RANGERS INTERNATIONAL FOOTBALL CLUB PLC

ANNUAL REPORT 2016

Contents

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Business Review

Chairman's Report

I am pleased to report that, despite a longer than anticipated absence, the year under review saw our Club return to the Ladbrokes SPFL Premiership. The Club enjoyed a successful season by winning the Ladbrokes Championship and the Petrofac Training Cup, and reaching the final of the William Hill Scottish Cup. We proved to be a competitive force on the park but the work to ensure Rangers becomes as strong as possible, both on and off the pitch, will continue.

The ultimate aim continues to be to regain our position as Scotland's top Club, and one of the top clubs in Europe. We must do this irrespective of any difficulties and problems that arise, and Rangers has repeatedly demonstrated that when it comes to resilience and belief there is no better Club.

The Board and the executive have had to work extremely hard over the last year to deal with all of the issues that the Club has faced. This effort must be repeated in the coming year as we continue to achieve our goals while strictly adhering to the strategies and disciplines that are necessary in what remains an extremely challenging operating environment. In particular, the fact that much smaller football clubs in England have vastly increasing media and sponsorship income creates a very distorted transfer and wages market that is unaffordable for clubs that are heavily reliant on the much poorer Scottish football economy.

A vast amount of time and resources have been tied up in dealing with the Sports Direct debacle. It remains our hope and belief that a solution to the issues we have with Sports Direct can be found and that this Club will once again have a significantly profitable retail arm. This is a priority and we are determined to achieve an outcome whereby Rangers is treated with the appropriate levels of respect and value that were absent when the original deals were entered into.

Despite the difficulty with our retail activities the overall indicators are encouraging. We are witnessing an improvement in trading and I am confident that we are moving steadily towards the robust, sustainable business model that I have always stressed we need to achieve.

During the year under review the Board secured the much-needed capital to fund the football operating deficit that was necessary to ensure promotion and to repay the Sports Direct loan of £5 million. There was also a desperate need for investment in infrastructure at Ibrox and Auchenhowie and for a complete rebuilding of the Academy that had been sadly neglected for a number of years. This neglect extended equally to infrastructure and human resources.

Revenue for the year increased from the previous year with the average home league attendance up from 34k to 44k. This translated into higher gate receipts. A combination of increased ticket sales and reaching two cup finals generated a net increase of £1.1 million in cup revenues. Broadcast, media and sponsorship incomes also increased and there are other positive signs that suggest we are making progress. These include:

- Significant commitment on player spend/investment in the squad post year end in the summer transfer window.
- None of the best players were lost during the transfer windows.
- Season Ticket sales in excess of 42k for the current season.
- Playing squad budget increased by 60% to £10.3m for the current season.
- We were able to invest in ongoing stadium infrastructure and facilities and will continue to do so.

The Club now has an executive and footballing management team that understands and accepts that Rangers must always be competitive and that our supporters deserve absolute commitment from their teams. Our supporters understand the difficulties that have been overcome and the challenges that still lie ahead and their unwavering loyalty has been the one constant through these years of change. This support and backing is vital if Rangers is to regain a position of domestic dominance and re-enter the European arena. No matter what we do in the Boardroom or on the football pitch, nothing will be achieved without our supporters whose high expectations must always be taken into account.

That's why the Directors have supported the management team each time the transfer windows open and currently Rangers has 11 new players despite my previous statements that we only anticipated 5 to 7 additions. Understandably, it can take time for the new additions to mould into a team and react to the elevated challenge of playing in the Premiership. This Club cannot stand still or lose ground and the Board will continue to back the manager and his team. Plans are being put in place to continue the recruitment process to meet the greater challenges that lie ahead.

I am fortunate that, as Chairman, I have a Board that is fully supportive and I would like to thank every one of my fellow directors for their faith, diligence, and commitment. The time and effort required from board members is far in excess of what is typical for non-executive Directors but has been necessary under the circumstances. The fact that each director has given the time and effort required without any compensation whatsoever is testimony to the passion that each of them has for The Rangers Football Club.

Most of all I express my gratitude to the supporters for their continued backing and belief.

Dave King, Chairman

24 October 2016

Business Review (continued)

Football Manager's Review

There are few jobs in world football that are more prestigious than being manager of this outstanding institution and it is most certainly a privilege and honour I cherish each and every day.

We were all delighted with our debut season at Rangers, a campaign that earned the Club promotion back to the top flight of Scottish football, which was our main objective for 2015/16.

As a football department we worked tirelessly from the first training session of pre-season to secure silverware for the fans and the Board of Directors and, in my view, our squad deserved credit for winning the Championship in style, securing the Petrofac Cup with victory over Peterhead and beating Celtic to reach the Scottish Cup final.

A new team was assembled last summer - primarily a young, hungry squad with a few older heads - and they undoubtedly delivered for us. However, we are on a journey to return Rangers to the top table of European football and therefore the work must never cease.

I cannot speak highly enough of the commitment to the task displayed by the players throughout last Season. We have now built on those foundations over the summer by adding both further experience and youthful energy to our squad and we will become stronger and better as the many new players adapt and become accustomed to the demands that come with playing for the Club.

Rangers is synonymous with success and our supporters and shareholders deserve many more triumphs after a difficult few years. Regaining a place in the top flight is one of those successes and I can assure everyone that we are working harder than ever in order to add to the Club's rich and illustrious history.

The demands are significant, the expectation enormous, but we relish the challenge and our fans can rest assured that each and every member of the football department is fully committed and highly motivated to deliver another successful season.

Thank you again for your wonderful support.

Mark Warburton, Manager

Business Review (continued)

Operational Report

Once again the year in review proved difficult on some fronts but, in the area which matters most to our vast number of supporters, Rangers enjoyed success, winning the Ladbrokes SPFL Championship and returning to the top flight of Scottish football. The Petrofac Training Cup was also won and the team appeared again in the William Hill Scottish Cup final.

The players recruited for season 2015/16 all contributed and responded well to the management team, who achieved their targets. They understood and accepted winning the Championship and returning Rangers to the top level was paramount and 11 new players have been recruited to make sure progress continues.

Rangers must maintain improvement on and off the pitch and there is no doubt your Board has shown a willingness to continue to support advancement on the playing front. This must always be one of the most important aims no matter who occupies the Ibrox Boardroom. However, although the landscape remains challenging the signs elsewhere are also encouraging with continued progress in all of these areas:

- Staffing levels are returning to appropriate numbers.
- Issues caused by neglect while the Club was in the control of those who were ousted are being addressed and Ibrox will remain one of Europe's top stadia.
- The Board has invested heavily in staff and infrastructure and will continue to do so.
- This Club has become one of the first to implement the Living Wage.
- Relationships which were all but destroyed with national and local politicians and the football authorities are being reinstated and reinforced.
- Rangers' massive support, which continues to be a source of pride and strength, is uniting under the Banner of Club 1872 and the Club's Directors look forward to working closely with this group's own Board which was only recently elected.
- Commercial and marketing departments are now functioning better and the Club expects to benefit from improvements on these fronts.
- Season ticket sales have reached impressive levels and continue to climb.
- Inroads into the communities continue to be made through exciting initiatives such as our tie up with Boclair Academy.
- An enhanced Corporate Governance structure has been established.
- Managing Director Stewart Robertson joined the SFA's Professional Game Board.
- Club legends Richard Gough and John Brown are now employed as Ambassadors – representing Rangers in Scotland and abroad.
- The Rangers Charity Foundation has grown significantly with all charitable and community initiatives now delivered under one umbrella. The new-look Foundation continues to make a positive and lasting difference to the wider community, in the Govan area, Scotland and beyond.

Of course the main aim is to finish at the top of the SPFL Premiership while also targeting success in the domestic cup competitions and the Board has provided a playing budget, vastly superior to all but one other club, which should see significant returns. We are all well aware that the ultimate goal is to return Rangers to the very top as quickly as possible.

The signs are positive, especially at Youth Academy level where recruitment has been strong and we are now seeing the entire ethos altering to meet the demands of the modern game. It is important Rangers nurtures young people who are not just footballers but who are also well-grounded and adequately equipped to become good members of society.

This is important to Rangers, a Club which for many years now has recognised its need to be a focal point of its communities, so Rangers is especially pleased and proud of our new relationship with Boclair Academy. This is an important indicator of where Rangers sees its wider responsibilities and this partnership with Boclair Academy should benefit both parties.

This exciting step forward has seen 24 of our talented young players move school as part of the first intake and the benefits should become evident over the next five years. Marrying education with sport can have only positive outcomes.

Other changes will continue within the Auchenhowie complex where we are determined to create a new culture, playing style and philosophy. These changes are necessary and designed to enhance Rangers' commitment to developing our own players, a need which has never been greater than right now.

Business Review (continued)

More than twenty youth players have been involved with the international team from ages U16, U17 and U18, a fantastic number over three age groups as we embark on a new education process inside as well as outside the club. The Academy's main objective must be to produce players for the first team and to this end we have developed a player succession planning model which shows clearly when we expect our best talent to be ready for the first team and individual pathways have been mapped out for each of our most talented players.

However, changes and innovations are being introduced throughout the entire Club and fans will always be uppermost in our minds. More than 37,000 season tickets were sold in 2015/16 and the current number has risen to more than 42,000 so far in 2016/17, numbers very few clubs in the UK can match.

Rangers will never take the support for granted and because of our ticketing system upgrade we possess the ability to sell products online and on mobile with a new fully responsive ticketing website. Several other ticketing processes have also been introduced with the help of the Disability Matters group. Ambulant disabled supporters are now being recognised for season-ticket applications and match-ticket sales.

Unfortunately the situation with Sports Direct, which has been well documented, continues to impact on our commercial revenue streams but steps are being taken to improve our general commercial performance with staffing levels increasing to better service our clients and attract new sponsorship.

We are developing long-term plans to increase advertising and revenue potential and the opening of new Hospitality Suites plus engaging marketing campaigns gives the Club a solid base from which to grow. The look and feel of Ibrox has been enhanced with the strategic placing of new artwork and legends banners and the Club will continue to look at ways to improve the overall Ibrox aesthetic.

Rangers continues to recognise its wider commitment and the Club's Charity Foundation is vitally important and constantly provides support for the community and its many partners. Indeed, the Foundation far exceeded its original target of £25,000 in support of Glasgow Winter Night Shelter for the homeless (for our partner Glasgow City Mission) and raised £70,000. More than 200 of the Club's fans helped raise this impressive sum by taking part in our Big Ibrox Sleep Out event, underlining the inherent goodness of our support.

The Foundation also helped Alzheimer Scotland fund their vital Dementia Helpline, and their Football Memories Project and Dementia Friends Campaign. The long-standing relationship with their International Charity Partner (Unicef) reached its goal to fund 1 million potentially life-saving vaccines for vulnerable children around the world.

As part of our Armed Forces Partnership, funding was shared among four forces related charities – Erskine, The Royal Navy and Marines Charity, ABF The Soldiers' Charity, and the RAF Benevolent Fund.

A donation of £10,000 was made to Glasgow Children's Hospital Charity coinciding with the annual visit to the hospital by the Rangers manager and first-team squad.

Also, the Foundation donated £238,000 worth of in-kind support in the form of auction prizes, signed memorabilia, tours, match tickets, can collections, and various other forms of assistance. The Foundation received 2512 requests for support from community fundraisers throughout the country and was able to respond positively to 87% of those requests.

The Foundation's ability to be a force for good in the communities should grow significantly because of a major strategic development which sees the Foundation operate all charitable community programmes previously delivered via the Club. The development of the Rangers Study Support Centre, run in partnership with Glasgow City Council, is also now the responsibility of the Foundation.

So, for the first time ever all charitable community activities associated with Rangers will be delivered by one source.

It is always the intention to meet the needs and accommodate as many of our supporters as possible and of course communication plays a vital role in connecting. The Club launched a new fully responsive official website in October 2015 and since the launch improvements have been made to the platform, with more planned.

There have been increases in the number of user sessions, number of users, and page views and a refocusing of content and social media strategy has witnessed the implementation of new platforms such as Snapchat. There are new content types, like the Official Podcast and new regular video programming, e.g. Newswrap. Further additions are planned.

Rangers TV subscriber numbers increased by around 20% during season 2015/16 with further and more significant increases expected during season 2016/17. Pay-per-view sales also showed considerable increases, more than trebling on the previous campaign.

Clearly progress is being made in all areas and we are meeting the challenges head on. This Board will never shirk its responsibilities and will not rest until Rangers is reunited with regular triumphs.

Business Review (continued)

Finance Report

The results for the year reflect a period of improvement both on and off the pitch. Renewed optimism amongst the fans and a much improved product on the pitch has had a significant financial impact on matchday revenues and therefore on the results of the business.

The Board has continued to reestablish financial stability and a proper infrastructure within the Club, while maintaining close control over costs. The process of revitalising the Stadium and its footprint is well underway and will continue through the coming year, while at the same time the Club is looking to reap the benefits from adding to and modernising the football department at Auchenhowie.

The new football management team has now had three transfer windows in which it has been supported by the Board in assembling a squad capable of filling the stands on a regular basis and this will help drive the continued recovery of the Club's finances. The immediate aim now is to successfully compete in the Ladbrokes SPFL Premiership as we continue the journey back towards European football.

The earnings before interest, tax, depreciation and amortisation (EBITDA) improved to a loss of £0.1m from a loss of £6.8m in the previous year. Maintaining the EBITDA at above, or as close to, breakeven as possible, is a key financial aim of the Board. To have virtually achieved this in the last year shows the progress that has been made.

The operating loss decreased to £2.5m from a loss of £10.0m in the previous year. The overall net loss for the year was £3.3m compared to a loss of £7.7m for the previous year.

Revenue for the year was £22.2m, an overall increase of £5.9m from the previous year. An increase in the average home league attendance from 34k to 44k drove an increase in gate receipts and hospitality. Season ticket income rose by £3.2m, hospitality receipts rose by £0.8m, and match ticket sales rose by £0.5m even allowing for the previous year containing three additional playoff matches. Losing one round earlier in the League Cup was more than offset by a run to the Final of the William Hill Scottish Cup and winning the Petrofac Training Cup, with a net increase of £1.1m. The increase in broadcast and media income of £0.7m reflects a higher distribution from the SPFL of £0.2m and prize monies from the cups. Sponsorship income for the year increased slightly to £0.7m. This reflects the continued difficulties in attracting business partners in the current sponsorship market. The business did not replace the income generated by the stadium hosting the Commonwealth Games rugby sevens during July 2014 and also an SFA International fixture in October of that year. Therefore revenue reduces by £1.2m in those areas.

Operating expenses excluding amortisation of players' registrations decreased by £1.6m compared to the comparative year, to £24.2m. Staff costs reduced by £0.3m to a total of £13.0m for the year. The decrease in other operating expenses against the previous year was driven by one fewer home game played, as well as a £0.9 million decrease in professional and legal fees. This saving reflects the work done by the Board to reduce the number of issues surrounding the Club.

There was a net profit on disposal of players of £0.1m which relates to solidarity payments received for former players. Finance costs were £15k against a previous year cost of £56k reflecting interest charges incurred on finance leases.

Further interest-free investor loans of £6.2m have been advanced to the Club in order to repay the SportsDirect.com Retail Limited loan, and also to provide working capital facilities to support the Club through the low point in its annual operating cash cycle.

A share of income of £0.1m was recognised from the Group's associate, Rangers Retail Limited. As a result of the ongoing litigation and termination of the IP agreement, the Group has concerns about the future viability of Rangers Retail Limited. As such, the Group considers that its investment in Rangers Retail Limited is impaired at the year end and has recognised an impairment provision amounting to £0.5m.

Dave King, Chairman

24 October 2016

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 Auchenhowie training facility, Rangers have been a dominant force in Scottish football for decades. This world class stadium, training infrastructure and a loyal and passionate global fanbase provide an excellent foundation for the Company.

The Club won the SPFL (Scottish Professional Football League) Championship in season 2015/16 and was promoted back to the Ladbrokes SPFL Premiership. The history, facilities and ambition of the Club are such that the Club remains a desirable destination for foreign and domestic players alike. The first team squad is managed by Mark Warburton.

The Directors, in preparing this Strategic Report, have complied with s414A to 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 2016 £'000	Year ended 30 June 2015 £'000
Gate receipts and hospitality	17,349	11,612
Sponsorship and advertising	663	625
Broadcasting rights	2,088	1,233
Commercial	233	258
Other revenue	1,895	2,620
Total revenue	**22,228**	**16,348**

Revenue for the year ended 30 June 2016 totalled £22.2 million. Of this total, gate receipts and hospitality income contributed £17.3 million. During the year the Club played eighteen home league matches, seven home cup matches, and one home friendly (2015: eighteen home league matches, three home playoff matches and six home cup matches). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

A 36% increase in turnover is reflective of an increase to the average home league attendance from 34,556 to 44,359, driving increased season ticket, match ticket, and hospitality income. Season ticket income of £9.5 million was recognised during the year to 30 June 2016 based on sales of 37,481 season tickets (2015: £6.3 million from 26,515).

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

Commercial income of £0.2 million, sponsorship income of £0.7 million and broadcast income of £2.1 million recognised during the year to 30 June 2016 includes revenue earned from agreements with the Club's sponsors and commercial partners, as well as the sale of matchday publications and monies generated from TV and the SPFL for matches televised or broadcast to the public.

OPERATING EXPENDITURE

RIFC has incurred the following operating expenses during the year:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Staff costs	12,962	13,290
Other operating charges	9,337	10,146
Hire of plant and machinery	203	129
Depreciation and impairment of property, plant and equipment	1,584	2,104
Amortisation of trade marks	2	2
Amortisation of players' registrations	764	1,043
Auditor's remuneration	84	90
Total operating expenses	**24,936**	**26,804**

Player costs are RIFC's most significant expenditure, including £6.4 million (2015: £6.2 million) in respect of the first team playing squad. First team player salary costs are contractual and each player's salary is unique.

Other operating charges include matchday costs, such as policing, stewarding and pitch costs. A 7% decrease in other operating charges against the previous year was driven by one fewer home game played, in addition to a £0.9 million decrease in professional and legal fees, as progress continues to be made off the field with regards to the stability and governance of the Club.

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 2016.

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Cash flow from operating activities	1,973	(12,218)
Net cash used in investing activities	(943)	(145)
Net cash from financing activities	837	8,847
Net increase/(decrease) in cash and cash equivalents	**1,867**	**(3,516)**

Due to higher average attendances, increased number of season tickets sold and working capital movements, there was a net cash inflow of £2.0 million from operating activities compared to an outflow of £12.2 million in the prior year. Net cash outflow on investing activities amounted to £0.9m, compared to £0.1 million in the prior year.

Included within investing activities is the receipt of interest-free loans from investors totaling £6.3 million. £5.0 million of this funding was used to repay the loan held by SportsDirect.com Retail Limited. The remaining balance was used to fund the Club's working capital requirements.

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 2016.

	Year ended 30 June 2016	Year ended 30 June 2015
Total revenue (£'000s)	22,228	16,348
Operating loss (£'000s)	(2,465)	(10,062)
Earnings before interest, tax, depreciation and amortisation (EBITDA) (£'000s)	(115)	(6,791)
First Team Wages/Turnover ratio	29%	38%
Number of games played (total)	51	54
Number of games played (SFL home)	18	18
Number of games played (SFL away)	18	18
Number of games played (Playoff home)	-	3
Number of games played (Playoff away)	-	3
Number of games played (Cup home)	7	6
Number of games played (Cup away)	7	6
Number of other games (Friendlies home)	1	-
Number of season tickets sold	37,481	26,515
Season ticket sales (£'000s)	9,539	6,301
Average season ticket price (£)	255	237
Average attendance (league home matches)	44,359	34,556

Strategic Report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 1st in the SPFL Championship, gaining promotion to the Ladbrokes SPFL Premiership for season 2016/17. In addition, the Club's first team won the Petrofac Training Challenge Cup, reached the third round of the League Cup, and the Final of the William Hill Scottish Cup. In the current season, the Club currently sits in forth place in the Premiership, at the time of writing.

The Club enjoys a world class stadium and training infrastructure and a loyal and passionate global fan base, which provide a predictable income and the foundation for the Company. The Directors believe that digital media and RIFC's broadcasting arrangements enable RIFC to capitalise on the Club's brand better than has taken place before. The Directors are confident that the future of the Company is bright and are encourage as they seek to achieve their goal of securing Rangers as a leading club in world football. Having returned to the Ladbrokes SPFL Premiership, the task is now to compete successfully in that League, and return to European football at the earliest opportunity.

RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that it considers to be associated with the running of a professional football club. Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. These risks are regularly reviewed internally by executive management. Each risk when identified is analysed to determine the likelihood of the risk occurring, the potential impact it may have on the 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. £2.9m of funding has been received by the Club since the year end from its investors. The forecasts indicate that further funds will be required to support the Club for the rest of the season 2016/17. The Board have received undertakings from the investors confirming that they will provide financial support as it is required. Further information can be found in note 1 to the financial statements.

Litigation

The company operates at risk of litigation procedures from third parties, which are dealt with as they arise and on an individual basis. The key litigations to which the Group are party are identified later in this report alongside other pre-existing claims.

Retail revenue

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

Season ticket revenues

Significant revenue is earned from the sale of season tickets. Current economic conditions can affect supporters' available income and there is a risk that the season ticket sales may fall. As well as the level of supporter engagement, the quality on the pitch, the standard of matchday entertainment, the level of success from the previous season, the level of opposition, together with pricing all have an effect on the decision to buy. Many of these factors are beyond the control of the 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 future level of revenue is not contractually guaranteed, and is subject to influence from third parties.

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 22 to the financial statements.

PROPERTY MATTERS

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

- Ibrox Stadium – £62.2 million; and
- Auchenhowie – £13.35 million. This represents a combined value of £75.55 million.

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

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

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

GOING CONCERN

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the 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.

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.

Strategic Report (continued)

GOING CONCERN (CONTINUED)

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

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

The Board of Directors has received undertakings from certain investors that they will provide financial support to the Group and have satisfied themselves as to the validity of these undertakings and that the individuals have the means and authority to provide such funding as and when it is required. 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. With the appropriate assurances obtained and the continued support of the investors, the Board believe that any such uncertainty has been removed.

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

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 cash requirements of its business. The Group does not have access to any further banking facilities.

There are interest-free, unsecured loans with investors amounting to £10.025 million, whilst the Group also has a finance lease agreement totalling £0.1 million.

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

Approved by the Board and signed on its behalf by:

Dave King, Chairman

24 October 2016

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 2016.

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 all its employees.

RESULTS AND DIVIDENDS

The audited Consolidated Income Statement for the year ended 30 June 2016 is set out on page 22. The Directors have not recommended the payment of a dividend (2015: nil).

DIRECTORS

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

Name	Position
Paul Murray	Non-exec Director
Douglas Park	Non-exec Director
John Gilligan	Non-exec Director
John Bennett	Non-exec Director
David King	Chairman
Graeme Park	Non-exec Director

The following Directors were appointed during the year under review:-

Name	Position	Date of Appointment	Date of Resignation	Date of Re-appointment
Douglas Park	Non-exec Director	6 March 2015	3 August 2015	10 November 2015

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

Directors' Report (continued)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered fully, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the 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 LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Dave King, Chairman

24 October 2016

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have chosen to prepare the 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

24 October 2016

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 reports directly to 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

We have audited the financial statements of Rangers International Football Club plc for the year ended 30 June 2016 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 to the financial statements concerning the 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. 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.

OPINION ON FINANCIAL STATEMENTS

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 2016 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the 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.

Campbell Dallas LLP

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

24 October 2016

Consolidated Income Statement

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
CONTINUING OPERATIONS			
REVENUE	2	22,228	16,348
OPERATING EXPENSES			
Amortisation and impairment of player registrations	3	(764)	(1,043)
Other operating expenses	3	(24,172)	(25,761)
Total operating expenses		(24,936)	(26,804)
Other operating income	3	243	394
OPERATING LOSS		**(2,465)**	**(10,062)**
Non-recurring costs	4	(286)	-
Other charges	8	(310)	-
Share of income from associates	14	147	87
Impairment of investment in associates	14	(522)	-
Profit/(loss) on disposal of player registrations	12	121	1,180
Finance costs	8	(15)	(56)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(3,330)**	**(8,851)**
Taxation	9	27	178
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(3,303)**	**(8,673)**
DISCONTINUED OPERATIONS			
(Loss)/profit for the year from discontinued operations (net of tax)	10	-	1,016
(LOSS)/PROFIT FOR THE YEAR		**(3,303)**	**(7,657)**
(Loss)/profit for the year attributable to:			
Owners of the Company		(3,303)	(8,459)
Non-controlling interests		-	802
		(3,303)	**(7,657)**
Basic and diluted earnings per ordinary share	32	(4.05p)	(10.82p)
Basic and diluted earnings per ordinary share on continuing operations	32	(4.05p)	(11.09p)

The notes on pages 29 to 58 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
(LOSS)/PROFIT FOR THE YEAR	**(3,303)**	**(7,657)**
Deferred tax relating to components of other comprehensive income (Note 22)	763	-
Other comprehensive income for the year	763	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR	**(2,540)**	**(7,657)**
Total comprehensive (loss)/profit for the year attributable to:		
Owners of the Company	(2,540)	(8,459)
Non-controlling interests	-	802
	(2,540)	(7,657)

Consolidated Balance Sheet

As at 30 June 2016

	Notes	2016 £'000	2015 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	43,600	44,931
Intangible assets	12	17,901	16,957
Interests in associates	14	-	587
		61,501	**62,475**
CURRENT ASSETS			
Trade and other receivables	15	14,285	6,600
Cash and bank balances	16	2,958	1,091
		17,243	**7,691**
TOTAL ASSETS		**78,744**	**70,166**
CURRENT LIABILITIES			
Other loans	17	(3,750)	(3,750)
Trade and other payables	18	(5,281)	(4,342)
Obligations under finance leases	19	(38)	(438)
Deferred income	20	(15,491)	(6,246)
		(24,560)	**(14,776)**
NET CURRENT (LIABILITIES)/ASSETS		**(7,317)**	**(7,085)**
NON-CURRENT LIABILITIES			
Other loans	17	(5,224)	(5,000)
Trade and other payables	18	(514)	(59)
Obligations under finance leases	19	-	(38)
Deferred tax liability	21	(5,539)	(6,329)
Deferred income	20	(366)	(244)
		(11,643)	**(11,670)**
TOTAL LIABILITIES		**(36,203)**	**(26,446)**
NET ASSETS		42,541	43,720
EQUITY			
Share capital	24	815	815
Share premium account	25	32,008	32,008
Revaluation reserve	26	26,777	26,376
Capital contribution	26	1,361	-
Retained earnings	27	(18,420)	(15,479)
TOTAL EQUITY		42,541	43,720

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 24 October 2016. They were signed on its behalf by:

Dave King, Chairman

24 October 2016

The notes on pages 29 to 58 form an integral part of these financial statements.

Company Balance Sheet

As at 30 June 2016

	Notes	2016 £'000	2015 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	13	41,419	35,144
		41,419	**35,144**
CURRENT LIABILITIES			
Amounts due from subsidiary undertakings		(43)	-
Other loans	17	(3,750)	(3,750)
NET CURRENT (LIABILITIES)/ASSETS		**(3,793)**	**(3,750)**
NON-CURRENT LIABILITIES			
Other loans	17	(5,224)	-
TOTAL LIABILITIES		(9,017)	(3,750)
NET ASSETS		**32,402**	**31,394**
EQUITY			
Share capital	24	815	815
Share premium account	25	19,048	19,048
Merger reserve	26	12,960	12,960
Capital contribution	26	1,361	-
Retained earnings	27	(1,782)	(1,429)
TOTAL EQUITY		**32,402**	**31,394**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 24 October 2016. They were signed on its behalf by:

Dave King, Chairman

24 October 2016

The notes on pages 29 to 58 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year to 30 June 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution £'000	Revaluation reserve £'000	Sub Total £'000	Non controlling interests £'000	Total equity £'000
As at 30 June 2014	651	29,139	(7,382)	-	26,738	49,146	702	49,848
(Loss)/profit for the year to 30 June 2015	-	-	(8,459)	-	-	(8,459)	802	(7,657)
Shares issued	164	2,869	-	-	-	3,033	-	3,033
Dividends	-	-	-	-	-	-	(770)	(770)
Transfer from revaluation reserve to retained earnings	-	-	453	-	(453)	-	-	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	(91)	-	91	-	-	-
Disposal on loss of control of Rangers Retail Limited	-	-	-	-	-	-	(734)	(734)
As at 30 June 2015	**815**	**32,008**	**(15,479)**	**-**	**26,376**	**43,720**	**-**	**43,720**
(Loss)/profit for the year to 30 June 2016	-	-	(3,303)	-	-	(3,303)	-	(3,303)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	763	763	-	763
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	-	-	-	1,361	-	1,361	-	1,361
As at 30 June 2016	**815**	**32,008**	**(18,420)**	**1,361**	**26,777**	**42,541**	**-**	**42,541**

Company Statement of Changes in Equity

For the year to 30 June 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital contribution £'000	Merger reserve £'000	Total £'000
As at 30 June 2014	651	16,179	(848)		12,960	28,942
(Loss)/profit for the year to 30 June 2015	-	-	(581)	-	-	(581)
Shares issued	164	2,869	-	-	-	3,033
As at 30 June 2015	**815**	**19,048**	**(1,429)**	**-**	**12,960**	**31,394**
(Loss)/profit for the year to 30 June 2016	-	-	(353)	-	-	(353)
Equity element of interest-free loans from investors	-	-	-	1,361	-	1,361
As at 30 June 2016	**815**	**19,048**	**(1,782)**	**1,361**	**12,960**	**32,402**

Company Statement of Cash Flows

For the year to 30 June 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
CASH USED IN OPERATIONS	29	-	(2,844)
CASH USED IN INVESTING ACTIVITIES		-	-
CASH USED IN FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,844
Loans received		6,275	3,750
Funds passed to subsidiary		(6,275)	(3,750)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**-**	**2,844**
Net (decrease)/increase in cash and cash equivalents		-	2,844
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 2016

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
CASH USED IN OPERATIONS	29	1,973	(12,218)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(956)	(217)
Purchase of property, plant and equipment		(326)	(126)
Proceeds from sale of intangible assets		153	1,411
Interest paid		(26)	(73)
Receipt of dividend from associate		212	300
Disposal of subsidiary		-	(1,440)
NET CASH USED IN INVESTING ACTIVITIES		**(943)**	**(145)**
FINANCING ACTIVITIES:			
Payment of lease finance liabilities		(438)	(477)
Proceeds from issue of shares		-	2,844
Loans received		6,275	8,750
Loans repaid		(5,000)	(1,500)
Distribution of minority interest dividends		-	(770)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**837**	**8,847**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**1,867**	**(3,516)**
Cash and cash equivalents at the beginning of the period		1,091	4,607
Cash and cash equivalents at the end of the period		2,958	1,091
		1,867	**(3,516)**

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. 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.

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 2016. A separate Income Statement 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 for where IFRS permits recognition at fair value, specifically in relation to the valuation of property and measurement of financial instruments.

The principal accounting policies adopted are set out below.

Going concern

The Board of Directors ("the Board") 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, shareholder loans and finance leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment that may impact the trading position of its customers and suppliers.

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

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

- Improving football performance following promotion at the conclusion of the 2015/16 season. The Group's forecast assumes the Club will challenge for the European places in the Ladbrokes SPFL Premiership in 2016/17 and participate in European competition in the season thereafter;
- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket numbers and prices to reflect the forecast improved football performance;
- Matchday income, which is projected to grow as a result of improving footballing performance and success;
- Sponsorship, commercial and other non-matchday income reflecting improved customer confidence and increased hospitality demand;
- The exclusion of cash flows from dividends from Rangers Retail Limited, as the Board considers that it has limited visibility as regards the timing and amount of any of these cash inflows;
- Continued overhead cost reduction measures to reflect the Club's operations returning to a more stable operating environment, thereby reducing wasted costs;
- Payroll costs reflecting an appropriate squad size and composition relative to the assumptions around league performance. The forecast cash flows assume conservative amounts generated from player sales;
- The Group's ability to secure further debt or equity finance from its investors to allow the Group to continue to meet its liabilities as they fall due.

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

The Board recognises that achievement of the forecast is critically dependent on the football performance for the rest of the current season and next season. Consequently, sensitivities have been applied to the forecast based on a variety of football performance factors.

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

The Board of Directors has received undertakings from certain investors that they will provide financial support to the Group and have satisfied themselves as to the validity of these undertakings and that the individuals have the means and authority to provide such funding as and when it is required. 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. With the appropriate assurances obtained and the continued support of the investors, the Board believe that such uncertainty has been removed.

The financial support to be made available more than covers the projected shortfall for this season and beyond.

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

Consolidation

The consolidated accounts present the financial position, results, and cash flow 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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Control (continued)

The subsidiary company, Rangers Retail Limited, was treated as a company under the control of Rangers International Football Club plc, up until 27 January 2015. On that day, the Group transferred 26% of the share capital in Rangers Retail Limited to SportsDirect.com Retail Limited upon receipt of, and for the duration of, a loan facility that was provided. Provisions within that transfer agreement were such that the Directors considered there to be a loss of control over Rangers Retail Limited on this date. Upon repayment of the loans to SportsDirect.com Retail Limited, the shares were transferred back to the Group. Despite this, the Directors maintain that the Group did not possess the ability to govern the financial and operating policies of the entity throughout the year, and therefore does not control the entity.

As such, Rangers Retail Limited continues to be treated as an associate of the Group. The prior year comparatives in the Consolidated Income Statement include the results of the subsidiary, up to the date that control was lost as a discontinued operation.

In accordance with IFRS 10, on loss on control of a subsidiary, the Group:

- Derecognises the assets and liabilities of the former subsidiary from the consolidated balance sheet;
- Recognises any investment retained in the former subsidiary when control is lost. That retained interest is remeasured to fair value and this is regarded as the cost on initial recognition of an investment in an associate or joint venture;
- Recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

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.

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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

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.

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 amortization 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 loans are provided interest-free or below market rate, the market value on initial recognition is required to be estimated by discounting the loan amount to the present value of future payments using an equivalent rate of a similar instrument. The difference arising between the fair value of the loan and the redemption value is deemed as a capital contribution and taken direct to equity.

Cash and bank balances

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of financial instruments

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

In the prior year, the Directors considered that, in their judgement, the loss of control over Rangers Retail Limited resulted in a discontinued operation.

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.

Gate receipts and other matchday revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when earned. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards for league placing are accounted for only when known at the end of the football season.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

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 is charged or credited in the Income Statement or in the Statement of 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.

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 and its 'value in use'. 'Value in use' is calculated by discounting the expected future cash flows, using a discount rate based on an estimate of the rate that the market would expect on an investment of comparable risk.

Player registrations

The costs associated with acquiring players' registrations, or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. When a contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of market value for the non-cash consideration. Under the conditions of certain transfer agreements, further fees will be payable in the event of the players concerned making a certain number of first team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these fees are accounted for when it becomes probable that the number of appearances will be achieved or the specified future events will occur. These additional costs are capitalised and amortised as above. Likewise, any additional assets that are realised after selling players are recognised as debtors when it becomes probable that the conditions in the sale agreement will be met.

Property, plant and equipment

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

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense. 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.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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 an economic benefit from the asset is considered probable. Assets under the course of construction are carried at cost and include professional fees. Depreciation commences when the assets are ready for their intended use.

Segmental accounting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the 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 2016 the Group has only operated in one segment, namely the operation of a football club, and therefore no operating segment note has been prepared.

Non-recurring items

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

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 to which the asset belongs.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

Impairment losses are reported separately in the 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.

In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets. In determining fair value less costs to sell, an appropriate valuation model is used.

A previously recognised impairment loss is reversed only if there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the 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 by assessing the net present value of future estimated cash flows (on the basis of the continued operation of the cash generating unit) and comparing this to the carrying amount of net assets held by the cash generating unit.

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

The estimated cash flow is based on the Group's forecasted results and margins, including the necessary capital expenditure to meet anticipated performance. The assumptions used represent Management's best estimate and are based on past experience and internal information held by the Group.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment testing procedures (continued)

Key assumptions

Football team performance -	short term (1)	Qualify for Europa League qualifiers, either through top-3 SPFL finish or cup qualification
Football team performance -	medium to long term (1)	Predictions of expected football results beyond season 2016/17 i.e. league placings, cup progressions, match day attendance, and future European participation.
Cash generating unit (2)		Football club operations
Budget period (3)		5 years
Discount rate (4)		13% pre tax
Growth rate (5)		2.0%

(1) The assumptions utilised in the model involve key judgements in respect of football performance in the short, medium and long term. The Board is satisfied with 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 excluded from the impairment review.

Individual player registrations are included within the cash generating unit unless there are circumstances arising that would exclude them from the playing squad (such as sustaining a significant long term injury). In such circumstances, the players are unlikely to contribute to the future economic benefits of the cash generating unit and, as such, the carrying value of the player is removed from the cash generating unit. This is then assessed for impairment 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 would be made as appropriate.

(3) The basis for the estimated cash flow is the confirmed budgets for 2016/17 and the cash flow forecasts for the next four years after. In the calculation, cash flows beyond this period are extrapolated using the estimated growth rate.

(4) A discount rate of 13% reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. The discount rate used in 2015 was 13%.

(5) The growth rate utilised is based on expected inflationary growth in the UK beyond the period of forecasting. The growth rate used in 2015 was 2.4%.

Indications of impairment

As part of the impairment testing, a sensitivity analysis was performed with changes (both positive and negative) to Domestic and European football related performance, player costs and discount rate. These are considered by the Group to be the key unobservable inputs that would impact the valuation model significantly. The weighted average results from the sensitivity analysis were then taken to determine the estimated net present value of the cash generating unit.

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

Critical values in sensitivities

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

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

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.

Adoption of new and revised Standards

New, revised and amended Standards that are effective for the year to 30 June 2016 are not applicable to the 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 in the financial statements:

Title	Key Issues	Effective Date	Impact on RIFC plc
IAS 1 Disclosure Initiative	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial statements. Provides clarification that information should not be obscured by aggregating or providing immaterial information and that materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.	Periods beginning 1 January 2016	Presentational considerations only.
IFRS 15 Revenue from Contracts with Customers	The new standard is a single global revenue standard and replaces IAS11, IAS18, IFRIC 13, IFRIC 18 and SIC 31. The standard contains a single model that applies to two approaches, being at point in time and over time. For complex transactions with multiple components, variable consideration or extended periods, application of the standard can lead to revenue being accelerated or deferred in comparison to current IFRS.	Periods beginning 1 January 2018 (though not yet endorsed for use in the EU)	RIFC plc's key income streams are unlikely to be substantially affected.
IFRS 9 Financial Instruments	IFRS 9 was introduced in 2014 as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.	Periods beginning 1 January 2018 (though not yet endorsed for use in the EU)	An impact assessment has yet to be carried out.
IFRS 16 Leases	The standard provides a single lease accounting model requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset value is insignificant.	Periods beginning 1 January 2019 (though not yet endorsed for use in the EU)	An impact assessment has yet to be carried out.

Notes to the financial statements (continued)

2. REVENUE

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000 Restated
Gate receipts and hospitality	17,349	11,612
Sponsorship and advertising	663	625
Broadcasting rights	2,088	1,233
Commercial	233	258
Other operating income	1,895	2,620
	22,228	**16,348**

Other operating income has been revised in 2015 to reflect a prior period adjustment to defer revenue. Further information is provided in note 28 to the financial statements.

3. LOSS FOR THE YEAR

	Notes	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Loss for the year has been arrived at after charging/(crediting):-			
Staff costs	6	12,962	13,290
Other operating charges		9,337	10,146
Hire of plant and machinery		203	129
Depreciation and impairment of property, plant and equipment	11	1,584	2,104
Amortisation of trademarks	12	2	2
Auditor's remuneration	5	84	90
Other operating expenses		**24,172**	**25,761**
Revenue grants		(243)	(394)
Amortisation and impairment of player registrations	12	764	1,043

4. NON-RECURRING ITEMS

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

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

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

Notes to the financial statements (continued)

5. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts:		
Audit of the Consolidated and Company's financial statements	44	50
Audit of the Company's subsidiaries	40	40
Total audit fees	**84**	**90**
Fees payable to the company's auditor for other services to the Group:		
Audit-related assurance services	12	-
Other tax advisory and compliance services	15	15
Other services	8	-
Total non-audit fees	**35**	**15**

No services were provided pursuant to contingent fee arrangements.

6. STAFF NUMBERS AND COSTS

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

	Year ended 30 June 2016 Number	Year ended 30 June 2015 Number
Football players	48	52
Others	109	106
	157	**158**

In addition, the Group employed an average of 536 part-time employees during the year (2015: 619), to assist on matchdays or other events.

The aggregate remuneration comprised:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Wages, salaries and benefits	11,657	11,809
Social security costs	1,206	1,313
Other pension costs	99	168
	12,962	**13,290**

Notes to the financial statements (continued)

7. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits £	Bonus £	Pensions £	Benefit in kind £	Year to 30 June 2016 £	Year to 30 June 2015 £
Executive						
Graham Wallace	-	-	-	-	-	225,094
David Somers	-	-	-	-	-	40,000
Derek Llambias	-	-	-	-	-	45,726
Barry Leach	-	-	-	-	-	35,416
Non-Executive						
Norman Crighton	-	-	-	-	-	37,742
Paul Murray	-	-	-	-	-	-
John Gilligan	-	-	-	-	-	-
Douglas Park	-	-	-	-	-	-
John Bennett	-	-	-	-	-	-
Dave King	-	-	-	-	-	-
Graeme Park	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**383,978**
Key management personnel	**299,234**	**79,400**	**10,982**	**1,861**	**391,477**	**102,947**

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 2016.

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

8. FINANCE COSTS AND OTHER CHARGES

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Finance costs		
Interest payable on lease finance agreements	23	57
Other interest	9	-
Interest received	(17)	(1)
Total finance costs	15	56
Other charges		
Amortisation of loans using effective interest rate method	310	-
Total other charges	310	-
Total finance costs and other charges	**325**	**56**

Notes to the financial statements (continued)

9. TAXATION

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Tax charged to the Income Statement:		
Current tax	-	178
Deferred tax (note 21)		
Origination and reversal of temporary differences	(27)	(356)
	(27)	**(178)**
Tax charged to Other Comprehesive income:		
Deferred tax (note 21)		
Origination and reversal of temporary differences	(130)	-
Deferred tax rate change on opening balances	(633)	-
	(763)	**-**
Total tax charged in the year	**(790)**	**(178)**

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

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Continuing Operations		
(Loss)/profit on ordinary activities before tax	(3,330)	(9,349)
Tax at the UK corporation tax rate of 20% (2015: 20.75%)	(666)	(1,940)
Tax effect of expenses that are not deductible in determining taxable profit	237	30
Tax effect of income not taxable in determining taxable profit	-	(18)
Prior year adjustment to current tax	-	178
Difference between average rate and closing deferred tax rate	(615)	-
Tax losses unutilised and other temporary differences not recognised	254	1,572
Tax expense / (credit) for the year	**(790)**	**(178)**

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

The Directors are of the opinion that there is insufficient evidence to support recognition in the short-term of the unrecognised deferred tax asset disclosed in note 21.

10. RESULTS OF DISCONTINUED OPERATIONS

All discontinued operations relate to the loss of control over Rangers Retail Limited. Full details are provided in the 2015 Annual Report.

Notes to the financial statements (continued)

11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Freehold properties £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
Cost or valuation at 1 July 2014	43,073	6,095	49,168
Additions	-	126	126
Disposals	-	(225)	(225)
Cost or valuation at 1 July 2015	43,073	5,996	49,069
Additions	-	253	253
Disposals	-	(135)	(135)
At 30 June 2016	**43,073**	**6,114**	**49,187**
Accumulated depreciation			
At 1 July 2014	825	1,209	2,034
Charge for the period to 30 June 2015	516	802	1,318
Provision for impairment	786	-	786
At 1 July 2015	2,127	2,011	4,138
Charge for the period to 30 June 2016	506	1,078	1,584
Eliminated on disposal	-	(135)	(135)
At 30 June 2016	**2,633**	**2,954**	**5,587**
Carrying amount			
At 30 June 2016	**40,440**	**3,160**	**43,600**
At 30 June 2015	40,946	3,985	44,931
At 30 June 2014	42,248	4,886	47,134
Amounts in respect of assets of the Group held under finance leases are as follows:			
Net book value at 30 June 2016	-	901	901
Net book value at 30 June 2015	-	1,075	1,075
Depreciation provided in the period at 30 June 2016	-	174	174
Depreciation provided in the period at 30 June 2015	-	174	174

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

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)

12. INTANGIBLE ASSETS

	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
Cost or valuation at 1 July 2014	3,598	16,060	19,658
Additions	285	6	291
Disposals	(814)	-	(814)
Cost or valuation at 1 July 2015	3,069	16,066	19,135
Additions	1,704	6	1,710
Disposals	(1,078)	-	(1,078)
At 30 June 2016	**3,695**	**16,072**	**19,767**
Amortisation:			
At 1 July 2014	1,858	3	1,861
Charge for period to 30 June 2015	778	2	780
Eliminated on disposal	(728)	-	(728)
Provision for impairment	265	-	265
At 1 July 2015	2,173	5	2,178
Charge for period to 30 June 2016	764	2	766
Eliminated on disposal	(1,078)	-	(1,078)
At 30 June 2016	**1,859**	**7**	**1,866**
Net book value at 30 June 2016	**1,836**	**16,065**	**17,901**
Net book value at 30 June 2015	896	16,061	16,957
Net book value at 30 June 2014	1,740	16,057	17,797

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

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

13. INVESTMENTS IN SUBSIDIARIES

Company	Investment of shares	Capital contribution	Total £'000
Cost and net book value at 1 July 2015 and 30 June 2016	13,294	28,125	41,419

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 and their results are included in these consolidated financial statements.

Notes to the financial statements (continued)

14. INTERESTS IN ASSOCIATES

	£'000
Group	
At 1 July 2015	587
Share of profits in the year to 30 June 2016	147
Dividends received in the year to 30 June 2016	(212)
Provision for impairment	(522)
At 30 June 2016	-

Rangers Retail Limited is an entity whose principal activity is the retail of the Club's branded sports and leisure goods.

As set out in note 1, the Board of Directors considers that the Group does not control the entity. As such, the Board considers that the investment in Rangers Retail Limited represents an investment in an associate, and have applied the equity method of accounting.

Entity	Rangers Retail Limited
Registered	Scotland
Reporting date (1)	24 April
% Issued share capital held (2)	25.5%
Year to 24 April 2016	**£'000**
Non-current assets	-
Current assets	1,896
Current liabilities	(1,088)
Provisions	(152)
Net assets	**656**
Revenue	3,675
Net operating expenses	(2,454)
Profit before tax	**1,221**
Tax	(244)
Profit after tax	**977**

(1) The financial reporting date for Rangers Retail Limited is 24 April, in line with SportsDirect.com. The 2016 audit of Rangers Retail Limited has yet to be completed by its auditors at the date of approval of these financial statements. The information presented is the management accounts for the financial year to 24 April 2016.

(2) The Board acknowledges the share allotment error within Rangers Retail Limited, as disclosed in their financial statements for the year to 26 April 2015. As at the year end, no steps had been taken by Rangers Retail Limited to correct this error. As such, the percentage of voting rights held by the Club is 25.5%. Upon correction, this will return to 51% as intended following the return of the shares from SportsDirect.com Retail Limited.

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

Following repayment of the SportDirect.com Retail Limited loan, the Club gave formal notice to Rangers Retail Limited in January 2016 to end its IP Licence and Rights Agreement upon expiry of the incorporated seven year notice period.

On 18 May 2016 the Club served notice on Rangers Retail Limited, terminating the IP licence and Rights Agreement with immediate effect as a result of breaches of that agreement by Rangers Retail Limited, as detailed in note 31. The share of profits for the year to 30 June 2016 reflects the Club's share of profit to the last management accounts prepared prior to this date. Despite the termination, Rangers Retail Limited has continued to sell Rangers licensed products.

In August 2016, SDI Retail Services Limited raised a claim to allow it to bring derivative action proceedings on Rangers Retail Limited's behalf against the Club, and Dave King and Paul Murray (as directors of Rangers Retail Limited). The proceedings would seek to allow SDI Retail Services Limited to act on behalf of Rangers Retail Limited with the aim to declare that the IP Licence and Rights Agreement remains in full effect.

As a result of the ongoing litigation and termination of the agreement, the Group has concerns about the future viability of the entity and considers that there are significant restrictions over the ability to profit from its investment. As such, the Group considers that its investment in Rangers Retail Limited is impaired and has recognised an impairment provision amounting to £522,000 at the year end.

Rangers Retail Limited is not a publicly quoted company and as such, no quoted market price is available.

Notes to the financial statements (continued)

15. TRADE AND OTHER RECEIVABLES

	2016 £'000 Group	2015 £'000 Group	2016 £'000 Company	2015 £'000 Company
Trade Debtors	12,602	5,774	-	-
Less: - provision for doubtful debts	(5)	(5)	-	-
	12,597	5,769	-	-
Other debtors	161	138	-	-
Prepayments and accrued income	1,527	693	-	-
	14,285	6,600	-	-

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

All trade and other receivables are due within one year.

Trade receivables above include £nil (2015- £34,000) in relation to the disposal of player registrations and £11,423,000 (2015: £5,255,000) in respect of season tickets that are paid by supporters using deferred payment plans or merchant services.

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

16. CASH AND BANK BALANCES

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

Notes to the financial statements (continued)

17. OTHER LOANS

Group

CURRENT LIABILITIES	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Investor loans at amortised cost	3,750	3,750	3,750	3,750
	3,750	3,750	3,750	3,750

NON-CURRENT LIABILITIES	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Investor loans at amortised cost	5,224	-	5,224	-
SportsDirect.com Retail Limited loan at amortised cost	-	5,000	-	5,000
	5,224	5,000	5,224	5,000

ANALYSIS OF LOANS - 2016	Interest free loans from investors £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Investor loans repayable on demand	3,750	-	3,750
Investor loans repayable in December 2017	6,275	(1,051)	5,224
	10,025	(1,051)	8,974

Investor loans

Further details regarding investor loans can be found on note 30 to the financial statements.

During the year, £6.275m 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.

Secured debts

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

In addition to the security granted as noted above, The Scottish Sports Council (Sports Scotland) has a standard security over Auchenhowie. Finance leases are secured over the assets to which they relate.

Book value of non-current assets pledged as security	2016 £'000	2015 £'000
Non-current assets – standard security	6,819	24,736
Non-current assets – finance leases	901	1,075

Notes to the financial statements (continued)

18. TRADE AND OTHER PAYABLES

	2016 £'000	2015 £'000
Group		
Current liabilities		
Trade creditors	1,021	1,002
Social security and other taxes	2,659	1,498
Other creditors	48	26
Accruals	1,553	1,816
	5,281	**4,342**

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

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

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

Player registration payables:	2016 Trade creditors	2016 Accruals	2015 Accruals
Current liabilities	-	-	-
Between two and five years	137	127	59
	137	**127**	**59**

Notes to the financial statements (continued)

19. OBLIGATIONS UNDER FINANCE LEASES

Group

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

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

Other Commitments

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

20. DEFERRED INCOME

	2016 £'000	2015 £'000
Group		
Income deferred less than one year	15,491	6,246
Income deferred more than one year	366	244
	15,857	6,490

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 2017 financial year.

Notes to the financial statements (continued)

21. DEFERRED TAX

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

Specification of Basis for Deferred Tax	**Opening balance 2016 £'000**	**Recognised in Income Statement 2016 £'000**	**Recognised in Other Comprehensive income 2016 £'000**	**Closing balance 2016 £'000**
Non current assets	6,329	-	(763)	5,566
Tax losses	-	(27)	-	(27)
	6,329	(27)	(763)	5,539

Specification of Basis for Deferred Tax	**Opening balance 2015 £'000**	**Recognised in Income Statement 2015 £'000**	**Recognised in Other Comprehensive income 2015 £'000**	**Closing balance 2015 £'000**
Non current assets	6,685	(356)	-	6,329
Tax losses	-	-	-	-
Deferred tax liability	6,685	(356)	-	6,329

At the balance sheet date, the Group has unrecognised tax losses of £19.30m which amounts to an unrecognised deferred tax asset of £3.45m. There is also an unrecognised deferred tax liability of £0.22m in respect of temporary tax differences in non current assets. No deferred tax assets have been booked due to uncertainty in the short term over when sufficient taxable profits will arise to offset these losses.

22. 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 review 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 24 to 27 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.

Notes to the financial statements (continued)

22. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying value of the financial assets and liabilities (with non-financial assets and liabilities shown for reconciling purposes) are analysed as follows:

	Financial £'000	Non financial £'000	Total At 30 June 2016 £'000	Total At 30 June 2015 £'000
Non-current assets	-	61,501	61,501	62,475
Trade receivables and similar items	12,597	-	12,597	5,769
Cash and cash equivalents	2,958	-	2,958	1,091
Other current assets	1,688	-	1,688	831
Total assets	17,243	61,501	78,744	70,166
Financial liabilities				
Trade and other payables	5,795	-	5,795	10,974
Other liabilities	24,869	5,539	30,408	15,472
Total liabilities	30,664	5,539	36,203	26,446
Net (liabilities)/assets	(13,421)	55,962	42,541	43,720

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.

(i) Market risk

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

Foreign currency management

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

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

Notes to the financial statements (continued)

22. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Credit risk

Credit risk is 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 £12,597,000, £nil relates to amounts receivable from various other football clubs in relation to player trading, and £8,829,000 relates to amounts due from merchant service providers. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and is £15,555,000.

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

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

(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 2016, the Group has external loans of £10.03 million (note 17), and finance leases of £0.1m.

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.

At the year end, the Group's contractual cash flows and exposure to liquidity risk was as follows:

	Due on demand or less than one year £'000	Due 1-2 years £'000	Due 2-5 years £'000	Total As at 30 June 2016 £'000
Investor loans	(3,750)	(6,275)	-	(10,025)
Trade and other payables	(5,281)	(287)	(187)	(5,755)
Finance lease obligations	(38)	-	-	(38)
Total	(9,069)	(6,562)	(187)	(15,818)

The investors have indicated that their facilities will continue to be made available whilst funds are still required by the Club.

23. FAIR VALUES

	Carrying value £'000	Category Level 3 £'000
Non financial assets		
Property, plant & equipment	40,440	40,946

See note 11 for details of property, plant & equipment held at fair value. 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.

Notes to the financial statements (continued)

24. SHARE CAPITAL

	As at 30 June 2016 £'000
Group and Company	
At 1 July 2015 and 30 June 2016 allotted, called up and fully paid 81,478,201 Ordinary shares of 1p each	815

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

25. SHARE PREMIUM

	As at 30 June 2016 Group £'000	As at 30 June 2016 Company £'000
Balance at 1 July 2015 and 30 June 2016	32,008	19,048

26. OTHER RESERVES

Merger Reserve

In the company balance sheet, a merger reserve of £12,960,000 (2015 - £12,960,000) was created following the share for share exchange with The Rangers Football Club Limited in 2012.

Revaluation reserve	As at 30 June 2016 £'000
Group	
Balance at 30 June 2014	26,738
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 2015	26,376
Deferred tax liability relating to components of other comprehensive income	763
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2016	**26,777**

Capital contribution reserve	As at 30 June 2016 £'000
Group and Company	
Balance at 30 June 2015	-
Contribution received	1,361
Balance at 30 June 2016	**1,361**

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 loan, 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.

Notes to the financial statements (continued)

27. RETAINED EARNINGS

	Group £'000	Company £'000
Previously reported balance at 30 June 2014	(7,260)	(848)
Prior period adjustment pertaining to year ended 30 June 2014	(122)	-
Revised balance at 30 June 2014	(7,382)	(848)
Previously reported loss for the year ended 30 June 2015	(8,337)	(581)
Release of revaluation reserve for the year ended 30 June 2015	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2015	(91)	-
Prior period adjustment pertaining to year ended 30 June 2015	(122)	-
Revised balance at 30 June 2015	**(15,479)**	**(1,429)**
Loss for the year ended 30 June 2016	(3,303)	(353)
Release of revaluation reserve for the year ended 30 June 2016	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2016	(91)	-
Balance at 30 June 2016	**(18,420)**	**(1,782)**

The parent company is exempt from disclosing a company-only income statement. Its loss for the year was £353,000 (2015 - £581,000).

Notes to the financial statements (continued)

28. PRIOR PERIOD ADJUSTMENT

During the preparation of the financial statements for the year ended 30 June 2016, it was identified that certain Revenue in respect of a contractual arrangement should have been deferred and released over the life of the contract rather than recognised immediately. This resulted in Revenue being overstated by £122,000 in the year to 30 June 2015 and £122,000 in the year to 30 June 2014 with a corresponding decrease in equity for both periods. As such the comparative figures in the financial statements for the year ended 30 June 2016 have been revised with the total impact of £244,000 recognised in the line item of Deferred income within Non current liabilities. A revised Balance Sheet for 2014 has not been presented on the grounds of materiality. The impact on the financial statements is shown below.

	Previously reported Year to 30 June 2015 £'000	Prior period adjustment £'000	Revised Year to 30 June 2015 £'000
Revenue	16,470	(122)	16,348
(Loss) for the year	(7,535)	(122)	(7,657)
Basic and diluted earnings per share	*(10.66p)*	*(0.16p)*	*(10.82p)*
Basic and diluted earnings per share on ordinary activities	*(10.93p)*	*(0.16p)*	*(11.09p)*
Deferred income	-	(244)	(244)
Equity	43,964	(244)	43,720

The prior year figures have also been revised within the Company only financial statements of Rangers International Football Club PLC to:

1) Reclassify the line items in Amounts due from subsidiary undertakings in Current Assets to Investment in subsidiaries within Non-Current Assets. In the opinion of the Board, this is a more appropriate reflection of the substance of the arrangements between the company and its subsidiaries. There is no impact on the Income Statement, Net Assets or Equity as a result of the reclassification. There is no impact to 2014 and as such no revised Balance Sheet has been presented.

2) 'Gross up' investor loans that had previously been included 'net' within those line items above. The investor loans are provided to Rangers International Football Club PLC and as such the Parent Company financial statements have been revised to show those liabilities within that entity There is no impact to the Income Statement, Net Assets or Equity as a result of the reclassification. There is no impact to 2014 and as such no revised Balance Sheet has been presented.

	Previously reported Year to 30 June 2015 £'000	Prior period adjustment £'000	Revised Year to 30 June 2015 £'000
Investment in subsidiaries	13,294	21,850	35,144
Amounts due from associated undertakings	18,100	(18,100)	-
Amounts due to investors	-	(3,750)	(3,750)

Notes to the financial statements (continued)

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	Year to 30 June 2016 £'000	Year to 30 June 2015 £'000	Year to 30 June 2016 £'000	Year to 30 June 2015 £'000
(Loss)/profit for the year	(3,303)	(8,673)	(353)	(581)
Amortisation and impairment of intangible fixed assets	766	1,043	-	-
Depreciation and impairment of property, plant and equipment	1,584	2,104	-	-
Impairment on investment in associate	522	-	-	-
(Gain)/Loss on disposal of players' registrations	(121)	(1,180)	-	-
Financing costs and other charges	325	56	310	-
Share of Income from associates	(147)	(87)	-	-
Decrease/(increase) in trade and other receivables	(7,706)	(3,791)	43	(2,263)
(Decrease)/increase in trade and other payables and deferred income	10,080	(801)	-	-
Taxation	(27)	(178)	-	-
Cashflows from discontinued operations (note 10)	-	(711)	-	-
Cash used in operations	(1,973)	(12,218)	-	(2,844)

30. RELATED PARTY TRANSACTIONS

Investor loans

	2016 £'000 New Oasis Asset Limited	2016 £'000 Director loans	2015 £'000 Other related party loans	2016 £'000 Total Investor loans	2015 £'000 Total Investor loans
Opening balance	1,500	750	1,500	3,750	1,500
Loans repaid	-	-	-	-	(1,500)
Loans provided	2,200	1,700	2,375	6,275	3,750
Closing balance	3,700	2,450	3,875	10,025	3,750

During the year, the Group received £6.275m from existing shareholders, directors and other parties. £5m of this funding was used to repay the loan from SportsDirect.com Retail Limited with the remaining amount available for working capital purposes. All security in respect of the loan from SportsDirect.com Retail Limited has been released.

New Oasis Asset Limited

Shareholder

On 22 May 2015, the company entered into a loan agreement with New Oasis Asset Limited totalling £1.5m repayable in December 2015. Since this date, this loan has been available on demand and New Oasis Asset Limited has advised that they will extend the facilities available whilst the funds are required by the Club.

In December 2015, a further loan facility of £3m was agreed, of which £2.2m has been drawn down at the year-end. This amount remains outstanding at 30 June 2016 and is due for repayment in December 2017. New Oasis Asset Limited is a company controlled by the Group Chairman, Mr D King. No interest or fees are to be charged in respect of the facilities and the loan is being provided on an unsecured basis.

Notes to the financial statements (continued)

30. RELATED PARTY TRANSACTIONS (CONTINUED)

Director loans

Douglas Park, John Bennett, Paul Murray

In March 2015, the company entered into loan agreements with certain of the above mentioned parties for facilities totalling £0.75m. The loans were originally being made available until 31 December 2015. Since this date, the loans have been available on demand and the parties have advised that they will continue to make the facilities available whilst the funds are required by the Club.

In December 2015, the company entered into loan agreements with the above mentioned parties for facilities totalling £1.7m. This amount remains outstanding at 30 June 2016 and is due for repayment in December 2017. No interest or fees are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

Other related party loans - *Shareholders and new investors*

George Taylor, George Letham, Andrew Ross, Barry Scott, Scott Murdoch

In March 2015, the company entered into loan agreements with certain of the above mentioned parties for facilities totalling £1.5m. The loans were originally being made available until 31 December 2015. Since this date, the loans have been available on demand and the parties have advised that they will continue to make the facilities available whilst the funds are required by the Club.

In December 2015, the company entered into loan agreements with the above mentioned parties for facilities totalling £2.375m. This amount remains outstanding at 30 June 2016 and is due for repayment in December 2017. No interest or fees are to be charged in respect of the facilities and the loans are being provided on an unsecured basis.

Transactions with Rangers Retail Limited

Associate entity

During the period, TRFCL sold goods and services amounting to £119,000 to Rangers Retail Limited and received dividends amounting to £212,500. At the year end, TRFCL was due £14,000 in trade receivables

Key management personnel remuneration

Details in respect of the remuneration of the Board of Directors and Key management personnel are disclosed in note 7 to the financial statements.

31. CONTINGENT LIABILITIES AND ASSETS

Independent Investigation

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

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

The Investigation was overseen by Roy Martin QC.

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

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

On 28 May 2013, a further letter before claim was sent to (inter alia) The Rangers Football Club Limited and Rangers International Football Club plc on behalf of Craig Whyte, Aidan Earley and (purportedly) Sevco 5088 Limited. The Board is of the view that the claims set out in the letter before claim are entirely unsubstantiated. This view incorporates legal advice received by the Board and the outcome of the Investigation. This letter is now 40 months old and no further correspondence or information in respect of this matter has been received during this time.

Notes to the financial statements (continued)

31. CONTINGENT LIABILITIES AND ASSETS (CONTINUED)

Rangers Retail Limited

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

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

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

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

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

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

On the basis of the information presently available, the Board and its nominated directors on the Rangers Retail Limited Board have concerns about the future viability of Rangers Retail Limited. No value has been attached to the shareholding in Rangers Retail Limited in the financial statements. Further enquires are being made by the nominated directors into the financial position of Rangers Retail Limited and the situation will be kept under close review.

Loss of earnings / Civil action against former directors

On 23 May 2016, The Rangers Football Club Limited commenced legal proceedings against Charles Green, Brian Stockbridge, Imran Ahmed, Derek Llambias, SportsDirect.com Retail Limited and Michael Ashley relating to the circumstances surrounding the entering into by the Company of a Stadium Sponsorship Agreement between the Company and SportsDirect.com Retail Limited and its subsequent replacement by a Partnership Marketing Agreement between the Company and SportsDirect.com Retail Limited.

The Company is seeking declarator that the Partnership Marketing Agreement was entered into in breach of fiduciary duties and duties under the Companies Act 2006 and as such is void.

The Club is also seeking damages from the Defenders in respect of their breaches of duty totalling c. £4.1m. The proceedings have been raised in the Court of Session in Edinburgh and are currently at the adjustment stage. A date for an initial hearing has yet to be set.

Notes to the financial statements (continued)

32. EARNINGS PER ORDINARY SHARE

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

	Year to 30 June 2016	Year to 30 June 2015
(Loss)/profit for the year attributable to owners of the company (£'000)		
Earnings for the purpose of basic and diluted earnings per share	(3,303)	(8,459)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	(3,303)	(8,673)
Weighted average number of shares for the purpose of basic and diluted earnings per share	81,478,201	78,214,064
Basic and diluted earnings per ordinary share	(4.05p)	(10.82p)
Basic and diluted earnings per ordinary share	(4.05p)	(11.09p)

33. POST BALANCE SHEET EVENTS

Investor funding

In October 2016 the Group received £2.9m of funding from investors as detailed in note 1 to the financial statements.

Capital Commitments

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

Acquisitions of player registrations

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