RANGERS INTERNATIONAL FOOTBALL CLUB PLC

Annual Report 2018

Contents

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Business Review

Chairman's Report

The financial year to 30 June 2018 was on balance a positive one as the Board and management continued to strive for the progression that the Club requires - both on and off the pitch.

The team had a very hesitant start to the season with the pressure of expectations proving problematic on many fronts. We are a Club with the highest demands and we have achieved the honour of being the most successful domestic club in the world through quality and consistency over an extremely long period (a century and a half). However, consistency can only be achieved under circumstances where management can improve the quality of the football squad by regular adjustment to a core group of players that has enjoyed success and that is imbedded with the culture of a winning club.

The challenge that this Board inherited was the reversal of this winning culture which was replaced by the decline imposed on this great football institution by its then owners. It was necessary to make wholesale changes throughout the Club which resulted in a lack of cohesion and common culture. The changes to the coaching staff further exacerbated this.

Nevertheless, we commenced this financial year with optimism. We believed that we had a management team and playing squad that could take us to the next level. Sadly, that was not to be and after having given a reasonable period of support, the Board decided that further management changes were necessary. We are extremely grateful that Graeme Murty was again willing to assist by taking temporary charge of the team and we saw real improvement in the second half of the season that resulted in Rangers being top goal scorers in the league and narrowly beaten into third place.

The Board had to reflect that once again we had produced a footballing performance that was not commensurate with the resources that had been invested, or the demands of our supporters. Something was wrong. Our newly appointed Director of Football, Mark Allen, was tasked with reviewing the manner in which we recruited our players and support staff to identify areas for improvement and to ensure that, going forward, we get a higher level of performance from our investment in football talent. Mark conducted a comprehensive review that led to a complete overhaul of our various football departments during the last financial year. In addition (and very importantly) we have now incorporated key personal character traits that have to be present for anyone wishing to play for Rangers, or to be part of the management of this Club. We have seen that technical excellence alone is insufficient to perform at a club like Rangers.

The new structures had an immediate impact and this is reflected in the quality of players who are being produced at the Academy and the quality of the signings made during the last two transfer windows.

As with any business, the sound operational structure is only truly effective if the right management is overseeing it. We now have a superb group of management talent throughout the Club.

The operating and financial performance of the Company is dealt with elsewhere in the Annual Report so I will not repeat that. However, it is important to highlight that the last financial year finally saw a normalisation of our financial affairs to the extent that we no longer face questions about our financial strength when dealing with suppliers, financial institutions and other clubs. This is a great achievement over such a short period of time and I express my heartfelt thanks to my fellow Directors and other investors for continuing to support me when I called for further investment and for continuing to do so on an interest-free basis. It is a truly humbling experience to witness the selfless extent to which my colleagues "dip into their own pockets" to support our Club. As at the end of the last financial year, the structure of the loans advanced is such that they can be converted to equity when future share issues are undertaken and since the year end we have converted £11.1m of these loans to share capital. Hence, for purposes of analysing the annual financial statements for the year under review, these loans could be viewed as equity, rather than third party debt. We have again ended the financial year with a strong balance sheet and are the envy of most other clubs in having a stadium and training grounds that are of the highest standard and debt free.

While the impact of the current manager appointment is post-year end I take this opportunity to welcome Steven Gerrard and his management team to the Club. The appointment of Steven was driven by the Board's decision to make a significant step change in funding for the coming year and to do so in an environment where we believe we can finally have the stability and continuity necessary to achieve a winning culture. I am extremely grateful to Steven for taking on the challenge and for his ability to make such an immediate impact on the Club. Some of the benefits have already been realised and will be dealt with more fully when we report next year on the present financial year.

I take this opportunity to thank my colleagues on the Board and the management and staff throughout the Club for their continued support and long hours dedicated to the ongoing challenges that we have faced. I also thank the supporters for another year of unstinting support. Our supporters are the only motivation that the Board and management need to continue to work tirelessly to ensure that we add to our unparalleled level of success in the years to come.

Dave King, Chairman

17 October 2018

Business Review (continued)

Football Manager's Review

I must begin by stating that it is a privilege to be the manager of Rangers, which is such a massive and prestigious club.

As soon as I was made aware that Rangers wanted me to become their manager it was a pretty straightforward decision for me to take. Even though I had been at a huge and successful club for many years as a player, I could sense the history and tradition of Rangers as soon as I walked through the front door.

There is just something about truly large and great clubs. It's something that is difficult to define but it is all around at Ibrox. You feel it and, without being told, you know you are in the middle of a special place.

However, having said that I could also see that a lot of changes would have to be made if Rangers are to return to its previous dominant position within Scottish football. These changes must be made – indeed, we have already started making alterations – on and off the pitch but the Board of Directors were also aware of the need for change and I cannot fault their support.

Fifteen new players have been brought in and almost the same number have left as we try to strengthen our squad to meet the challenges ahead. I would like to stress that it isn't just the standard of player we have to improve; we need to change the mentality as well. This is Rangers and so we require players who are already winners and who want to become winners.

I hope you, the fans, can see signs already that we are heading in the right direction. As I have said, a number of players have been brought in and I believe Rangers are in much better shape than previously. The players have coped reasonably well with what was an extremely demanding start to their season and have managed to get Rangers into the group stages of a European competition for the first time since season 2010-11 which in itself is an achievement. However, while the players are entitled to feel good about that it isn't enough.

We must keep striding forward, making improvements all the time and always believing and understanding that this Club demands success. The supporters have been starved of that success for a number of years now and along with my staff, I accept the responsibility of delivering that success.

Of course we will all have to be patient at times because there will be setbacks, bumps in the road but Rangers fans can be assured that in Gary McAllister, Michael Beale, Tom Culshaw, Jordan Milsom, Colin Stewart, Brad Wall, Craig Flannigan and the medical team we have the expertise and experience to deal with whatever problems are placed in front of us.

Each one of us knows what is required and we are acutely aware that the club we are now committed to is synonymous with success. With the Board's continued support and belief, we are confident we will take Rangers back to the top. Of course it will be difficult but together we can succeed, especially if the fans, who have been absolutely tremendous from day one, stand alongside us.

Meeting challenges head on and finding a way to win no matter the obstacles is a part of my own DNA and I did not come here to Rangers and Scotland to let that change. I am here to rebuild this great Club and to give Rangers supporters, wherever they may be in the world, the team and the victories they deserve.

Thank you for your support.

Steven Gerrard, Manager

17 October 2018

Business Review (continued)

Operational Report

Overview

The footballing year in review ultimately was a disappointment, with the team again finishing third in the Ladbrokes SPFL Premiership as well as suffering defeats in the semi-finals of both domestic cup competitions. The loss in the first Europa League qualifying round was particularly disappointing given how much everyone was looking forward to being back in European competition. The season included two changes in the management team and the loss of momentum which comes from that.

On a positive ending to the year though, the recruitment of the current management team sees the Club going forward this season with a much more positive view. The Club was patient in waiting for the right manager to become available, despite the external pressure that came from this process. The need to replace managers over the last two seasons has been costly, both in terms of severance packages and the cost of bringing in new players to support each manager. Hopefully we will now see a sustained period of stability and improved results.

The year in review was the first full year with a Director of Football in position. As well as the recruitment of the new management team, the football department has been working to identify where the training ground can be upgraded to maintain it as a leading facility. There has been significant investment in the fabric of the training ground, particularly over the summer of 2018. Three pitches have been fully renovated, with one having a hybrid surface installed. The intention is to also upgrade the Ibrox surface to hybrid in the next close-season.

The Director of Football and his support staff have also had the key aim of restructuring the scouting and performance departments. The Club has supported that by increasing the numbers back up to a level which will allow the Club to identify new markets for players. The purchases made this summer show that this is beginning to bear fruit. The creation and implementation of a football philosophy, high performance culture, and “Rangers way of working”, are going to be key to the future of the Club.

Youth football

This football philosophy filters down to, and is supported by, the Academy. Our set-up has again achieved ‘Elite’ status within the SFA’s Project Brave categorisation.

More than thirty youth players appeared for their international age-groups from U15 to U21 level, with increasingly higher numbers across the U19 and U21s, which bodes well for the breakthrough to first-team level. Ross McCrorie made his debut and over 20 appearances for the first team last season, as well as appearances by Jamie Barjonas and Ryan Hardie. Together with the others who contributed to the pre-season tour of 2018, the pathway to the first team should be clear to these players.

The U19 and U20 age-group have participated in a unique European games programme during the year under review. Good results against top clubs such as Bayern Munich, Feyenoord, Manchester City, Valencia and Benfica gave the players and the coaches fantastic experience in their development and learning.

At the younger ages, we now have thirty Rangers players at our partner school, Boclair Academy. Giving these players 18 hours each week of coaching time is a hugely significant initiative for the Club, and this year has seen the highest academic performance to date from Academy players.

Rangers Youth Development Company Limited continues to grow and during the year was able to donate £250k to the Group to support youth development.

Commercial and other operations

Away from the pitch, the Executive and the Board continues to ensure that the rest of the Club is working to support the football department by growing revenues, protecting and enhancing the Club’s brand, communicating with the fans and providing a safe environment to enjoy a matchday.

The commercial department has had a busy year. Utilita came on board as the Club’s first back-of-shirt sponsor. 32Red improved and extended their deal as front-of-shirt partners for a further two years. Vaporized and Thomas Cook were also added to our stable of Club Partners that already included Tennents and Coca-Cola. The investment over the last couple of years in our hospitality suites, and pitch-side LED screens, has meant that the product we can offer to our commercial partners has increased significantly. As a result, the numbers of matchday sponsors and corporate customers continues to grow year-on-year.

One of the key projects during the year under review for the commercial team was running a tender process for the technical kit sponsor. From over ten bids, Hummel were successful in winning the deal starting in 2018/19. As part of this, the training ground was renamed the Hummel Training Centre.

Alongside the new kit deal for next season, the Club is still in an unresolved position with its retail activities. Despite the overall settlement agreement that was reached last year with Sports Direct, performance and communication remains difficult. The Club will continue to do what is best for the supporters and seek to minimise any disruption.

Business Review (continued)

Operational Report (continued)

Supporter relations

The support that the first team received from the fans in the season 2017/18 was again remarkable, with more than 44,000 season tickets sold for the campaign, over 1,000 hospitality customers per league game, and over 350,000 match tickets being sold through the Ticket Centre and the online sales platform.

Interacting with the fans has become a huge part of what a successful football club has become. RangersTV subscriptions have increased by 39%, as a result of infrastructure investment and also as a result of the content available to fans. 49 matches were broadcast to non-UK and Ireland subscribers, as well as a host of UK subscriber-only content. The Club is working hard to increase its reach across social media in order to give the fans more information about the Club. As well as this, the matchday programme is now available in digital version. All content is prepared in-house for the home match programmes.

Community and charity

The community coaching and international tours and camps run by the Soccer Schools is another important way of reaching the fanbase. Over 7,500 people took part in Rangers-led courses across the globe, including USA, Canada, New Zealand, Australia, and three new countries, India, China and Hong Kong. The Club also relaunched its Soccer Schools in Northern Ireland, establishing several hubs across the country. Revenue from the Soccer Schools increased by 59%.

The Rangers Women's team was rebranded during the year from its previous name of Rangers Ladies. The Club supported the team with the full-time appointment of a Girls & Academy Manager in early-2018. The team finished sixth in a closely fought 2017 season and with twelve players representing Scotland at U15 to U19 level, the future looks promising.

The Club continues to be a responsible employer and to improve in this respect wherever possible. The Club has recently appointed a dedicated Child Wellbeing and Protection Officer. This position will work towards actioning all the points that Clubs are given from the SFA's recent independent review into historic child abuse.

We have also secured funding towards training through the Flexible Workplace Development Fund. This funding is available to those companies paying an apprenticeship levy and is being used in conjunction with West College towards improving and training our staff.

The Rangers Charity Foundation continues to exist to be a force for good on behalf of the Rangers Family, showing compassion to those in need, tackling inequalities and creating opportunities for people of all ages to change their lives for the better.

During the year the Foundation delivered a diverse range of over 20 community programmes to almost 6,000 people, a 20% increase on the previous year. It responded to an unprecedented number of requests for support, created the Rangers Charity Dream Fund and became an SQA-accredited centre. Full details of the Foundation's work can be found in its own Annual Report.

The Club as a whole is in a positive position going into this current season. However, much hard work is still required and the Board will continually focus on achieving its goal of returning the Club to the top of Scottish football.

Business Review (continued)

Finance Report

This set of results reflects the Club continuing to invest in a first-team squad that should now be in a position to compete again at home and abroad.

The last two years have seen over £20m spent on first-team players to bring us to where we are today. This investment is supported by the continued backing of the Board and its investors, as well as the fantastic support of the fans.

Revenue for the year was £32.7m, a 12% increase on the previous year.

Revenue increased across all areas. An increase in the average home league attendance to 49,173, and an increase in the number of season tickets sold, to over 44,500, drove an increase in gate receipts and hospitality again this year. Hospitality revenue increased by 5%, and ticketing revenue by 6%. This was despite four fewer home fixtures played at Ibrox in the year.

An increase in sponsorship income from £1.5m to £1.9m, and an increase in commercial income, from £0.4m to £0.6m, illustrates an improvement in the Club's brand perception and the stability that has been maintained this year.

Broadcasting revenue during the year was boosted by being back in European competition, as well as increases to central funds received from SPFL and UEFA.

Operating expenses excluding amortisation and impairment of players' registrations increased by £7.6m, from £31.3m to £38.9m. The bulk of this was an increase of £4.7m to first-team salary costs, as the Club geared up for European competition. The Club also incurred significant one-off costs in replacing two management teams during the year. The majority of the balance of the increase in other operating expenses 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.

The operating loss for the year increased from £6.3m to £13.2m. This increase was largely driven by the above mentioned payroll costs and a £5.8m increase in the amortisation and impairment of the player squad. As investment in the playing squad increases, so too will the player registration amortisation as this value is written down over the length of player contracts. The Board chose to impair the value of the playing squad by £3.3m for players where the carrying value was deemed to be in excess of the recoverable amount.

£1.2m profit on the sale of players was recognised in the year compared to £0.4m loss in the prior year.

Interest charges on finance leases and other finance facilities increased to £155k against the previous year of £37k. The Group also incurred notional interest of £599k on deferred player transfers and £1.7m of other finance costs being the amortisation of loans under the effective interest rate method, both of which are non-cash items.

The overall net loss for the year was £14.3m compared to £6.7m for the previous year. Interest-free loans of £7.5m were advanced to the Club in order to provide working capital facilities and to support the above losses. The above investment was also provided in the knowledge that a share capital issue would take place, which was successfully completed in September 2018.

Dave King, Chairman

17 October 2018

Strategic Report

About Rangers International Football Club plc (the "Company", "RIFC", "RIFC plc", and including its Subsidiaries, the "Group"), 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 E of the Companies Act 2006.

This Strategic Report has been prepared for Rangers International Football Club plc and its subsidiary undertakings (the Group) as a whole and therefore gives greater emphasis to those matters which are significant to the Group when viewed as a whole.

Strategic Report (continued)

Consolidated Results of Operations

REVENUE

The table below sets out the Group'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	3,728	3,375
Commercial	594	375
UEFA solidarity and prize money	653	273
Other revenue	2,793	2,063
Total revenue	**32,679**	**29,232**

Revenue for the year ended 30 June 2018 totalled £32.7 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 £3.7 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 retail activities.

OPERATING EXPENDITURE

RIFC has incurred the following operating expenses during the year:

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Staff costs	24,132	17,582
Other operating charges	12,989	11,882
Hire of plant and machinery	93	217
Depreciation of property, plant and equipment	1,623	1,575
Amortisation of trade marks	2	2
Amortisation and impairment of player registrations	7,358	1,595
Auditor's remuneration	75	75
Total operating expenses	**46,272**	**32,928**

Player costs are RIFC'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 9% 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.

Strategic Report (continued)

CASH FLOW

The main sources of income for RIFC and its subsidiaries are season ticket sales, other match related revenue, commercial income and proceeds from the sale of players' registrations, which typically occur during the summer transfer window.

Cash payments primarily consist of the player and staff wages, direct costs and the payment of player transfer fees payable in respect of acquired players.

The following table shows information regarding RIFC's cash flows for the year to 30 June 2018.

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Cash flow from operating activities	(4,011)	(1,919)
Net cash used in investing activities	(4,503)	(3,934)
Net cash from financing activities	7,211	5,724
Net (decrease)/increase in cash and cash equivalents	**(1,303)**	**(129)**

As a result of the increase in operating loss, there was a net cash outflow of £4.0m from operating activities compared to an outflow of £1.9m in the prior year. Net cash outflow on investing activities amounted to £4.5m, compared to £3.9m in the prior year as the Group continued to invest in the playing squad, stadium and training infrastructure.

Included within financing activities is the net receipt of interest-free loans from investors totaling £7.5m. This balance was used to fund the Club's operating and investing activities.

KEY PERFORMANCE MEASURES

RIFC 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)	32,679	29,232
Operating loss (£'000s)	(13,163)	(6,279)
Operational EBITDA (£'000s)*	(4,180)	(105)
First Team Wages/Turnover ratio	46%	36%
Number of games played (total)	51	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)	3	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 Group'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 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 RIFC's broadcasting arrangements enable RIFC to capitalise on the Club's brand better than has taken place before. The Directors are confident that the future of the Company is bright and are encouraged as they seek to achieve their goal of securing Rangers as a leading club in world football. Having returned to the Europa League Qualifying rounds and the 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 Group 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 Group continues to require funding support from its investors. To this effect, the current and future financial position of the Group, 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 Group 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 Group 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 Group.

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 Group. 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.

Strategic Report (continued)

RISKS AND UNCERTAINTIES (CONTINUED)

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 Group.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group 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 Group's business the financial risk that the Directors consider particularly relevant to the Group is cash flow risk. The Group addresses cash flow risk by carefully managing its working capital inflows and outflows. The Group manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Group does not enter into complex financial instruments for speculative purposes. Further information is provided in note 20 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 Group and Parent Company will continue in business. In satisfaction of this responsibility the Board has considered the Group's ability to meet its liabilities as they fall due.

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

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

At the time of preparation, the forecast identified that the Group would require a minimum of £4.6m by way of debt or equity funding by the end of season 2018/2019 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 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 provide financial support to the Group 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 Group'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.

Strategic Report (continued)

GOING CONCERN (CONTINUED)

As such, after making the enquiries referred to above, the Board of Directors believe that there is a reasonable expectation that the Group will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

LIQUIDITY AND CAPITAL RESOURCES

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

At the balance sheet date, there are interest-free, unsecured loans with investors amounting to £23.4m, finance lease agreements totalling £1.2m, and at that date the Group held £1.5m within cash and bank balances.

Approved by the Board and signed on its behalf by:

Dave King, Chairman

17 October 2018

Directors' Report

The Directors present their report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group continue to be the operation of a professional football club in Scotland together with related commercial activities. A review of the Group's business, an indication of the likely future developments of its business and a description of the principal risks and uncertainties facing the Group are contained in the Business Review on pages 5 to 9, and the Strategic Report.

STRATEGIC REPORT

As the Company and its principal subsidiaries are managed and controlled as a single entity, the review of business and future developments, which is set out in the Strategic Report on pages 10 to 15, reflects the performance of the Group. A separate review of the Company would not be meaningful and is therefore not presented.

ENVIRONMENTAL MATTERS AND EMPLOYEE MATTERS

The Company aims to operate as a responsible employer. We seek to minimise the Group'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 audited Consolidated Income Statement for the year ended 30 June 2018 is set out on page 22. 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	Position	
Dave King	Chairman	
Douglas Park	Non-exec Director	
John Bennett	Non-exec Director	
Graeme Park	Non-exec Director	
Alastair Johnston	Non-exec Director	
Julian Juul Wolhardt	Non-exec Director	appointed 21 Aug 2018
Paul Murray	Non-exec Director	resigned 2 May 2018
Barry Scott	Non-exec Director	appointed 11 Dec 2017, resigned 2 May 2018, reappointed 9th Oct 2018

OTHER INFORMATION

The Directors have included other information, in accordance with S414C of the Companies Act 2006, within the Strategic Report, being information on financial risk management and exposure to risks and uncertainties.

DIRECTORS' INDEMNITIES

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

CHARITABLE AND POLITICAL DONATIONS

The Group made cash donations of £2k (2017: £4k) to international, UK-based and local charities during the period. The Group 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 Group 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 Group 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 Group 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 Group, such as performance. This is achieved by regular departmental meetings, email correspondence and intranet notices.

SUPPLIER PAYMENT POLICY

The Group's policy on payment of creditors is to negotiate payment terms when agreeing the terms of each transaction. In the majority of cases this involves payment within 30 days of the invoice date; however, where discounts are available it is generally the policy to pay earlier and benefit accordingly.

KEY PERFORMANCE INDICATORS

The Directors monitor the business based on a number of key performance measures, being both financial and football-related, as shown in the Strategic Report.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the year-end is given in the notes to the financial statements.

AUDITOR

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

- so far as each of the Directors are aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware; and
- each of the Directors has taken all of the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by:

Dave King, Chairman

17 October 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 Group and Parent 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006, and as regards the Group accounts, article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and Group 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.

Dave King, Chairman

17 October 2018

Corporate Governance Statement

CORPORATE GOVERNANCE

The Board of Rangers International Football Club plc are committed to maintaining principles of strong corporate governance and standards of good practice that are appropriate to the size of the Company and that meet the standards expected of the Company's shareholders and other stakeholders including fans, employees and suppliers.

THE BOARD OF DIRECTORS

The Board of Directors operates within the framework discussed below.

The Board meets quarterly to consider all aspects of the Company's activities. A formal schedule of matters reserved for the Board is maintained and includes overall strategy, approval of major capital expenditure and consideration of significant financial and operational matters. The Board currently consists of the Chairman, five non-executive Directors and a company secretary.

OPERATIONAL BOARD

A separate operational Board functions within The Rangers Football Club Limited, and liaises directly with the RIFC plc Board. The operational Board consists of members of executive management and is responsible for implementing the Board's strategy and for monitoring the day to day operations of the Club.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage the risk of failure to achieve the Company's strategic objectives. It cannot totally eliminate the risk of failure but will provide reasonable, although not absolute, assurance against material misstatement or loss.

The Company's key risk management processes and system of internal control procedures include the following:

MANAGEMENT CONTROL SYSTEMS

The Company continues to invest in IT software and infrastructure in anticipation of future growth. Ticket, hospitality and event bookings are controlled and monitored by the Company's own bespoke booking software. Business-wide income and expenditure is controlled by in-house accounting systems.

These systems provide tight cash and cost controls, aid maximisation of attendance at matches and provide the necessary information for company management and the Board to effectively and efficiently run the business. The Company receives a large amount of its income in cash from its activities and the Directors have implemented rigorous cash control measures at each of its sites, particularly the Ticket Centre, which include: daily reconciliations of cash; daily monitoring of upcoming matches; use of safes; and regular reviews by company and department management.

PERFORMANCE MEASUREMENT

The Company's financial reporting procedures include detailed operational budgets for the year ahead and a five year plan, reviewed and approved by the Board. Performance is monitored throughout the year through monthly reporting of results versus budget, and key performance indicators. Relevant action is then taken including the preparation of updated forecasts for the year.

Independent auditor's report to the members of Rangers International Football Club plc

OPINION

We have audited the financial statements of Rangers International Football Club plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statement of Cash Flows and the 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, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Group and Parent 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 Group's ability to continue as a going concern. In order to continue operations for the next 12 months the Group is dependent upon raising additional finance to cover the projected 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 flow not be achieved as forecast, the projected 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 Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group 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 Group Strategic Report and the Report of the Directors, 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Rangers International Football Club plc (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 18, 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 Group and Parent 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.

OUR 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.

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

17 October 2018

Consolidated Income Statement

For the year ended 30 June 2018

	Notes	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
REVENUE	2	**32,679**	**29,232**
Operating expenses	3	(38,914)	(31,333)
		(6,235)	(2,101)
Other operating income	3	430	417
OPERATING LOSS BEFORE PLAYER AMORTISATION		**(5,805)**	**(1,684)**
Amortisation and impairment of player registrations	3	(7,358)	(1,595)
OPERATING LOSS BEFORE NON-RECURRING ITEMS		**(13,163)**	**(3,279)**
Non-recurring costs	3	-	(3,000)
OPERATING LOSS		**(13,163)**	**(6,279)**
Profit / (loss) on disposal of player registrations	10	1,187	(446)
Profit / (loss) on disposal of fixed assets		-	(200)
Share of income from associates	12	15	651
Reversal / (impairment) of investment in associates	12	-	522
Other charges	7	(1,708)	(1,043)
Finance costs	7	(754)	(37)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(14,423)**	**(6,832)**
Taxation	8	82	169
LOSS FOR THE YEAR		**(14,341)**	**(6,663)**
Loss for the year attributable to:			
Owners of the Company		(14,341)	(6,663)
Non-controlling interests		-	-
		(14,341)	**(6,663)**
Basic and diluted earnings per ordinary share	29	(17.60p)	(8.18p)

All profits and losses are derived from continuing operations.

The notes on pages 29 to 59 form an integral part of the financial statements.

Consolidated 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		**(14,341)**	**(6,663)**
Deferred tax relating to components of other comprehensive income	8	-	325
Other comprehensive income for the year		-	325
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(14,341)**	**(6,338)**
Total comprehensive loss for the year attributable to:			
Owners of the Company		(14,341)	(6,338)
Non-controlling interests		-	-
		(14,341)	(6,338)

Consolidated Balance Sheet

As at 30 June 2018

	Notes	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	43,222	42,679
Intangible assets	10	27,271	25,415
Interests in associates	12	-	553
		70,493	68,647
CURRENT ASSETS			
Trade and other receivables	13	18,541	16,911
Cash and bank balances	14	1,526	2,829
		20,067	19,740
TOTAL ASSETS		**90,560**	**88,387**
CURRENT LIABILITIES			
Other loans	15	(3,625)	-
Trade and other payables	16	(11,747)	(8,473)
Obligations under finance leases	17	(338)	(125)
Deferred income	18	(20,746)	(17,881)
		(36,456)	(26,479)
NET CURRENT (LIABILITIES)/ASSETS		**(16,389)**	**(6,739)**
NON-CURRENT LIABILITIES			
Other loans	15	(17,692)	(13,984)
Trade and other payables	16	(4,389)	(3,927)
Obligations under finance leases	17	(866)	(351)
Deferred income	18	(488)	(488)
Deferred tax liability	19	(4,997)	(5,045)
		(28,432)	(23,795)
TOTAL LIABILITIES		**(64,888)**	**(50,274)**
NET ASSETS		**25,672**	**38,113**
EQUITY			
Share capital	22	815	815
Share premium account	23	19,048	19,048
Merger reserve	23	12,960	12,960
Revaluation reserve	24	26,378	26,740
Capital contribution	24	5,142	3,271
Retained earnings	25	(38,671)	(24,721)
TOTAL EQUITY		**25,672**	**38,113**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 17 October 2018. They were signed on its behalf by:

Dave King, Chairman

The notes on pages 29 to 59 form an integral part of these financial statements.

Company Balance Sheet

As at 30 June 2018

	Notes	2018 £'000	2017 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	11	54,821	47,296
TOTAL ASSETS		**54,821**	**47,296**
CURRENT LIABILITIES			
Amounts due to subsidiary undertakings		(85)	(61)
Other loans	15	(3,625)	-
NET CURRENT (LIABILITIES)/ASSETS		**(3,710)**	**(61)**
NON-CURRENT LIABILITIES			
Other loans	15	(17,692)	(13,984)
TOTAL LIABILITIES		**(21,402)**	**(14,045)**
NET ASSETS		**33,419**	**33,251**
EQUITY			
Share capital	22	815	815
Share premium account	23	19,048	19,048
Merger reserve	23	12,960	12,960
Capital contribution	24	5,142	3,271
Retained earnings	25	(4,546)	(2,843)
TOTAL EQUITY		**33,419**	**33,251**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 17 October 2018. They were signed on its behalf by:

Dave King, Chairman

The notes on pages 29 to 59 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year to 30 June 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Capital contribution £'000	Revaluation reserve £'000	Total equity £'000
As at 30 June 2016	**815**	**19,048**	**12,960**	**(18,420)**	**1,361**	**26,777**	**42,541**
Loss for the year to 30 June 2017	-	-	-	(6,663)	-	-	(6,663)
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	-
Equity element of interest-free loans from investors	-	-	-	-	1,910	-	1,910
As at 30 June 2017	**815**	**19,048**	**12,960**	**(24,721)**	**3,271**	**26,740**	**38,113**
Loss for the year to 30 June 2018	-	-	-	(14,341)	-	-	(14,341)
Transfer from revaluation reserve to retained earnings	-	-	-	453	-	(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	-	(91)	-	91	-
Equity element of interest-free loans from investors	-	-	-	-	1,900	-	1,900
Transfer on repayment of interest-free loans	-	-	-	29	(29)	-	-
As at 30 June 2018	**815**	**19,048**	**12,960**	**(38,671)**	**5,142**	**26,378**	**25,672**

Company Statement of Changes in Equity

For the year to 30 June 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Capital contribution £'000	Total £'000
As at 30 June 2016	**815**	**19,048**	**12,960**	**(1,782)**	**1,361**	**32,402**
Loss for the year to 30 June 2017	-	-	-	(1,061)	-	(1,061)
Equity element of interest-free loans from investors	-	-	-	-	1,910	1,910
As at 30 June 2017	**815**	**19,048**	**12,960**	**(2,843)**	**3,271**	**32,251**
Loss for the year to 30 June 2018	-	-	-	(1,732)	-	(1,732)
Equity element of interest-free loans from investors	-	-	-	-	1,900	1,900
Transfer on repayment of interest-free loans	-	-	-	29	(29)	-
As at 30 June 2018	**815**	**19,048**	**12,960**	**(4,546)**	**5,142**	**33,419**

Company 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 USED IN OPERATIONS	26	-	-
CASH USED IN INVESTING ACTIVITIES		-	-
CASH USED IN FINANCING ACTIVITIES			
Loans received		7,571	6,029
Loans repaid		(46)	(154)
Funds passed to subsidiary		(7,525)	(5,875)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-
Net (decrease)/increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-
		-	-

Consolidated 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 USED IN OPERATIONS	26	(4,011)	(1,919)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(6,080)	(4,306)
Purchase of property, plant and equipment		(1,035)	(275)
Proceeds from sale of intangible assets		2,199	25
Proceeds from sale of tangible assets		-	10
Interest paid		(155)	(8)
Receipt of dividend from associate		568	620
NET CASH USED IN INVESTING ACTIVITIES		**(4,503)**	**(3,934)**
FINANCING ACTIVITIES:			
Payment of lease finance liabilities		(314)	(151)
Loans received		7,571	6,029
Loans repaid		(46)	(154)
NET CASH INFLOW FROM FINANCING ACTIVITIES	26	**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

Rangers International Football Club plc was incorporated in Scotland on 16 November 2012 as a public company with registration number SC437060.

The address of the registered office is Ibrox Stadium, Glasgow, G51 2XD. The nature of the Group'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 Group operates, and is rounded to the nearest thousand (£'000). All activities of the Group 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 been 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 Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheet, Consolidated and Parent Company Statement of Cash Flows, Consolidated and Parent Company Statement of Changes in Equity, and note disclosures for the Group and Parent Company. The accounting year is the year to 30 June 2018. A separate Income Statement for the Parent Company has not been presented, as permitted by s408 of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except 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 Group and Parent Company will continue in business. In satisfaction of this responsibility the Board have considered the Group's ability to meet its liabilities as they fall due.

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Group 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 Group'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 Group's ability to secure further debt or equity finance from its current investors or through public share issue to allow the Group to continue to meet its liabilities as they fall due.

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

At the time of preparation, the forecast identified that the Group would require a minimum of £4.6m by way of debt or equity funding by the end of season 2018/2019 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 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 provide financial support to the Group 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 Groups 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 Group 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)

Consolidation

The consolidated accounts present the financial position, results, and cash flows for Rangers International Football Club plc and its subsidiaries as a combined entity.

Subsidiaries

The Group's consolidated accounts comprise the accounts of companies in which the Parent Company or subsidiaries have control.

Control

A company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to govern the financial and operating policies of the entity. A company loses control over an entity when it loses any of the above components. The loss of control can occur with or without a change in absolute or relative ownership levels.

Rangers Retail Limited was granted rights as part of the retail operations, distribution and IP licence agreement entered into with SDI Retail Services Limited on 21 June 2017 as may reasonably be required to effect the run off and cessation of that entity. SDI Retail Services Limited's A shares grant it twice as many voting rights on all financial matters including any day to day decisions in relation to carrying out the business in its ordinary course. As such, the Board maintains that the Group does not possess the ability to govern the financial and operating policies of Rangers Retail Limited, and therefore does not control the entity.

Rangers Retail Limited continues to be treated as an associate of the Group.

Associates

Associates are entities over which the Group has significant influence, but not control. The existence of significant influence by an entity is usually evidenced, amongst other aspects, by a holding of 20-50% of the voting rights, by representation on the Board of Directors or equivalent governing body of the investee, participation in the policy-making process and material transactions between the entity and the investee.

Investments in associates are initially recognised at cost.

Thereafter investments in associates are accounted for using the equity method of accounting, less any impairment losses. The Group's proportionate share of the after tax profits or losses is recognised in the Consolidated Income Statement in a separate line. This share adds to or reduces the value of the investment in the Consolidated Balance Sheet. Distributions (dividends) received reduce the carrying amount of the investment.

The equity method is used from the date that significant influence arises, to the date significant influence ceases.

The Group's share of a loss is not recognised where this would reduce the value of an investment beyond £nil.

Investments in associates are classified as non-current assets inclusive of any goodwill on acquisition and presented as one-line items in the Consolidated Balance Sheet.

Elimination of intra-Group transactions

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method, other than for The Rangers Football Club Ltd. The use of merger accounting was applied to the acquisition of The Rangers Football Club Ltd in 2012.

The cost of acquisition is the consideration given in exchange for control over the identifiable assets, liabilities and contingent liabilities of the acquired company. This consideration includes cash paid plus the fair value at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group.

Contingent consideration arrangements are included in the cost of acquisition at fair value.

Management judgement is required to assess facts and circumstances existing at the Balance Sheet date that indicate the ability to meet the conditions of the arrangements. The value of consideration is assessed in line with these judgements. Changes in the fair value of assets acquired, liabilities assumed and the value of contingent consideration that the Group recognises after the acquisition date as the result of additional information about facts and circumstances that existed at the acquisition date are considered measurement period adjustments. In accordance with IFRS 3, adjustments are recognised to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Increases and decreases resulting from the above are recognised by means of an increase and decrease in goodwill. Comparative information for prior periods presented in the Financial Statements is amended as necessary.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Changes resulting from additional information in relation to circumstances occurring after the acquisition date are not measurement period adjustments. Changes that are not measurement period adjustments are recognised in the Income Statement in accordance with IAS 39.

Directly attributable transaction costs are expensed in the current period and reported within general and administration expenses unless these relate to the issue of debt or equity. Issue costs are taken directly against the debt or equity issued.

The acquired net assets, being the identifiable assets, liabilities and contingent liabilities are initially recognised at fair value.

Negative goodwill arising on acquisitions represents a gain on purchase. In accordance with IFRS 3 this constitutes an economic gain that is immediately recognised in the Income Statement.

Positive goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Assets and liabilities

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

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 Consolidated 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 Consolidated Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts.

Leasing

Leases that largely transfer rights and obligations to the Group (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 Consolidated 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.

Discontinued operations

A discontinued operation is a component of the Group's business whose operation and cash flows can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of the Group's business or geographical area of operation;
- is part of a single coordinated plan to dispose of a major line of the Group's business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria for re-sale. A disposal occurs on loss of control.

A discontinued operation is presented as a single amount on the face of the Consolidated Income Statement that includes:

- post tax profit or loss from discontinued operations;
- the post-tax gain or loss recognised in the measurement to fair value less costs to sell; and
- when realised, the post-tax gain or loss on disposal of the discontinued operation.

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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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 Group'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 Group'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 Group only carries brand intangible assets that have been acquired on the Consolidated 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 Group carries out an impairment review on the brand intangible assets, at least annually, or when a change in circumstances or situation indicates that those assets have suffered an impairment loss. Impairment is measured by comparing the carrying amount of an intangible asset with the 'recoverable amount', that is the higher of its fair value less costs to sell (FVLCS) and its value in use (VIU).

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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets excluding goodwill

The Group 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 Group 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 fair value less costs to sell (FVLCS) and its value in use (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 Consolidated 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 Group 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 the inputs include 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 Consolidated 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 Group considers its Brand to have indefinite useful life. Furthermore, the Group 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 Group'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 Group. 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 Premeriership, qualify for Europa League participitation
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 Group 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 managers 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 Group's best estimate of the player's fair value less any costs to sell. If the Group 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%.

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 Group 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 Group 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 factor 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%.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

At the date of revaluation, the Group 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 Group 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 the inputs include 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 correct 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 Group 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.

Provisions, contingent assets and liabilities

The Group 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.

Segmental accounting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group 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 Group 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)

Non-recurring items

Items that are deemed to be non-recurring by virtue of their nature or size are separately identified on the Consolidated Income Statement to assist in understanding the financial performance of the Group. Such items are classed as 'non-recurring' within the Income Statement.

Adoption of new and revised Standards

New, revised and amended standards that are effective for the year to 30 June 2018 are not applicable to the Group 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 Group were in issue but not yet effective, and have not been applied early in the financial statements:

Title	Key Issues	Effective Date	Impact on RIFC plc
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	The Group's key income streams are not materially affected by the implementation of. 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 the Group'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 Group is not party to any material operating leases. As such, the implementation of this standard will not have a significant impact on the financial statements of the Group.
IFRIC 22 Foreign Currency Transactions and Advance Consideration	FRIC 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	The Group does not expect to receive advanced consideration in a foreign currency therefore IFRIC 23 is unlikely to have an impact.
FRIC 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 when there is uncertainty over tax treatments.	Periods beginning 1 January 2019 (not yet endorsed by the EU)	The Group has no disputed tax treatments as at 30 June 2018 therefore IFRIC 22 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	3,728	3,375
Commercial	594	375
UEFA solidarity and prize money	653	273
Other revenue	2,793	2,063
Total revenue	**32,679**	**29,232**

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	24,132	17,582
Other operating charges		12,989	11,882
Hire of plant and machinery		93	217
Depreciation and impairment of property, plant and equipment	9	1,623	1,575
Amortisation of trademarks	10	2	2
Auditor's remuneration	4	75	75
Other operating expenses		**38,914**	**31,333**
Revenue grants		(430)	(417)
Amortisation and impairment of player registrations	10	7,358	1,595

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

The Group incurred £3m of non-recurring costs in the prior year 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 Consolidated and Company's financial statements	40	40
Audit of the Company's subsidiaries	35	35
Total audit fees	**75**	**75**
Fees payable to the company's auditor for other services to the Group:		
Audit-related assurance services	12	12
Other tax advisory and compliance services	17	12
Other services	15	10
Total non-audit fees	**44**	**34**

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	136	120
Total	**202**	**179**

In addition, the Group employed an average of 551 part-time employees during the year (2017: 471) 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	21,509	15,791
Social security costs	2,441	1,666
Other pension costs - defined contribution plans	182	125
Total staff costs	**24,132**	**17,582**

6. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits £	Bonus £	Pensions £	Benefit in kind £	Year to 30 June 2018 £	Year to 30 June 2017 £
Directors who served during the year:						
Non-Executive						
Dave King	-	-	-	-	-	-
Douglas Park	-	-	-	-	-	-
John Bennett	-	-	-	-	-	-
Graeme Park	-	-	-	-	-	-
Alastair Johnston	-	-	-	-	-	-
Paul Murray	-	-	-	-	-	-
Barry Scott	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Key management personnel	**639,901**	**125,120**	**14,387**	**4,040**	**783,448**	**455,227**

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

Management representatives have individual contracts that regulate salaries, bonuses, post-employment benefits and termination benefits. They were remunerated from The Rangers Football Club Limited throughout the year to 30 June 2018.

Notes to the financial statements (continued)

7. FINANCE COSTS AND OTHER CHARGES

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Finance costs		
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	754	37
Other charges		
Amortisation of investor loans using effective interest rate method	1,708	1,043
Total other charges	1,708	1,043
Total finance costs and other charges	**2,462**	**1,080**

All finance costs and other charges relate to financial assets or financial liabilities held at amortised cost.

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 19)		
Origination and reversal of temporary differences	(48)	(169)
	(82)	**(169)**
Tax charged to Other Comprehensive income:		
Deferred tax (note 19)		
Deferred tax rate change on opening balances	-	(325)
	-	**(325)**
Total tax charged in the year	**(82)**	**(494)**

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

	Year ended 30 June 2018 £'000	Year ended 30 June 2017 £'000
Continuing Operations		
Loss on ordinary activities before tax	(14,423)	(6,832)
Tax at the UK corporation tax rate of 19% (2017: 19.75%)	(2,740)	(1,349)
Tax effect of expenses that are not deductible in determining taxable profit	203	95
Tax effect of income not taxable in determining taxable profit	(3)	(232)
Difference between average rate and closing deferred tax rate	16	23
Tax losses unutilised and other temporary differences not recognised	2,476	1,294
R&D tax credits	(34)	-
Tax expense / (credit) for the year	**(82)**	**(169)**

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 Board are of the opinion that there is insufficient evidence to support recognition in the short-term of the unrecognised deferred tax asset disclosed in note 19.

Notes to the financial statements (continued)

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	6,114	49,187
Additions	15	849	864
Disposals	-	(911)	(911)
Cost or valuation at 1 July 2017	43,088	6,052	49,140
Additions	6	2,160	2,166
Disposals	-	-	-
At 30 June 2018	**43,094**	**8,212**	**51,306**
Accumulated depreciation			
At 1 July 2016	2,633	2,954	5,587
Charge for the period to 30 June 2017	505	1,070	1,575
Eliminated on disposal	-	(701)	(701)
At 1 July 2017	3,138	3,323	6,461
Charge for the period to 30 June 2018	505	1,118	1,623
Eliminated on disposal	-	-	-
At 30 June 2018	**3,643**	**4,441**	**8,084**
Net book value			
At 30 June 2018	**39,451**	**3,771**	**43,222**
At 30 June 2017	39,950	2,729	43,222
At 30 June 2016	40,440	3,160	43,600
Amounts in respect of assets of the Group 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 the 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 the fair value of 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

Group	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 profit 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 Board of Directors view that the carrying value of certain player registrations exceeds their individual fair value less costs to sell.

The Group 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 Group 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. INVESTMENTS IN SUBSIDIARIES

Company	Investment in shares £'000	Capital contribution £'000	Total £'000
Cost at 1 July 2017	13,296	34,000	47,296
Capital contributed during the year	-	7,525	7,525
Cost and net book value at 30 June 2018	**13,296**	**41,525**	**54,821**

The Company's subsidiary undertakings are The Rangers Football Club Ltd, the main activity of which is the operation of a professional football club, and Rangers Media Limited, which is a company operating the production and content of media services for the Club. Both these companies are owned 100%.

The Rangers Football Club Ltd holds further investments in the following companies:

Name of company	Holding	Proportion of Shares Held	Nature of Business
Garrion Security Services Ltd	Ordinary Shares	100%	Security

These companies are all registered in the United Kingdom. Their principal place of business is Ibrox Stadium, Glasgow, G51 2XD.

12. INTERESTS IN ASSOCIATES

Group	£'000
At 1 July 2017	553
Share of profits in the year to 30 June 2018	15
Dividends received in the year to 30 June 2018	(568)
At 30 June 2018	**-**

Rangers Retail Limited is a non-trading entity. All of its operations were previously discontinued and no financial results have been presented as a result.

A dividend of £567,500 was received during the year to distribute the remaining reserves of the company. The Group's investment value represents its share of the net assets of Rangers Retail Limited at 30th June 2018. Although the company has ceased trading it has still to be formally wound up. Upon conclusion of the winding up process, a small dividend may be paid.

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

Rangers Retail Limited's principal place of business is Unit A Brook Park East, Shirebrook, NG20 8RY. Its financial reporting date is 20th June.

As set out in note 1, the Board of Directors consider that they do not control the entity. As such, they consider that, the investment in Rangers Retail Limited represents an investment in an associate, and have applied the equity method of accounting. Rangers Retail Limited is not a publicly quoted company and as such, no quoted market price is available.

Notes to the financial statements (continued)

13. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Group		
Trade receivables	16,816	15,415
Other receivables	178	176
Prepayments and accrued income	1,547	1,320
Total trade and other receivables	**18,541**	**16,911**

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

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.

14. CASH AND BANK BALANCES

	2018 £'000	2017 £'000
Group		
Balances with banks	1,513	2,815
Cash on hand	13	14
Total cash and bank balances	1,526	2,829

Notes to the financial statements (continued)

15. OTHER LOANS

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Current liabilities				
Investor loans at amortised cost	3,625	-	3,625	-
Total other loans	**3,625**	**-**	**3,625**	**-**

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Non-current liabilities				
Investor loans at amortised cost	17,692	13,984	17,692	13,984
Total other loans	**17,692**	**13,984**	**17,692**	**13,984**

	Interest free loans from investors £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Analysis of loans 2018			
Date repayable:			
July 2019	19,800	(2,108)	17,692
August 2018	3,500	-	3,500
On demand	125	-	125
	23,425	(2,108)	21,317

	Interest free loans from investors £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Analysis of loans 2017			
Date repayable:			
December 2018	3,000	(503)	2,497
July 2018	12,900	(1,413)	11,487
	15,900	(1,916)	13,984

Investor loans

Further details regarding investor loans can be found in note 27 to the financial statements.

During the year, £7.525m of additional investor loans were provided interest free to the Group. Under IFRS, such loans are required to be accounted for on initial recognition at fair value. As there is no active market for the loans, the fair value is required to be estimated by discounting these to the present value of future payments using an equivalent market rate of a similar instrument. Borrowings are subsequently stated at amortised cost with the difference between fair value on initial recognition and the redemption value recognised in the Income Statement over the period of the borrowings using the effective interest method.

Notes to the financial statements (continued)

15. OTHER LOANS (CONTINUED)

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. TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Group		
Current liabilities		
Trade creditors	4,844	2,453
Social security and other taxes	2,355	2,723
Other creditors	91	51
Accruals	4,457	3,246
Total trade and other payables	**11,747**	**8,473**

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

	2018 £'000	2017 £'000
Non-current liabilities		
Trade creditors	1,705	1,707
Accruals	2,684	2,220
Total trade and other payables	**4,389**	**3,927**

	2018 Trade creditors £'000	2018 Accruals £'000	2017 Trade creditors £'000	2017 Accruals £'000
Non-current liabilities fall due as follows:				
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

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

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

Notes to the financial statements (continued)

17. OBLIGATIONS UNDER FINANCE LEASES

Group	Total minimum payments 2018 £'000	Future interest payable 2018 £'000	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
Total obligations under finance leases	**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 Group is not party to any significant operating lease commitments.

18. DEFERRED INCOME

Group	2018 £'000	2017 £'000
Deferred income less than one year	20,746	17,881
Deferred income more than one year	488	488
Total deferred income	**21,234**	**18,369**

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.

Notes to the financial statements (continued)

19. DEFERRED TAX

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

	Opening balance 2018 £'000	Recognised in Income Statement 2018 £'000	Recognised in Other Comprehensive income 2018 £'000	Closing balance 2018 £'000
Specification of Basis for Deferred Tax				
Non-current assets – temporary differences	5,050	(53)	-	4,997
Tax losses	(5)	5	-	-
Deferred tax liability	**5,045**	**(48)**	**-**	**4,997**

	Opening balance 2017 £'000	Recognised in Income Statement 2017 £'000	Recognised in Other Comprehensive income 2017 £'000	Closing balance 2017 £'000
Specification of Basis for Deferred Tax				
Non current assets	5,566	(191)	(325)	5,050
Tax losses	(27)	22	-	(5)
Deferred tax liability	**5,539**	**(169)**	**(325)**	**5,045**

At the Balance Sheet date, the Group has unrecognised tax losses of £37.3m creating an unrecognised deferred tax asset of £6.3m. There is also an unrecognised deferred tax liability of £0.38m 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.

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group 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 Group's stated objectives. The Board reviews financial capital reports on a regular basis and the Group finance function do so on a daily basis ensuring that the Group has adequate liquidity. The Board's consideration of going concern is detailed in the Strategic Report. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 22 to 25 and the statement of changes in equity.

Financial risk management objectives and policies

The Group's financial assets include cash and cash equivalents and other short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group 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 Group 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 Group are met. The financial assets of the Group 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	-	70,493	70,493	68,647
Trade receivables and similar items	16,816	-	16,816	15,415
Cash and cash equivalents	1,526	-	1,526	2,829
Other current assets	1,725	-	1,725	1,496
Total assets	20,067	70,493	90,560	88,387
Financial liabilities				
Trade and other payables	16,136	-	16,136	12,400
Other liabilities	43,755	4,997	48,752	37,874
Total liabilities	59,891	4,997	64,888	50,274
Net (liabilities)/assets	(39,824)	65,496	25,672	38,113

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

(i) market risk;

(ii) credit risk; and

(iii) liquidity risk.

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

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk

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

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

The amounts of the Group'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)	90	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 Group. 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 Group. 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 Group comprises the amounts presented in the Balance Sheet which are stated net of provisions for doubtful debts.

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Liquidity risk

The Group'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 Group had external loans of £23.4 million (note 15), and finance leases of £1.2m (note 17).

Ultimate responsibility for liquidity risk management rests with the Board. The Board uses 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 Group's contracted liabilities and exposure to liquidity risk is detailed below:

	Due on demand or less than one year £'000	Due 1-2 years £'000	Due 2-5 years £'000	Carrying value at 30 June 2018 £'000	Carrying value at 30 June 2017 £'000
Investor loans	(3,625)	(17,692)	-	(21,317)	(13,984)
Trade and other payables	(11,603)	(3,591)	(942)	(16,136)	(12,400)
Finance lease obligations	(338)	(344)	(522)	(1,204)	(476)
Total	(15,566)	(21,627)	(1,464)	(38,657)	(26,860)

Subsequent to the year end, £11.1m of investor loans have been converted to share capital. The investors have indicated that their remaining loan facilities will continue to be made available whilst funds are still required by the Club.

21. FAIR VALUES

	Carrying value at 30 June 2018 £'000	Carrying value at 30 June 2017 £'000
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 Group considers this to be a recurring measurement using a level 3 valuation method.

The value of all other financial assets and liabilities included in the Financial Statements are considered to be a reasonable approximation of fair value at the Balance Sheet date.

22. SHARE CAPITAL

<u>**Group and Company**</u>	As at 30 June 2018 £'000	As at 30 June 2017 £'000
Allotted, called up and fully paid 81,478,201 Ordinary shares of 1p each	815	815

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

Notes to the financial statements (continued)

23. SHARE PREMIUM AND MERGER RESERVE

Group and Company	At at 30 June 2018 Group £'000
Share premium	
Balance at 30 June 2016	19,048
Movement in year	-
Balance at 30 June 2017	19,048
Movement in year	-
Balance at 30 June 2018	**19,048**

Group and Company	At at 30 June 2018 Group £'000
Merger reserve	
Balance at 30 June 2016	12,960
Movement in year	-
Balance at 30 June 2017	12,960
Movement in year	-
Balance at 30 June 2018	**12,960**

The merger reserve of £12,960,000 (2017 - £12,960,000) was created following the share for share exchange with The Rangers Football Club Limited in 2012.

Notes to the financial statements (continued)

24. OTHER RESERVES

Revaluation reserve	As at 30 June 2018 £'000
Group	
Balance at 30 June 2016	26,777
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 relating to transfer from revaluation reserve	91
Balance at 30 June 2017	26,740
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2018	**26,378**

Capital contribution reserve	As at 30 June 2018 £'000
Group and Company	
Balance at 30 June 2017	3,271
Contribution received	1,900
Transfer on repayment of interest-free loans	(29)
Balance at 30 June 2018	**5,142**

Investor loans were provided on an interest-free basis. On initial recognition, the loans are required to be booked at fair value. As there is no active market for the loans, the fair value is estimated by discounting the amount repayable to the present value using a market rate for a similar instrument. The difference arising between fair value and the nominal value is deemed as a capital contribution and taken direct to equity.

25. RETAINED EARNINGS

	Group £'000	Company £'000
Revised balance at 30 June 2016	(18,420)	(1,782)
Loss for the year ended 30 June 2017	(6,663)	(1,061)
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	(24,721)	(2,843)
Loss for the year ended 30 June 2018	(14,341)	(1,732)
Release of revaluation reserve for the year ended 30 June 2018	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2018	(91)	-
Transfer on repayment of interest-free loans	29	29
Balance at 30 June 2018	**(38,671)**	**(4,546)**

The Parent Company is exempt from disclosing a company-only Income Statement. Its loss for the year was £1,732,000 (2017 - £1,016,000).

Notes to the financial statements (continued)

26. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	Year to 30 June 2018 £'000	**Year to 30 June 2017 £'000**	**Year to 30 June 2018 £'000**	**Year to 30 June 2017 £'000**
Loss for the year	(14,341)	(6,663)	(1,744)	(1,061)
Amortisation and impairment of intangible fixed assets	7,360	1,597	-	-
Depreciation and impairment of property, plant and equipment	1,623	1,575	-	-
Impairment on investment in associate	-	(522)	-	-
(Gain)/Loss on disposal of players' registrations	(1,187)	446	-	-
(Gain)/Loss on disposal of fixed assets	-	200	-	-
Financing costs and other charges	2,462	1,080	1,720	1,043
Share of income from associates	(15)	(651)	-	-
Decrease/(increase) in trade and other receivables	(2,122)	(1,876)	24	18
(Decrease)/increase in trade and other payables and deferred income	2,276	3,064	-	-
Taxation	(67)	(169)	-	-
Cash used in operations	**(4,011)**	**(1,919)**	**-**	**-**

Change in liabilities from financing activities	**Current liabilities** Lease finance £'000	Investor loans £'000	**Non-current liabilities** Lease finance £'000	Investor loans £'000	**Total £'000**
Opening liabilities	125	-	351	13,984	14,460
Net movement due to cash flows	(314)	3,500	-	4,025	7,211
Non cash movements					
Acquisition of plant & equipment on lease finance	527	-	515	-	1,042
Effective interest rate adjustment	-	-	-	1,708	1,708
Capital contribution element of investor loans	-	-	-	(1,900)	(1,900)
Loans reclassified from non-current to current	-	125	-	(125)	-
Closing liabilities	338	3,625	866	17,692	22,521

Significant non-cash financing transactions relate to the extension of investor loan facilities and the aquisition of plant and equipment through lease finance.

Notes to the financial statements (continued)

27. RELATED PARTY TRANSACTIONS

Investor loans

	2018 £'000 New Oasis Asset Limited	2018 £'000 Director loans	2018 £'000 Other related party loans	2018 £'000 Total Investor loans	2017 £'000 Total Investor loans
Opening balance	6,700	3,796	5,404	15,900	10,025
Loans repaid	-	(46)	-	(46)	(154)
Loans provided	1,771	1,300	4,500	7,571	6,029
Closing balance	8,471	5,050	9,904	23,425	15,900

Split as follows:

	2018 £'000 New Oasis Asset Limited	2018 £'000 Director loans	2018 £'000 Other related party loans	2018 £'000 Total Investor loans	2017 £'000 Total Investor loans
Date repayable:					
July 2019	8,471	5,050	6,279	19,800	-
August 2018	-	-	3,500	3,500	-
July 2018	-	-	-	-	12,900
December 2018	-	-	-	-	3,000
On demand	-	-	125	125	-
	8,471	5,050	9,904	23,425	15,900

During the year, the Group received £7.525m (net) from Directors, existing shareholders and other parties. This entire amount was made available for working capital purposes.

New Oasis Asset Limited

Shareholder

The loan facilities provided were formally extended during the year to a repayment date of July 2019. New Oasis Asset Limited has advised that they will extend the facilities available whilst the funds are required by the Club. New Oasis Asset Limited is a company in which the Group Chairman, Mr D King and his immediate family are interested. No interest or fees have been or are to be charged in respect of the facilities and the loan is being provided on an unsecured basis.

Director loans

Douglas Park, John Bennett, Paul Murray

The other loan facilities provided were formally extended during the year to a repayment date of July 2019. No interest or fees have been or are to be charged in respect of the facilities and the loans are being provided on an unsecured basis. The loans provided by Mr P Murray were repaid on his resignation as a Director.

Other related party loans - *Shareholders and new investors*

George Taylor, George Letham, Andrew Ross, Barry Scott, Scott Murdoch, Andrew Hawkyard, Borita Investments Limited, New Trace Limited

The loan facilities provided by Mr A Hawkyard, Borita Investments Limited and New Trace Limited were to be repaid or converted on the successful completion of a share issue by the Company in September 2018. No interest or fees have been or are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

The other loan facilities provided were formally extended during the year to a repayment date of July 2019. No interest or fees have been are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

Notes to the financial statements (continued)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with The Rangers Football Club Limited

Subsidiary

Details of transactions with The Rangers Football Club Limited are disclosed in note 11 to the financial statements.

Transactions with Rangers Retail Limited

Associate entity

During the year, the Group received dividends amounting to £567,500 from Rangers Retail Limited.

Key management personnel remuneration

Details in respect of the remuneration of the Board of Directors and Key management personnel are disclosed in note 6 to the financial statements.

28. CONTINGENT ASSETS AND LIABILITIES

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 Board believes that the claim is without merit and is vigorously defending the proceedings. The case is likely to be heard in early 2019.

Independent Investigation

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

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

The Investigation was overseen by Roy Martin QC.

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

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

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 64 months old and despite press reports no further correspondence or information in respect of this matter has been received in that time.

Notes to the financial statements (continued)

29. EARNINGS PER ORDINARY SHARE

The Earnings per ordinary share has been calculated in accordance with IAS 33 as follows.

	Year to 30 June 2018	Year to 30 June 2017
Earnings for the purpose of basic and diluted earnings per share (£ '000)	(14,341)	(6,663)
Weighted average number of shares for the purpose of basic and diluted earnings per share	81,478,201	81,478,201
Basic and diluted earnings per ordinary share	(17.60p)	(8.18p)

If the company's share issue had occurred prior to the year end, the number of ordinary shares in issue would have been 144,625,338. The company's basic and diluted earnings per share would have been (9.92p) had these shares been in issue for the whole year.

30. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the year end:

Capital Commitments

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

Acquisition and sale of player registrations

The Group 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 the above was £6.24m, after taking account of direct costs.

The Group 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 above totalled £3.92m.

Share Issue

On 31 August 2018 an ordinary resolution was passed to issue 63,147,137 new shares in the company. £12.6m of new ordinary shares were issued in September 2018 at a price of 20p per share. £11.1m of Investor loans were converted to share capital as part of this process.

Investor loans

Subsequent to the year end the company received further investor loans amounting to £2m, New Oasis Asset Limited and certain investors have also extended their loan facilities to a repayment date of July 2020.

SDI Retail Services Limited

SDI Retail Services Limited (SDIR) has brought proceedings against The Rangers Football Club Limited (the Club) with regard to issues connected to the construction of a provision of a retail agreement between the parties. An expedited trial on the construction of the agreement took place at the High Court in London on 10 October 2018. The decision was reserved.

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