annual player salary costs by 2.9% above those projected in the cash flows. An increase in the annual transfer spend by 30% above those projected in the cash flows.
Retail revenue	A reduction in forecast annual retail revenue by 10.9%.
Growth rate	A reduction in growth rate to 1.04%.

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 Standard

New, revised and amended standards that are effective for the year to 30 June 2018 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 early in the financial statements:

Title	Key Issues	Effective Date	Impact on TRFCL
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	TRFCL's key income streams are not materially affected by IFRS 15.
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	The impact of implementing IFRS 9 will not have a material impact on TRFCL's Financial Statements.
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	The Company is not party to any material operating leases. As such, the implementation of this standard will not have a significant impact on TRFCL's Financial Statements.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	IFRIC 22 was introduced in December 2016 to clarify the applicable exchange rate to be used when an entity has received advanced consideration in a foreign currency and to provide guidance to reduce diversity in practice.	Periods beginning 1 January 2018	TRFCL does not expect to receive advanced consideration in a foreign currency therefore IFRIC 22 is unlikely to have an impact.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 was introduced in June 2017 to clarify how the recognition and measurement requirements of IAS 12 Income Taxes are applied where there is uncertainty over tax treatments.	Periods beginning 1 January 2019 (though not yet endorsed for use in the EU)	TRFCL has no disputed tax treatments as at 30 June 2018 therefore IFRIC 23 is unlikely to have an impact.

Notes to the financial statements (continued)

2. REVENUE

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Gate receipts and hospitality	22,989	21,616
Sponsorship and advertising	1,922	1,530
Broadcasting rights	3,437	2,861
Commercial	594	375
UEFA solidarity and prize money	653	273
Other revenue	2,023	1,697
Total revenue	31,618	28,352

3. LOSS FOR THE YEAR

	Notes	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Loss for the year has been arrived at after charging / (crediting):-			
Staff costs	5	23,019	16,591
Other operating charges		13,298	12,384
Hire of plant and machinery		86	217
Depreciation and impairment of property, plant and equipment	9	1,611	1,568
Amortisation of trademarks	10	2	2
Auditor's remuneration	4	35	35
Other operating expenses		**38,051**	**30,797**
Revenue grants		(430)	(417)
Amortisation and impairment of player registrations	10	7,358	1,595

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

In the prior year, the Company incurred £3m of non-recurring costs in connection with the retail operations, distribution and IP licence agreement, and deed of settlement with SDI Retail Services Limited.

4. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts:		
Audit of the Company's financial statements	35	35
Total audit fees	35	35
Fees payable to the company's auditor for other services to the Company:		
Other tax advisory and compliance services	17	12
Total non-audit fees	17	12

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements (continued)

5. STAFF NUMBERS AND COSTS

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

	Year ended 30 June 2018 Number	Year ended 30 June 2017 Number
Football players	66	59
Others	128	111
	194	170

In addition, the Company employed an average of 153 part-time employees during the year (2017: 131), to assist on matchdays or other events.

The aggregate remuneration comprised:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Wages, salaries and benefits	20,462	14,858
Social security costs	2,388	1,616
Other pension costs – defined contribution plans	169	117
	23,019	16,591

Notes to the financial statements (continued)

6. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits	Bonus	Pensions	Benefit in kind	Year to 30 June 2018	Year to 30 June 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Executive						
Stewart Robertson	257	52	-	2	311	281
Andrew Dickson	145	22	14	2	183	174
Total	402	74	14	4	494	455
Key management personnel	238	51	-	-	289	-

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

The aggregate emoluments and pension contributions of the highest paid director were £311,283 (2017: £280,889) and £nil (2017: £nil) respectively.

7. FINANCE COSTS

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Interest payable on lease finance agreements	54	30
Other interest	105	17
Interest received	(4)	(10)
Notional interest on deferred player receivables	(12)	-
Notional interest on deferred player payables	611	-
Total finance costs and other charges	754	37

Notes to the financial statements (continued)

8. TAXATION

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Tax charged to the Income Statement:		
Current tax	(34)	-
Deferred tax (note 17)		
Origination and reversal of temporary differences	(58)	(191)
	(92)	**(191)**
Tax charged to Other Comprehensive Income:		
Deferred tax (note 17)		
Deferred tax rate change on opening balances	-	(325)
	-	**(325)**
Total tax charged in the year	**(92)**	**(516)**

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

Continuing Operations	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
(Loss)/profit on ordinary activities before tax	(12,360)	(6,686)
Tax at the UK corporation tax rate of 19% (2017: 19.75%)	(2,348)	(1,320)
Tax effect of expenses that are not deductible in determining taxable profit	25	101
Tax effect of income not taxable in determining taxable profit	(108)	(122)
Difference between average rate and closing deferred tax rate	12	25
Group relief	29	-
R&D tax credit	(34)	-
Tax losses unutilised and other temporary differences not recognised	2,332	1,125
Tax expense / (credit) for the year	(92)	(191)

Current tax is calculated at 19% of the estimated taxable profit / (loss) for the year (2017 – 19.75%). Finance Act 2016 was 'substantively enacted' and 'fully enacted' on 6 and 15 September 2016 respectively. This reduced the main rate of corporation tax applicable to 17% from 1 April 2020. 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 17.

Notes to the financial statements (continued)

9. 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 2016	43,073	6,244	49,317
Additions	15	825	840
Disposals	-	(911)	(911)
Cost or valuation at 1 July 2017	43,088	6,158	49,246
Additions	6	2,140	2,146
Disposals	-	(135)	(135)
At 30 June 2018	43,094	8,163	51,257
Accumulated depreciation:			
At 1 July 2016	2,633	3,088	5,721
Charge for the period to 30 June 2017	505	1,063	1,568
Eliminated on disposal	-	(701)	(701)
At 30 June 2017	3,138	3,450	6,588
Charge for the period to 30 June 2018	505	1,106	1,611
Eliminated on disposal	-	(135)	(135)
At 30 June 2018	3,643	4,421	8,064
Net book value			
At 30 June 2018	**39,451**	**3,742**	**43,193**
At 30 June 2017	39,950	2,708	42,658
At 30 June 2016	40,440	3,156	43,596
Amounts in respect of assets of the Company held under finance leases are as follows:			
Net book value at 30 June 2018	-	1,275	1,275
Net book value at 30 June 2017	-	521	521
Depreciation provided in the period at 30 June 2018	-	266	266
Depreciation provided in the period at 30 June 2017	-	68	68

On 30 June 2018 the Directors valued the Freehold Properties, comprising Ibrox Stadium and Hummel Training Centre at Fair value. Fair value has been measured using the Income approach, in accordance with IFRS 13, and is categorised into level 3 in the fair value hierarchy as the inputs include unobservable inputs.

The discounted cash flow model and Income approach that was used in the impairment review has been used to determine fair value of the CGU including the properties. Further details in respect of the key assumptions, estimates and sensitivities in this assessment can be found in note 1 to these financial statements.

Whilst the cash flow model indicated that the CGU had a fair value in excess of carrying value by approximately £3.9m, it was concluded that this excess did not relate to Freehold properties. As such, there has been no revaluation adjustment in the current year as the carrying value is deemed to be equivalent to its fair value. Had Freehold Properties been carried under the cost model, their net book value would have been £7.8m.

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)

10. INTANGIBLE ASSETS

	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
Cost or valuation at 1 July 2016	3,695	16,072	19,767
Additions	10,330	-	10,330
Disposals	(1,930)	-	(1,930)
Cost or valuation at 1 July 2017	12,095	16,072	28,167
Additions	9,736	-	9,736
Disposals	(1,471)	-	(1,471)
At 30 June 2018	20,360	16,072	36,432
Amortisation:			
At 1 July 2016	1,859	7	1,866
Charge for period to 30 June 2017	1,595	2	1,597
Eliminated on disposal	(711)	-	(711)
At 1 July 2017	2,743	9	2,752
Charge for period to 30 June 2018	4,069	2	4,071
Provision for impairment	3,289	-	3,289
Eliminated on disposal	(951)	-	(951)
At 30 June 2018	9,150	11	9,161
Net book value			
At 30 June 2018	**11,210**	**16,061**	**27,271**
At 30 June 2017	9,352	16,063	25,415
At 30 June 2016	1,836	16,065	17,901

The loss on disposal of player registrations amounted to £1,187,000 (2017: loss of £446,000). This amount relates to players sold or released from their contracts.

The provision for impairment reflects the Directors view that the carrying value of certain player registrations exceeds their individual fair value less costs to sell.

The Company has 7 player registrations with individual carrying values of over £500,000 representing 78% of the 2018 net book value of player registrations. The average amortisation period remaining for those players is 42 months.

In the prior year the Company had 5 player registrations with individual carrying values of over £500,000 representing 72% of the 2017 net book value of player registrations. The average amortisation period was 35 months.

Notes to the financial statements (continued)

11. FIXED ASSET INVESTMENTS

	Principal activity	Place of registration	Type of holding	Holding %	At 30 June 2018 £	At 30 June 2017 £
Subsidiary undertakings:						
Rangers Retail Limited	Retail	UK	Ordinary shares	25.5%	51	51
Garrion Security Services Limited	Event Security	UK	Ordinary shares	100%	1	1
					52	52

The Company holds 25.5% of the voting rights in Rangers Retail Limited as a result of the previously reported share allotment error. Rangers Retail Limited and its shareholders recognise that this should be corrected to 51%.

The Company received investment income of £568,000 during the year (2017: £620,000) from Rangers Retail Limited.

12. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Trade Debtors	16,838	15,383
Less/ provision for doubtful debts	(65)	(5)
	16,773	15,378
Amounts owed by subsidiaries	-	-
Amounts owed by group undertakings	85	105
Other debtors	165	176
Prepayments and accrued income	1,547	1,320
	18,570	16,979

Ageing of past due but not impaired receivables:	2018 £'000	2017 £'000
31-60 days	36	21
61-90 days	67	9
91-120 days	8	3
	111	33

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included within trade and other receivables are the following Player Registration receivables:	2018 £'000	2017 £'000
Receivables due within one year	170	250
Receivables due more than one year	38	650
Notional interest effect on deferred payments	(13)	(91)
Carrying value of player registration receivables	195	809

The notional interest effect relates to the existence of deferred transfer instalments beyond normal business terms as a financing transaction with a notional interest rate applied.

All other receivables are due within one year.

Trade receivables includes £14,496,000 (2017: £12,510,000) in respect of season tickets that are paid by supporters using deferred payment plans or merchant services.

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

13. CASH AND BANK BALANCES

	2018 £'000	2017 £'000
Balances with banks	1,513	2,815
Cash on hand	13	14
	1,526	2,829

14. TRADE AND OTHER PAYABLES

	2018	2017
	£'000	£'000
Current liabilities		
Trade creditors	4,842	2,449
Amounts owed by group undertakings	164	-
Social security and other taxes	2,344	2,709
Other creditors	90	51
Accruals	4,440	3,231
	11,880	8,440

The average credit taken for trade purchases is 26 days (2017 - 27 days).

	2018	2017
	£'000	£'000
Non-current liabilities		
Trade creditors	1,705	1,707
Accruals	2,684	2,220
	4,389	3,927

Non-current liabilities fall due as follows:	2018 Trade creditors	2018 Accruals	2017 Trade creditors	2017 Accruals
Between one and two years	1,705	1,742	907	2,047
Between two and five years	-	942	800	173
	1,705	2,684	1,707	2,220

	2018	2017
Included within liabilities are the following player registration payables:	£'000	£'000
Current liabilities	7,336	3,374
Non-current liabilities	5,340	4,453
Financial discount effect	(1,253)	(701)
	11,423	7,126

The notional interest effect relates to the existence of deferred transfer instalments beyond normal business terms as a financing transaction with a notional interest rate applied.

Notes to the financial statements (continued)

15. OBLIGATIONS UNDER FINANCE LEASES

	Total minimum payments 2018 £'000s	Future interest payable 2018 £'000s	Carrying value 2018 £'000	Carrying value 2017 £'000
Repayment of borrowings on finance leases fall due as follows:				
In one year or less	360	(22)	338	125
Between one and five years	924	(58)	866	351
	1,284	(80)	1,204	476

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

Other commitments

The Company is not party to any significant operating lease commitments.

Secured debts

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

Book value of non-current assets pledged as security	**2018 £'000**	**2017 £'000**
Non-current assets – standard security	6,651	6,735
Non-current assets – finance leases	1,275	521

16. DEFERRED INCOME

	2018	2017
	£'000	£'000
Income deferred less than one year	20,725	17,875
Income deferred more than one year	488	488
	21,213	18,363

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 2018/19 financial year. Deferred income more than one year relates to income received in advance from catering service contracts.

17. DEFERRED TAX

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

Specification of Basis for Deferred Tax	Opening balance 2018 £'000	Recognised in Income Statement 2018 £'000	Recognised in Other Comprehensive income 2018 £'000	Closing balance 2018 £'000
Non current assets	5,050	(58)	-	4,992
Deferred tax liability	5,050	(58)	-	4,992

Specification of Basis for Deferred Tax	Opening balance 2017 £'000	Recognised in Income Statement 2017 £'000	Recognised in Other Comprehensive income 2017 £'000	Closing balance 2017 £'000
Non current assets	5,566	-	(516)	5,050
Deferred tax liability	5,566	-	(516)	5,050

At the Balance Sheet date, the Company has unrecognised tax losses of £36.3m creating an unrecognised deferred tax asset of £6.2m. There is also an unrecognised deferred tax liability of £0.36m in respect of temporary tax differences in non-current assets for which losses would be available to offset. No deferred tax assets have been booked due to uncertainty in the short term over when sufficient taxable profits will arise to offset these losses.

18. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that 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 20 to 23 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 financial assets of the Company are classified as loans and receivables whilst its financial liabilities are classified as financial liabilities measured at amortised cost.

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 2018 £'000	Total At 30 June 2017 £'000
Non-current assets	-	70,464	73,464	68,073
Trade receivables and similar items	16,773	-	16,773	15,378
Cash and cash equivalents	1,526	-	1,526	2,829
Other current assets	1,797	-	1,797	1,601
Total assets	20,096	70,464	90,560	87,881
Financial liabilities				
Trade and other payables	16,269	-	16,269	12,367
Other liabilities	22,417	4,992	27,409	23,889
Total liabilities	38,686	4,992	43,678	36,256
Net (liabilities)/assets	(18,590)	65,472	46,882	51,625

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.

18. 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.

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

	Trade & other payables 2018 £'000	Cash & cash equivalents 2018 £'000	Trade & other payables 2017 £'000	Cash & cash equivalents 2017 £'000
Euro	(831)	46	(1,385)	14
Swiss Francs	-	1	-	1
Swedish Krona	-	1	-	-
USD	(1,612)	44	(4,382)	47

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

	Euro 2018 £'000	Euro 2017 £'000	USD 2018 £'000	USD 2017 £'000
Profit / (loss)	9	124	151	394

(ii) Credit risk

Credit risk refers to 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 £16,816,000, £195,000 relates to amounts receivable from other football clubs in relation to player trading, and £10,445,000 relates to amounts due from merchant service providers. Such assets held by the merchant service provider are released to the Club over the course of the season. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and amounts to £18,342,000.

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

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

Notes to the financial statements (continued)

18. FINANCIAL INSTRUMENTS (CONTINUED)

(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 2018, the Company has finance leases of £1.2m.

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.

A maturity analysis of the Company's contracted liabilities and exposure to liquidity risk is detailed below:

	Due on demand or less than one year	Due 1-2 years	Due 2-5 years	Carrying value at 30 June 2018	Carrying value at 30 June 2017
	£'000	£'000	£'000	£'000	£'000
Trade and other payables	(11,880)	(1,705)	(2,684)	(16,269)	(12,367)
Finance lease obligations	(338)	(344)	(522)	(1,204)	(476)
Total	(12,218)	(2,049)	(3,206)	(17,473)	(12,843)

19. FAIR VALUES

	Carrying value at 30 June 2018	Carrying value at 30 June 2017
	£'000s	£'000s
Non-financial assets		
Property, plant & equipment	39,451	39,950

See note 9 for details of property, plant & equipment held at fair value. During the year there were no transfers between the levels of fair value hierarchy. The 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.

20. SHARE CAPITAL

	As at 30 June 2018 £'000
At 1 July 2017 and 30 June 2018 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.

21. SHARE PREMIUM

	As at 30 June 2018 £'000
Balance at 1 July 2017 and 30 June 2018	12,960

Notes to the financial statements (continued)

22. OTHER RESERVES

Revaluation reserve

	As at 30 June 2018 £'000
Balance at 30 June 2016	27,042
Deferred tax liability relating to components of other comprehensive income	325
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability on transfer from revaluation reserve to retained earnings	91
Balance at 30 June 2017	27,005
Deferred tax liability relating to components of other comprehensive income	-
Transfer from revaluation reserve to retained earnings in respect of depreciation	(718)
Deferred tax liability on transfer from revaluation reserve to retained earnings	91
Balance at 30 June 2018	26,378

Capital contribution reserve

	As at 30 June 2018 £'000
Balance at 30 June 2016	28,125
Shareholder contributions received	5,875
Balance at 30 June 2017	34,000
Shareholder contributions received	7,525
Balance at 30 June 2018	41,525

23. RETAINED EARNINGS

	As at 30 June 2018 £'000
Balance at 30 June 2016	(16,541)
Loss for the year ended 30 June 2017	(6,495)
Release of revaluation reserve for the year ended 30 June 2017	453
Depreciation on release of revaluation reserve for the year ended 30 June 2017	(91)
Balance at 30 June 2017	(22,674)
Loss for the year ended 30 June 2018	(12,268)
Release of revaluation reserve for the year ended 30 June 2018	718
Depreciation on release of revaluation reserve for the year ended 30 June 2018	(91)
Balance at 30 June 2018	(34,315)

Notes to the financial statements (continued)

24. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash flows from operating activities	Year to 30 June 2018 £'000	Year to 30 June 2017 £'000
Loss for the year	(12,273)	(6,495)
Amortisation and impairment of intangible fixed assets	7,360	1,597
Depreciation and impairment of property, plant and equipment	1,611	1,568
(Gain)/loss on disposal of players' registrations	(1,187)	446
(Gain)/loss on disposal of fixed assets	-	200
Financing costs and other charges	754	37
Dividends received from Rangers Retail Limited	(568)	(620)
Decrease/(increase) in trade and other receivables	(2,083)	(2,302)
(Decrease)/increase in trade and other payables and deferred income	2,447	3,817
Taxation	(92)	(191)
Cash flows from operating activities	(4,031)	(1,943)

Change in liabilities from financing activities	Current Liabilities Lease finance £'000	Non-Current Liabilities Lease finance £'000	Total £'000
Opening liabilities	125	351	476
Movement due to cash flows	(314)	-	(314)
Non cash movements			
Acquisition of plant & equipment on lease finance	527	515	1,042
Closing liabilities	338	866	1,204

Significant non-cash financing transactions relate to the acquisition of plant and equipment through lease finance and the receipt of £7,525,000 as a capital contribution from the parent company.

25. RELATED PARTY TRANSACTIONS

Balances with Group entities

At the year end the Company held short term receivables due from Garrion Security Services Limited amounting to £610,000 (2017: £405,000). The balance due from Garrion Security Services Limited has been fully provided against in these financial statements.

At the year end the Company had a short term payable due to Rangers Media Limited amounting to £164,000 (2017: £44,000 receivable).

Transactions with Rangers Retail Limited

During the year, the Company sold goods and services amounting to £30,000 to Rangers Retail Limited and received dividends amounting to £567,500.

Key management personnel

Key management personnel are the members of the Executive Board. Details regarding key management personnel remuneration are disclosed in note 6 to these financial statements.

Notes to the financial statements (continued)

26. CONTINGENT LIABILITIES AND ASSETS

Independent Investigation

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

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

The Investigation was overseen by Roy Martin QC.

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

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

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

SDI Retail Services Limited

On 11 July 2018 an interim injunction was granted by the High Court regarding an alleged breach of the Retail Operations, Distribution and IP Licence Agreement. After a further hearing, SDI Retail Services Limited chose not to seek continuation of the injunctive relief by consent on 30 July 2018 and the Club and SDI Retail Services Limited are currently negotiating terms of a new retail agreement. The Club is obligated to pay some of SDI Retail Services Limited's legal costs. An interim payment amounting to £125,000 has been paid with a final sum payable subject to further assessment.

Orlit Enterprises

On 9 August 2017 proceedings were served on The Rangers Football Club Limited by Orlit Enterprises (S) PTE Limited for the sum of £208,000 plus interest and expenses. The claim relates to services which it is alleged were provided by Mr Rafat Rizvi. The Directors believe that the claim is without merit and is vigorously defending the proceedings. The case is likely to be heard in early 2019.

Notes to the financial statements (continued)

27. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the year end:

Capital Commitments

The Company contracted for capital expenditure on stadium and training facility improvements amounting to £1.17m.

Acquisition and sale of player registrations

The Company contracted for the purchase of four permanent player registrations in addition to the temporary registrations of four players on loan. The amount payable in respect of the above was £6.24m, after taking account of direct costs.

The Company also disposed of three player registrations on a permanent basis, two registrations on loan and became entitled to sell on fees on player registrations previously disposed. The amount receivable in respect of the above totaled £3.92m

SDI Retail Services Limited

SDI Retail Services Limited (SDIR) were granted judgment against the Company with regard to issues concerning the construction of provisions of a retail agreement between the parties. The Company submitted an application for permission to appeal against that judgment and awaits the outcome of that application.

TRFC Limited has been advised that SDIR wishes to amend the proceedings being brought against it, and also wishes to amend those proceedings to include a counterclaim for non-payment by SDIR of sums the Company is advised as being due under the terms of the existing retail agreement.

Capital contributions

Subsequent to the year end the Company received additional capital contributions of £1.525m from its parent company.

28. 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.