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RANGERS INTERNATIONAL FOOTBALL CLUB PLC

Annual Report 2014

Contents

Directors and advisors

DIRECTORS

James Easdale (appointed 11 July 2013)

David Somers (appointed 12 November 2013)

Norman Crighton (appointed 25 November 2013)

Derek Llambias (appointed 3 November 2014)

Graham Wallace (appointed 25 November 2013, resigned 26 October 2014)

Philip Nash (appointed 20 July 2014, resigned 24 October 2014)

Brian Stockbridge (resigned 24 January 2014)

Malcolm Murray (resigned 9 July 2013)

Craig Mather (resigned 16 October 2013)

Walter Smith (resigned 2 September 2013)

Philip Cartmell (resigned 8 July 2013)

Ian Hart (resigned 16 October 2013)

Bryan Smart (resigned 16 October 2013)

REGISTERED OFFICE

Ibrox Stadium, Glasgow G51 2XD

AUDITOR

Deloitte LLP, Chartered Accountants and Statutory Auditor, Glasgow

SOLICITORS

DFW Biggart Baillie LLP, Dalmore House, 310 St Vincent Street, Glasgow G2 5QR

Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2PX

BANKERS

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

REGISTRARS

Capita Registrars, Ibex House, 42-47 Minories, London EC3 1DX

STOCKBROKERS

Daniel Stewart & Co. plc, 36 Old Jewry, London, EC2R 8DD

Company Registration Number: SC437060

Business review

Operational Performance

SPFL League One Champions
Unbeaten in the league campaign
Scottish Cup Semi Finalists
SFA Youth Cup Winners

Financial Performance

Revenue increased by 32%
Retail revenue up by 375%
Sponsorship and Advertising revenue up by 79%
Operating losses down 42% from £14.4m to £8.3m

Football Manager's Review

Rangers Football Club's journey back to the top tier of Scottish football continues in Season 2014/15 and our main objective is to secure promotion to the Scottish Premiership.

Last season, our hard work was rewarded with the League One title – won by a margin of 39 points – and we remained unbeaten for the entire league programme.

We also reached the semi-final stage of the Scottish Cup and the final of the Challenge Cup and while a return to the top flight is our priority we are determined to perform well in all competitions we enter and add to the club's great tradition of lifting silverware.

I know a club of our stature is expected to win every game but our players and backroom staff should be congratulated for this achievement and it was fitting we dedicated the championship success to the late, great Sandy Jardine who will forever be in our thoughts.

We lost a man of great honour, class and dignity in April but he will never be forgotten and future generations of Rangers supporters will be reminded of his legend as the Govan Stand is now fittingly known as the Sandy Jardine Stand.

We have added a number of new faces to the playing pool in recent months, who all bolster a squad we believe is capable of taking this club back to the top flight. Kris Boyd, Kenny Miller, Marius Zaliukas, Darren McGregor, Steve Simonsen and Lee Robinson have been recruited and will all have an important role to play in the weeks and months ahead.

The emergence of young players like Lewis Macleod, Fraser Aird and Calum Gallagher in the past 12 months is also pleasing and we will continue to develop our top talent from Murray Park as a balance of youth and experience performing for Rangers at the highest level is something we all want to see.

Kenny McDowall, Ian Durrant, the playing staff and backroom team will continue to work tirelessly to reward the Rangers supporters with success. We all share the common goal of taking this club back to the top and together the task will be much easier.

We are just one stage away from getting back to where we belong and while we have Hearts and Hibernian in our division this season I am confident we will continue to progress and rebuild this great football club.

On behalf of everyone at Rangers Football Club I would like to thank our fanbase for their continued support. Their loyalty and commitment drives us on every day and we are determined to win the Championship title for them.

Alistair McCoist
Manager

Business review (continued)

Chairman's Report

I am pleased as Chairman of Rangers to present the 2013/14 Annual Report, following a turbulent yet encouraging year in the history of the football club. Given the journey we have been on it is amazing that it is only 13 months since I became part of this Board.

Personally I joined the new Board during November of this period, quickly followed by Graham Wallace as Chief Executive Officer and Non-Executive Director Norman Crighton. We joined James Easdale, who had been appointed in July 2013.

The Board immediately set out to stabilise the business and then began developing a long-term strategy for the Club; two critical requirements following a period of considerable uncertainty.

In both cases we have moved significantly forward in our aims in spite of working in financially pressurised circumstances. There have been three distinct phases. Firstly, there was a phase during which we set out to understand the financial condition of the Club and to build up a list of legacy issues that we needed to address. The second phase, which has taken much longer, was to address these inherited issues, in some cases as our finances allowed them to be addressed. Some of these inherited issues are still being dealt with and this phase is not yet fully completed. The first two phases by definition are largely backward looking and involve dealing with historical issues. The third phase, growing the football club, in many ways is now the much more interesting, as we are more and more focused on looking forward to the future.

We all want to return to the top flight of our game, in the quickest possible time and with the on-going target of competing in European football. I am sure you will all agree that this will be more easily achieved if everybody who cares about the Club works together for the betterment of Rangers, which perhaps has not always been the case. Our path to restoring Rangers to where we all want the Club to be, can only be achieved with the continued support of all supporters, shareholders and business partners.

Although much progress has been made in this financial year, I am also certain that there will be further testing times ahead, but I am confident that we will continue to successfully clear every hurdle put in front of us.

That confidence comes in part from the hard work and dedication shown by my fellow Board members and also our hard working staff. I see a positive attitude and effort shown by everybody associated with the football club. I would like to pay particular thanks to the staff, who have been unstinting in their loyalty and dedication, together with our shareholders who have shown support and who have given encouragement for our plans.

On the subject of support, much has been written about our fans and elements of our fan base this year and let me make one thing very clear, we know how much they care about their football club. We do understand their concerns and appreciate their passion. During this period I have felt that one of the sad things is that perhaps because of the recent Rangers history, it has been understandable that supporters are often suspicious of any Rangers Board. I sincerely hope that, over time, fans will come to realise that the often very difficult decisions being made are necessary for the future success of Rangers.

We are asking at the 2014 Annual General Meeting for permission from our shareholders to enable us to issue shares for cash both on a non-pre-emptive and pre-emptive basis to ensure maximum flexibility for the Company to raise equity finance in the most cost efficient manner with a view to continuing to improve the long term financial stability of the Club. Permission to issue shares for cash on a non pre-emptive basis was not approved at the 2013 Annual General Meeting given the uncertainty over the strategic objectives for the Club at that time. This has limited the Company's ability to raise equity finance and has meant that since December 2013 Rangers has borrowed money to fund the Club. Very early in the 2014 calendar year, we borrowed money from George Letham and Sandy Easdale for a few months. This money has since been repaid, but I would like to publicly thank them for their support during the months in which we borrowed from them.

More recently, since the end of the 2013/2014 financial year, we have again needed finance as operating revenue has been lower than anticipated. We were lucky that two individuals plus one consortium were willing to discuss offering Rangers financial support. There has been much recent speculation on these discussions and perhaps mainly with regard to the prospective support from a consortium which included Dave King and many questions as to why this proposal was not accepted by the Board. Given Rangers' history in doing deals with people, the Board agreed at the outset of any discussions with potential funders that it was very important that the Board undertook a high degree of due diligence in relation to any discussions. The Board also had a timeline set within which the best proposal would be completed.

The first stage was a simple one of potential funders providing evidence that they had the uncommitted funds available and confirming the identity of the potential funders. Two of the potential funders were able to provide immediate proof of funds and identity details. The consortium which included Dave King was unwilling to provide proof of funds or identity details for consortium members until the condition to their funding had been met. The Board were informed that the consortium comprised eight members in total and details of the identity of each consortium member was requested by the Board together with proof of funds. The consortium required the Board, as a condition of progressing these funding discussions, to obtain the prior consent of more than 75% of shareholders to support their proposal to provide equity funding. The Board were unable to obtain the comfort required by the consortium from shareholders without details of consortium members and the proof of funds, particularly as other proposals had provided this certainty and represented immediately available sources of finance. The consortium were principally interested in discussing a significant equity finance solution which would not have been capable of immediate completion given the need for either a pre-emptive offer to have been made first or for new

Business review (continued)

authority to allot shares on a non pre-emptive basis to be granted at the 2014 Annual General Meeting. The Board were then in a position where the immediately executable proposals were assessed on their commercial merits and the Board consulted with significant shareholders as part of this process.

Since the end of the financial year, two of our directors (Graham Wallace and Philip Nash) resigned. Philip was an interim Finance Director and originally was only asked to work for 3 months; so we always knew his was a temporary position. At the start of their tenure, Graham and Philip undertook a 120 day business review, the outcome of which required us to continue to operate at a significant loss until we returned to the Premiership. Although Graham had the full support of the Board and, the Board believed, of significant shareholders to implement this plan, in the event the Board found that shareholders appetite to support the level of losses envisaged in this strategic plan waned.

Sadly, this year, one of our greatest supporters will not be with us on the rest of this journey. In April we lost Sandy Jardine – a truly inspirational Ranger. I had the privilege of meeting him a number of times before he left us and I found him to be one of football's true gentlemen. Sandy will be forever revered and the re-naming of the Govan Stand in his memory is a fitting tribute to a truly wonderful person who cared so passionately about his Club.

When the Board and I set out on this venture just over 12 months ago, there were two important aims. Personally I hope that these will be our long term legacy to Rangers. Firstly, to ensure that the events of the recent past can never again happen to Rangers and secondly, to ensure Rangers gets back to the top in football. These remain my long term focus. Last year, at the AGM, I said that I was proud to be Chairman of Rangers. I repeat that today, because I genuinely believe it is a privilege to be Chairman of this great Club.

Business review (continued)

A. Operational Report

2013/14 saw Rangers Football Club complete the second stage of our rise back to the top of Scottish football and the year also brought another vital component for a new Rangers to emerge for the future – a structured and measured approach to rebuilding the football club.

An unbeaten SPFL League One campaign was an excellent return for Alistair, his staff and the players and they deserve our congratulations. While we were all ultimately disappointed to have been defeated in both the Ramsdens Cup Final and the William Hill Scottish Cup semi final, our fundamental objective of achieving promotion was comfortably achieved with a points total into three figures.

I was delighted that the Board was able to further support the Manager in providing funds for the recruitment of nine players in 2013/14 and also in the period immediately after the end of the financial year when we brought Kenny Miller, Kris Boyd, Steve Simonsen and Lee Robinson back to the Club, together with the signings of Marius Zaliukas and Darren McGregor.

While the success of any major football club will always be benchmarked by its first team, a strong Youth Academy is also an informative barometer of long-term health and well being. It is very pleasing to see the quality and quantity of young talent being nurtured at Murray Park. Last season our Under 20s won the SFA Youth Cup and narrowly lost out in the title race in the final week of the campaign. 57 players from our Under 14 to Under 21 age groups were called into international squads and three more Murray Park Academy graduates made their first team debuts.

The ladies and girls teams have come a long way in a short space of time, enjoying significant success. In season 2013, the Ladies reached the semi-final of the Scottish Cup, The Under 17s team secured the league, Scottish Cup and League Cup treble, the U15s and U13s finished second in the leagues and a new U11s team has been introduced. Internationally, the Rangers ladies teams have contributed 22 players to the Scotland teams across all age groups.

Ibrox hosted both Scottish Cup semi finals last season and then, in the post-reporting period, the enormously successful Rugby Sevens event during the recent Commonwealth Games. Over 170,000 people attended the competition over two days and we look to further utilise the stadium in future for non-football events.

Our supporters once again showed why they are so remarkable with an average league attendance of over 40,000 for our 18 league home games – the seventh highest average in British football – and they also followed the Club in huge numbers on our travels.

When the Board of Directors was ratified half way through the 2013/14 financial year, it received a mandate to develop, support and enhance on-pitch performance and to ensure Rangers becomes more financially secure.

In order to begin this process we instigated a comprehensive Business Review of Club operations in order to create a football club fit for purpose.

The Business Review identified that Rangers was in a more severe financial condition than the Board had believed at the time of the 2013 AGM and also discovered major operational, commercial and strategic issues which were far more serious than anticipated.

While we continue to deal with some of these challenges, I am pleased to report that much progress has been made and we have still continued momentum on all fronts.

These financial results show the significant progress we have made since December 2013 in our quest to reposition Rangers at the pinnacle of Scottish football.

In this financial year, we have:

- Improved trading performance
- Stabilised the financial profile by reducing the cost base
- Dealt with a number of legacy issues
- Built new commercial partnerships
- Added to the quality of the playing squad
- Created a Strategic Plan to drive on-field success while being financially robust
- Made significant steps towards reconnecting with our fan base

I am pleased to be able to report to you that significant progress has been made to reduce operating losses and getting costs under control, thanks to the work carried out since the Board was appointed. The increase in revenue is satisfying and primarily due to the increased receipts in retail, sponsorship and advertising.

Business review (continued)

Our work to improve our commercial offering is proving successful and I am delighted that we reached a three-year agreement with the UK's premier online casino company 32Red to become our shirt sponsor. It is a testament to the attraction the Club retains within the commercial sector and the new partnership gives 32Red a strategic platform in which to further increase the visibility of their brand, as well as access to Scotland's largest football club fan base. They join Puma, Coca Cola and Sports Direct as important and valued partners.

In the post-reporting period, global drinks giant Heineken agreed to become our official beer provider and one of the world's leading information technology businesses, Huawei, are now our official wifi provider. They are most welcome and we look forward to developing mutually beneficial long-term relationships.

It was made clear in the Business Review that if there was a substantial decrease in season ticket sales for the 2014/15 season, it would have a detrimental effect on our financial planning, and sadly this has occurred.

We have seen a significant reduction in our season ticket numbers for the current season. Some fans decided not to renew their season tickets but stated that they will continue to support the team by attending on a match-by-match basis. We respect everybody's decision to make the choice they feel is right for them although it should be noted at the time of writing, that the number of fans attending our home league games so far this season is down year-on-year.

This has had a large negative effect on our balance sheet and reduces our ability to move forward with the desired momentum and the Club has been compelled to seek additional funding to make up the shortfall. On 12 September 2014 we successfully completed an open offer raising gross proceeds of £3.13 million from existing shareholders to provide some measure of financial support. We have also secured in October and November of this year a credit facility with MASH Holdings Limited of £3.0m.

The Board will seek shareholder approval at the 2014 Annual General Meeting to enable us to issue shares for cash both on a non-pre-emptive and pre-emptive basis to ensure maximum flexibility for the Company to raise equity finance and to provide the financial capability required to develop the Club in the longer term.

Our fiscal approach is to be prudent, balanced and responsible. It is undertaken by a Board who are fully committed to the highest levels of corporate governance and custodianship.

We continue to chart our future strategy in the five key areas of:

- Developing Football Performance and Capability
- Focus on Player Asset Management and Youth Development
- Re-connecting effectively to our Local and Global Fan Base
- Developing Best in Class Commercial and Operational Capability
- Strengthening Commitment to our Communities

The year also saw Rangers make the first, important steps towards building an effective programme of engagement with our fan base. Fans were contacted via email, SMS, online and at matchdays to assist in our Ready To Listen Initiative, showing we are serious about improving communications and dialogue with all supporters. Subsequent focus groups took place in Ibrox with feedback generated helping to shape the direction of the Club's fan engagement strategy.

The supporters were asked to take part in a survey that was used to help give focus to the new Membership scheme. Every season ticket holder automatically received a complimentary founder membership and a newly democratically elected Official Rangers Fans Board was formed in the 2014/15 season after an independent Nominations Committee reviewed applicants and nominated a shortlist for fans to vote for.

The nominations committee included former Rangers Captain and Hall of Fame member David Weir, rugby international Alastair Kellock, Reverend Stuart MacQuarrie and five Rangers supporters. The newly elected Fan Board comprises:

Female Fans: Alison Clark-Dick

Families: Christine Murdoch

Overseas Fans: Gary Gillan

Fans in Glasgow/Govan Community: William Gillan

Disabled Fans: William Paterson

Business review (continued)

Ethnic Minorities: Zia Islam

Under 18s: William Findlay

Ibrox Match Ticket Purchasers: Robert Callaghan

Corporate Fans: Tom Clements

Official Members: Tom Johnstone

Season Ticket Holders: Alan Fraser

We sincerely hope that this new Fan Board will help us to improve our communication with fans and will help us to understand and address their concerns.

We have also begun a wider ranging plan to improve the matchday experience at Ibrox and refresh our home game experience in order to return it to a best-in-class venue.

We conducted a full brand review across the football club, which has identified several areas to be addressed and improved. This will involve the launch of a new website and media offering for our global supporter base. It will also look at our wider environment with the aim of improving the matchday experience.

Through the positive promotion of sport, education and physical activity, the brand of Rangers Football Club has been a powerful force for good across many communities. The Rangers Charity Foundation has a strong track record of success that can be enhanced for wider benefit to positively improve lives in the communities in which we operate.

We recognise our responsibility to the wider community, and are fully committed to using the passion for the Club to make a difference to people's lives in our local and global Rangers communities. Now in its 14th season the Club's community programme is being re-invigorated and working with strategic partners, focusing on key areas of community need including:

- Health & Wellbeing
- Education
- Equality & Fairness
- Employability
- Community Safety and Sustainability

Our domestic community projects impact thousands of lives on a weekly basis. We work closely with partners including Glasgow City Council, SAMH, Princes Trust, SPFL Trust, East Dunbartonshire Council, Community Health Care partnership, Helping Heroes and Glasgow Community Safety Services.

The Old Firm Alliance projects reach around 30,000 individuals per year, increasing physical activity among 12 – 18 year olds; providing healthy life style workshops to children in over 60 schools throughout Glasgow and educating on anti-social behaviour.

Recovery with Rangers helps adults with addictions to improve their fitness, while our Get Active programme working with adults with mental health issues has produced significant results in improving self-esteem.

More than 450 young primary school children joined our Tobacco & Young People Project, culminating with an event at Rangers training ground Murray Park.

Expanding Rangers reach and influence worldwide and developing the footballers of the future is high on our agenda and the Rangers Soccer Schools brand continues to extend the reach of the Club worldwide with Rangers coaching staff working with players from over 10 countries including new additions such as Bermuda, Italy and Malta.

The launch of the Rangers North American Academy has seen 12 partner clubs join in the first year of its life, adding over 10,000 players to our family.

There remain significant challenges ahead, but the work carried out in the second half of the year 2013/14 across the entire football club has laid solid and stable foundations for the future.

Everybody associated with Rangers is working tirelessly in order to build a successful long-term future that everybody who loves this Club can be proud of.

Business review (continued)

B. Finance Report

We are pleased to present a set of financial results that reflect important progress in re-establishing a strong and self-sustaining Rangers Football Club.

Although we have experienced difficult trading conditions, there have been a number of important and positive, developments in our fiscal position during the financial year.

A 32% increase in total revenue from £19.1m to £25.2m was recorded in the year ending 30 June 2014, with the majority of the uplift due to the first full year of our retail venture with our long term partner Sports Direct. This resulted in a 375% increase in retail revenue from £1.6m to £7.6m. It should be noted that the previous financial year's total is from a considerably shorter period in which our new retail business was trading and therefore is not a like-for-like comparison.

As at 30 June 2014, the Group had a cash balance of £4.6m.

Reduced revenues from gate receipts and hospitality down from £13.2m to £12.4m were a direct result of the lower matchday attendances from both season ticket holders and walk-ins. This shortfall was offset by increased revenue from sponsorship and advertising up from £0.8m to £1.5m illustrating the improvements in the Rangers brand perception. Proceeds from ticket sales were also adversely impacted by the decision not to increase prices of either season or matchday tickets from the previous season.

Season ticket sales were down from 38,228 in 2012/13 to 36,039 in the 2013/14 financial year, resulting in a fall in revenue from £8.1m to £7.7m in financial years 2012/13 and 2013/14 respectively. Our average home league attendance also fell from 45,111 in the 2012/13 season to 41,444 in 2013/14.

Other Operating Income rose from £1.7m to £2.1m, a 22% increase, mainly as a result of hosting both Scottish Cup Semi Finals and an increased associated uplift in matchday catering revenues.

The Senior Management team has carried out an extensive review of the entire business operation at the Club since the Board was reconstituted almost half way through the fiscal year. This work has achieved substantial progress in reducing the cost base carried over from the previous financial year. Bringing costs under control was a primary objective in the last six months of 2013/14.

Operating losses almost halved from £14.4m to £8.3m – a 42% reduction in a critical area. Staff Costs are down by 18% from £17.9m to £14.7m with the biggest progress coming in a £1.9m reduction in salary costs following the Manager's decision to take a salary cut together with a reduction of the wage bill and termination payments in the playing squad.

A reduction in staffing levels from 146 to 122 in this period resulted in a further £0.7m saving in salary costs across the business.

Other Operating Charges were up from £13.3m to £16.4m due mainly to the increased costs of sales in the retail business that is to be expected with the improved performance in our retail operation.

In the post-reporting period the Board was pleased to announce the successful Open Offer for existing shareholders which resulted in 15,667,860 new Ordinary Shares being issued. This raised proceeds of £3.13m (before fees and expenses) and provided additional working capital which was required during the course of the current financial year.

During the year we were able to secure short-term loans of £1.5m from the Club's shareholders Sandy Easdale and George Letham, and since the year-end we have secured a further credit facility of £3m from another shareholder MASH Holdings Ltd.

As outlined in the strategic report, our forecasts indicate that a further capital raise will be required during the current financial year in order for the business to meet working capital requirements and for the Club to progress up the league pyramid.

David Somers
Executive Chairman

Strategic report

About Rangers International Football Club plc (the “Company”, “RIFC”, 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 51,082 seater Ibrox Stadium and benefitting from the world class 37 acre Murray Park training facility, Rangers have been a dominant force in Scottish football for decades. This world class stadium, training infrastructure and a loyal and passionate global fanbase provide an excellent foundation for the Company.

The Club recently secured the SPFL League 1 title of the Scottish Professional Football League (SPFL), and it is the intention of the Directors and the Manager for the Club to return to top level football as soon as possible. The history, facilities and ambition of the Club are such that the Club remains a desirable destination for foreign and domestic players alike. The first team squad is managed by Alistair McCoist, the former Rangers forward, who remains the Club’s all-time leading goal scorer.

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. The Directors have also considered the financial results on pages 23 and 26 as part of this report.

Strategic report (continued)

Consolidated Results of Operations

REVENUE

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

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Gate receipts and hospitality	12,361	13,224
Sponsorship and advertising	1,466	819
Retail	7,647	1,607
Broadcasting rights	1,016	778
Commercial	651	974
Other revenue	2,089	1,705
Total revenue	**25,230**	**19,107**

Revenue for the year ended 30 June 2014 totalled £25.2 million. Of this total, gate receipts and hospitality income contributed £12.4 million. During the year the Club played eighteen home league matches and four home cup matches (2013: eighteen home league matches and seven home cup matches). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

Season ticket income of £7.7 million was recognised during the year to 30 June 2014 based on sales of approximately 36,000 season tickets.

Broadcasting revenue during the year was limited by playing in SPFL League 1, and therefore having a limited number of televised matches.

Commercial income of £0.7 million, sponsorship income of £1.5 million and broadcast income of £1.0m recognised during the year to 30 June 2014 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.

Retail income of £7.6 million was recognised in the year, as the Club's venture with SportsDirect.com to distribute the Club's merchandise and strips continued. Three strip launches were included in the reported figures, with the 2013/14 away and third replica strip range being released at the start of the year, and the home replica strip for season 2014/15 released before the year end.

OPERATING EXPENDITURE

RIFC has incurred the following operating expenses during the year:

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Staff costs	14,709	17,943
Other operating charges	16,413	13,317
Hire of plant and machinery	360	193
Depreciation of property, plant and equipment	1,269	765
Revenue grants	–	(374)
Amortisation of trade marks	2	1
Amortisation of players' registrations	929	1,718
Auditor's remuneration	155	105
Total operating expenses	**33,837**	**33,668**

Player costs are RIFC's most significant expenditure, including £6.5 million in respect of the first team playing squad. First team player salary costs are contractual and each player's salary is unique.

Strategic report (continued)

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

Other Operating Charges were up from £13.3 million to £16.4 million due mainly to the increased costs of sales in the retail business that is to be expected with the improved performance in our retail operation.

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 2014.

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Cash used in operations	(5,742)	(7,561)
Net cash used in investing activities	(1,546)	(10,526)
Net cash from financing activities	697	29,285
Net (decrease)/increase in cash and cash equivalents	**(6,591)**	**11,198**

Cash used in operations in the year to 30 June 2014 totalled £5.7 million, including cash received from season tickets, other matchday revenue, as well as operating expenditure.

Net cash used in investing activities of £1.5 million mainly included £1.5 million net spend on property, plant and equipment.

The net cash inflow from financing activities of £0.7 million included £1.5 million of loans being drawn down, £0.7 million of repaid leases, and £0.1 million of distribution of dividends to Sports Direct as a minority interest in Rangers Retail Limited.

Season ticket cash inflows are predominantly received between May and September each year as this is when season tickets are renewed.

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 2014.

	Year ended 30 June 2014	13 month period to 30 June 2013
Total revenue (£'000s)	25,230	19,107
Operating loss (£'000s)	(8,300)	(14,361)
First Team Wages/Turnover ratio	26%	43%
Number of games played (total)	49	49
Number of games played (SFL home)	18	18
Number of games played (SFL away)	18	18
Number of games played (Cup home)	4	7
Number of games played (Cup away)	8	4
Number of other games (Friendlies)	1	2
Number of season tickets sold	36,039	38,228
Season ticket sales (£'000s)	7,726	8,056
Average season ticket price (£)	214	210
Average attendance (league home matches)	41,444	45,111

Strategic report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team successfully claimed the SPFL League 1 title. In addition, the Club's first team reached the Semi Final of the Scottish Cup, and the Final of the Ramsdens Cup. In the current season, the Club plays in the SPFL Championship and currently sits in second place.

The Club enjoys a world class stadium and training infrastructure and a loyal and passionate global fan base, which provide a predictable income and the foundation for the Company. The Directors believe that digital media and RIFC's broadcasting arrangements enable RIFC to capitalise on the Club's brand better than has taken place before. Directors are confident that the future of the Company is bright and encourages them as they seek to achieve their goal of securing Rangers as a leading club in world football. Securing promotion to the Premiership will help them in this task.

RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that it considers to be associated with the running of a professional football club. Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. These risks are regularly reviewed internally by executive management and overseen by the Audit Committee.

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 the impact if it did occur. Management personnel are responsible for managing these risks and the required steps to be taken are subject to direction and on-going review by executive management and directors.

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

Future funding

The current and future financial position of the Group, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicate that further funds will be required early in the year 2015. The Directors have several options open to them to raise the required funds and have been approached by several parties wanting to offer funds on a secured basis. Whilst these conversations are at an early stage it does appear that a commercially acceptable agreement can be secured.

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 ongoing case relating to Craig Whyte and Aidan Earley referred to in Note 30 is the only case deemed worthy of disclosure.

Retail revenue

The sale of merchandise through the Club's venture with Sportsdirect.com is a significant source of cash for the company through the profit-share agreement. The revenue through the stores is unpredictable, driven either by the quality of the products or level of support from the fans.

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 matchdays, including hospitality, catering and programmes. Worse than expected results and inclement weather, especially during the winter months can lead to a drop in attendances.

Broadcasting contracts and football competitions

The SPFL sells domestic broadcasting rights centrally. The Club currently competes in the SPFL Championship, which provides lower revenue streams than the Group aims to receive in future years. The future level of revenue is not contractually guaranteed, and is subject to influence from third parties.

Player transfer market and wages

The football club is subject to two transfer windows within the year. The unpredictable nature of these, with players able to move relatively freely, despite their contracts and many clubs looking to buy players with comparative skills, means that all clubs cannot guarantee that they will retain or add to the squad to meet their requirements. The short transfer window can also have an inflationary effect on prices or alternatively drive selling prices down.

Strategic report (continued)

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 21 to the financial statements.

PROPERTY MATTERS

The property valuation report from DM Hall dated 10 October 2012 includes a valuation of the company's properties under a depreciated replacement cost method at 31 August 2012 as follows:

- Ibrox Stadium – £65.2 million; and
- Murray Park – £14 million. This represents a combined value of £79.2 million.

The Company's financial statements includes the properties at an existing use valuation of £42.2 million at 30 June 2014 after charging depreciation of £0.8 million.

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 2014, 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 a carrying value of RIFC's non-current assets of £64.9 million. Accordingly, RIFC's property, which has been revalued under an existing use basis, has been included within the financial statements fixed asset balance of £47.1 million with other non-current assets being included at £17.8 million. The Directors will re-visit this exercise at each subsequent balance sheet date to consider whether the value in use calculation can support a higher value of RIFC's properties.

GOING CONCERN

The Directors 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 Directors have considered the Group's ability to meet its liabilities as they fall due.

The company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the 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 Directors acknowledge that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

The Board has undertaken a recent and thorough review of the Group's forecasts and the associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The extent of this review reflected the current economic environment, the Club's current and projected trading and position in Scottish football.

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

- Continued progression through the Scottish league structure. The Group's forecast assumes the Club will achieve promotion to the Scottish Premiership at the conclusion of the 2014/15 season.

Strategic report (continued)

- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket numbers and prices from season 2014/15 to reflect the expected return to the Scottish Premiership (while still remaining below the levels when the Club was previously in the SPL).
- Matchday income, which is projected to grow as the Club progresses through the Scottish League structure.
- Sponsorship, commercial and other non-matchday income reflecting customer confidence returning and increased hospitality demand.
- The timing and amount of cash flows from the Group's merchandise sales through dividends from Rangers Retail Limited.
- Further overhead cost reduction measures to reflect the Club's operations returning to a more stable operating environment.
- Payroll costs reflecting the current squad size and composition. The forecast cash flows do not assume any amounts generated from player sales.
- The Group's ability to secure further debt or equity finance to allow the Group to continue to meet its liabilities as they fall due. Without taking account of the possibility for refinancing the £3 million short term loan facility falling due for repayment in April 2015 or of the impact of any cost reduction measures or of any other potential sources of revenue, such as player transfer or loan fees, the forecast identifies that the Group will require up to £8 million by way of debt or equity finance within the next 12 months. The forecast indicates that these significant further funds will be required in early 2015, the first tranche of which being required in January 2015, to meet day to day working capital requirements.
- The Directors recognise that achievement of the forecast is critically dependent on the football performance for the rest of the current season. Consequently, a downside sensitivity has been applied to the forecast to assess the impact of promotion not being achieved at the end of the current season, and the consequent impact on revenues and costs for the season 2015/16. While there would be a significant operating profit impact in 2015/16, the expected timing of the related cashflows is such that it would not be expected to increase the funding requirement in the base case forecast for the period through to the end of November 2015, 12 months from the date of approval of these financial statements.

The current and future financial position of the Group, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicate that further funds will be required in early 2015. The Directors have several options open to them to raise the required funds and have been approached by several parties wanting to offer funds on a secured basis. Whilst these conversations are at an early stage and are therefore outwith the Directors' control, it does appear that a commercially acceptable agreement can be secured.

These conditions around the refinancing of the existing short term loan facilities and the need to secure further financing result in the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making the enquiries referred to above, the Directors believe that there is a reasonable expectation that the Group and RIFC plc will 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.

The Group also has two finance lease agreements totalling £0.9 million.

As at 30 June 2014, the Group held £4,607,000 of cash. Included within cash and bank balances is £3,069,000 (2013 – £946,000) relating to Rangers Retail Limited, which is not immediately available as working capital to the Group as a whole.

Since the year end, the Group company The Rangers Football Club Limited has entered into a credit facility agreement with MASH Holdings Limited, a company controlled by Mike Ashley, an existing shareholder of the Group.

On 27 October 2014, the first credit facility of £2m was agreed, for a period of six months, interest free. The facility is secured by standard security over the properties of Edmiston House and Albion car park.

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

Approved by the Board and signed on its behalf by:

DAVID SOMERS, Executive Chairman
26 November 2014

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 2014.

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 3 to 9, and the Strategic Report on pages 10 to 15.

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.

RESULTS AND DIVIDENDS

The audited consolidated income statement for the year ended 30 June 2014 is set out on page 23. The Directors have not recommended the payment of a dividend (2013: nil).

DIRECTORS

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

Name	Position	Date of Appointment	Date of Resignation
Craig Mather	CEO	30 April 2013	16 October 2013
Malcolm Murray	Chairman	14 December 2012	9 July 2013
Walter Smith	Chairman	14 December 2012	2 September 2013
Brian Stockbridge	Finance Director	4 December 2012	24 January 2014
Ian Hart	Non-exec Director	14 December 2012	16 October 2013
Bryan Smart	Non-exec Director	14 December 2012	16 October 2013
Philip Cartmell	Non-exec Director	14 December 2012	9 July 2013
Graham Wallace	CEO	25 November 2013	26 October 2014
Norman Crighton	Non-exec Director	25 November 2013	–
David Somers	Chairman	12 November 2013	–
Philip Nash	Finance Director	30 July 2014	24 October 2014
Derek Llambias	Non-exec Director	3 November 2014	–
James Easdale	Non-exec Director	11 July 2013	–

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 £22k (2013: £165k) to international, UK-based and local charities during the period. The Group made no political donations during the year (2013: nil).

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 and appropriate training is

Directors' report (continued)

arranged. 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 and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the Group. This is achieved by departmental meetings 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.

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 Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

DAVID SOMERS, Executive Chairman
26 November 2014

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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
- make an assessment of the company's ability to continue as a going concern.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

By order of the board

DAVID SOMERS
Executive Chairman
26 November 2014

Corporate governance statement

Corporate governance

Rangers International Football Club plc is listed on AIM and is not subject to the requirements of the Combined Code on corporate governance, nor is it required to disclose its specific policies in relation to corporate governance. However, the directors are committed to delivering high standards of corporate governance to the Company's shareholders and other stakeholders including fans, employees and suppliers.

The Board of Directors operates within the framework discussed below.

The workings of the Board and its committees

The Board of Directors
The Board meets monthly to consider all aspects of the Company's activities. A formal schedule of matters reserved for the Board includes overall strategy and approval of major capital expenditure.

The Board currently consists of the Executive Chairman and three non-executive directors. Throughout the majority of the period under review, the Board has also had a Chief Executive, although none is in place at the time of this report. A process is underway to identify a new Chief Executive and Finance Director for the Group.

Remuneration committees
The Remuneration Committee comprises David Somers, Norman Crighton, and is chaired by James Easdale. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Chief Executive and all other Executive Directors. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee will also liaise with the Nomination Committee to ensure that the remuneration of newly appointed Executives is within the Company's overall policy. The Board (excluding non-executive directors) determines the remuneration of the non-executive directors.

Audit committee
The Audit Committee comprises Norman Crighton, and is chaired by David Somers. It is responsible for ensuring that the financial performance of the Company is properly reported on and monitored, and for reviewing the auditor's reports relating to their audit of the financial statements. The Committee also reviews the performance of the auditors including their independence.

Investment committee
The Investment Committee comprises James Easdale, David Somers and is chaired by Norman Crighton. It is responsible for controlling the budgetary process and authorisation levels which regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals are submitted to the Finance Director.

Nominations committee
The Nomination Committee is chaired by James Easdale and also comprises David Somers and Norman Crighton. It is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

Relations with shareholders
Communications with shareholders are given a high priority by the Board of Directors who take responsibility for ensuring that a satisfactory dialogue takes place. Executive Directors meet with the Company's institutional shareholders following the announcement of interim and final results and at other appropriate times. The Company has a website containing investor information to improve communications with individual investors and other interested parties.

Fan Board
The year saw Rangers make the first, important steps towards building an effective programme of engagement with our fan base. Fans were contacted via email, SMS, online and at matchdays to assist in our Ready To Listen Initiative, showing we are serious about improving communications and dialogue with all supporters. Subsequent focus groups took place in Ibrox with feedback generated helping to shape the direction of the Club's fan engagement strategy.

The supporters were asked to take part in a survey that was used to help give focus to the new Membership scheme. Every season ticket holder automatically received a complimentary founder membership and a newly democratically elected Official Rangers Fans Board was formed in September 2014 after an independent Nominations Committee, distinct from the Board Nominations Committee, reviewed applicants and nominated a shortlist for fans to vote for.

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.

Corporate governance statement (continued)

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

We have audited the financial statements of Rangers International Football Club plc for the year to 30 June 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 32. 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 AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 at 30 June 2014, and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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. The Group requires additional funding to continue to meet its liabilities as they fall due. The Group has made key assumptions in relation to its ability to secure further funding in addition to the timing and value of season ticket income, increases in matchday income and sponsorship, the timing and value of dividends and further cost reductions.

These conditions around the need to secure further funding, along with the details provided in note 1 of the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

EMPHASIS OF MATTER – UNCERTAIN OUTCOME OF POTENTIAL LITIGATION

In forming our opinion on the consolidated financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 30 to the financial statements concerning the uncertain outcome of the potential litigation following the receipt of two letters before claim from legal advisers to Craig Whyte and Aidan Earley. The Company commissioned an independent investigation ('the Investigation') to investigate the first

Independent auditor's report (continued)

letter before claim, which was concluded on 17 May 2013. On 30 May 2013, following the receipt of a second letter before claim, the Company announced that the Investigation had been concluded. The Company is satisfied that a thorough investigation was conducted despite the inherent limitations of a private inquiry, and considers the claims have no legal merit. The Company has also engaged the services of Allen & Overy to defend against these possible claims, and the Company has had no communication with Messrs Whyte & Earley or their legal advisers since 30 May 2013. The ultimate outcome of this matter cannot presently be determined, and accordingly no adjustments have been made to these financial statements as a result of this matter.

OPINION ON OTHER MATTER 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.

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.

The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the auditor's name should not be stated.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
26 November 2014

Consolidated Income Statement

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
REVENUE	2	25,230	19,107
OPERATING EXPENSES			
Amortisation of players' registrations		(929)	(1,718)
Other		(32,908)	(31,950)
Total operating expenses		**(33,837)**	**(33,668)**
Other operating income		**307**	**200**
OPERATING LOSS		(8,300)	(14,361)
Profit/(loss) on disposal of player registrations		395	(352)
Non-recurring items			
- Release of negative goodwill	5	–	20,465
- Other	5	–	(4,261)
Total non-recurring items		–	16,204
Finance costs	8	(119)	(233)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,024)	1,258
Taxation	9	(61)	(66)
(LOSS)/PROFIT FOR THE PERIOD		**(8,085)**	**1,192**
Attributable to:			
Owners of the Company		(8,652)	948
Non-controlling interests		567	244
		(8,085)	**1,192**
Earnings per ordinary share	31	(13.29p)	2.09p
Diluted earnings per ordinary share	31	(13.29p)	2.06p

All results arise from continuing operations.

The notes on pages 29 to 50 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
(Loss)/profit for the period		(8,085)	1,192
Items that will not be reclassified subsequently to the income statement			
Gains on property revaluation		–	33,988
Deferred tax relating to components of other comprehensive income	20	1,011	(7,817)
Other comprehensive income for the period		1,011	26,171
Total comprehensive (loss)/income for the period		(7,074)	27,363
Attributable to:			
Owners of the Company		(7,641)	27,119
Non-controlling interests		567	244
		(7,074)	**27,363**

Consolidated Balance Sheet

As at 30 June 2014

	Notes	2014 £'000	2013 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	47,134	46,616
Intangible assets	11	17,797	18,436
		64,931	**65,052**
CURRENT ASSETS			
Inventories	13	184	85
Trade and other receivables	14	3,405	5,231
Cash and bank balances	15	4,607	11,198
		8,196	**16,514**
TOTAL ASSETS		**73,127**	**81,566**
CURRENT LIABILITIES			
Trade and other payables	16	(8,166)	(6,273)
Obligations under finance leases	18	(477)	(694)
Deferred income	19	(6,156)	(8,156)
Provisions for liabilities	17	(552)	–
		(15,351)	**(15,123)**
NET CURRENT (LIABILITIES)/ASSETS		**(7,155)**	**1,391**
NON-CURRENT LIABILITIES			
Trade and other payables	16	(364)	(520)
Obligations under finance leases	18	(476)	(953)
Deferred tax liability	20	(6,685)	(7,817)
Provisions for liabilities	17	(281)	–
		(7,806)	**(9,290)**
TOTAL LIABILITIES		**(23,157)**	**(24,413)**
NET ASSETS		**49,970**	**57,153**
EQUITY			
Share capital	22	651	651
Share premium account	23	29,139	29,139
Revaluation reserve	26	26,738	25,883
Retained earnings	27	(7,260)	1,236
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		49,268	56,909
Non-controlling interests		702	244
TOTAL EQUITY		**49,970**	**57,153**

The notes on pages 29 to 50 form an integral part of these financial statements.

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 26 November 2014. They were signed on its behalf by:

DAVID SOMERS
Executive Chairman

Consolidated Balance Sheet (continued)

As at 30 June 2014

	Notes	2014 £'000	2013 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	12	13,295	13,295
		13,295	**13,295**
CURRENT ASSETS			
Amounts due from subsidiary undertakings	14	15,647	16,163
NET ASSETS		**28,942**	**29,458**
EQUITY			
Share capital	22	651	651
Share premium account	23	16,179	16,179
Merger reserve	25	12,960	12,960
Retained earnings		(848)	(332)
TOTAL EQUITY		**28,942**	**29,458**

The notes on pages 29 to 50 form an integral part of these financial statements.

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 26 November 2014. They were signed on its behalf by:

DAVID SOMERS
Executive Chairman

Consolidated Statement of Changes in Equity

For the period to 30 June 2014

	Share capital £'000	Share premium £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000	Non controlling interests £'000	Total equity £'000
At incorporation	–	–	–	–	–	–	–
Share capital issued	651	29,139	–	–	29,790	–	29,790
Profit for the period to 30 June 2013	–	–	948	–	948	244	1,192
Revaluation movement	–	–	–	33,988	33,988	–	33,988
Deferred tax liability relating to components of other comprehensive income	–	–	–	(7,817)	(7,817)	–	(7,817)
Transfer from revaluation reserve to retained earnings	–	–	288	(288)	–	–	–
As at 30 June 2013	651	29,139	1,236	25,883	56,909	244	57,153
Loss for the year to 30 June 2014	–	–	(8,652)	–	(8,652)	567	(8,085)
Dividends	–	–	–	–	–	(109)	(109)
Deferred tax liability relating to components of other comprehensive income	–	–	–	1,011	1,011	–	1,011
Deferred tax liability relating to depreciation of components of other comprehensive income	–	–	(121)	121	–	–	–
Transfer from revaluation reserve to retained earnings	–	–	277	(277)	–	–	–
AS AT 30 JUNE 2014	**651**	**29,139**	**(7,260)**	**26,738**	**49,268**	**702**	**49,970**

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
CASH USED IN OPERATIONS	28	**(5,742)**	**(7,561)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of trade and assets		–	(6,750)
Purchase of intangible assets		(345)	(1,329)
Purchase of property, plant and equipment		(1,487)	(3,271)
Proceeds from sale of intangible assets		360	1,052
Interest paid		(74)	(228)
NET CASH USED IN INVESTING ACTIVITIES		**(1,546)**	**(10,526)**
FINANCING ACTIVITIES			
Repayment of lease finance		(694)	(505)
Proceeds from issue of shares		–	29,790
Loans received		1,500	1,815
Loans repaid		–	(1,815)
Distribution of minority interest dividends		(109)	–
NET CASH INFLOW FROM FINANCING ACTIVITIES		**697**	**29,285**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(6,591)**	**11,198**
Cash and cash equivalents at the beginning of the period		11,198	–
Cash and cash equivalents at the end of the period		4,607	11,198
		(6,591)	**11,198**

Notes to the Financial Statements

For the year ended 30 June 2014

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), adopted by the EU and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGMENTS

The following accounting policies have identified by the Board as being the most significant to the statutory financial statements.

GENERAL INFORMATION

Rangers International Football Club plc is a Company incorporated in Scotland. 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 because that is the currency of the primary economic environment in which the Group operates. All activities of the Group are performed in the United Kingdom.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Other than the Group's property which has been revalued, the financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The Directors 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 Directors have considered the Group's ability to meet its liabilities as they fall due.

The company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the 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 Directors acknowledge that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

The Board has undertaken a recent and thorough review of the Group's forecasts and the associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The extent of this review reflected the current economic environment, the Club's current and projected trading and position in Scottish football.

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

- Continued progression through the Scottish league structure. The Group's forecast assumes the Club will achieve promotion to the Scottish Premiership at the conclusion of the 2014/15 season.
- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket numbers and prices from season 2014/2015 to reflect the expected return to the Scottish Premiership (while still remaining below the levels when the Club was previously in the SPL).
- Matchday income, which is projected to grow as the Club progresses through the Scottish League structure.
- Sponsorship, commercial and other non-matchday income reflecting customer confidence returning and increased hospitality demand.
- The timing and amount of cash flows from the Group's merchandise sales through dividends from Rangers Retail Limited.
- Further overhead cost reduction measures to reflect the Club's operations returning to a more stable operating environment.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

- Payroll costs reflecting the current squad size and composition. The forecast cash flows do not assume any amounts generated from player sales.

- The Group's ability to secure further debt or equity finance to allow the Group to continue to meet its liabilities as they fall due. Without taking account of the possibility for refinancing the £3m short term loan facility falling due for repayment in April 2015 or of the impact of any cost reduction measures or of any other potential sources of revenue, such as player transfer or loan fees, the forecast identifies that the Group will require up to £8 million by way of debt or equity finance within the next 12 months. The forecast indicates that these significant further funds will be required in early 2015, the first tranche of which being required in January 2015, to meet day to day working capital requirements.

- The Directors recognise that achievement of the forecast is critically dependent on the football performance for the rest of the current season. Consequently, a downside sensitivity has been applied to the forecast to assess the impact of promotion not being achieved at the end of the current season, and the consequent impact on revenues and costs for the season 2015/16. While there would be a significant operating profit impact in 2015/16, the expected timing of the related cashflows is such that it would not be expected to increase the funding requirement in the base case forecast for the period through to the end of November 2015, 12 months from the date of approval of these financial statements.

The current and future financial position of the Group, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicate that further funds will be required in early 2015. The Directors have several options open to them to raise the required funds and have been approached by several parties wanting to offer funds on a secured basis. Whilst these conversations are at an early stage and are therefore outwith the Directors' control, it does appear that a commercially acceptable agreement can be secured.

These conditions around the refinancing of the existing short term loan facilities and the need to secure further financing result in the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making the enquiries referred to above, the Directors believe that there is a reasonable expectation that the Group and RIFC plc will 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.

Basis of consolidation

The Group's set of financial statements incorporates the financial information of Rangers International Football Club plc and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis.

The subsidiary company Rangers Retail Limited has been treated as a company under the control of Rangers International Football Club plc, and consolidated as such. RIFC plc owns 51% of the shares in Rangers Retail Limited, and the distribution of cash dividends to the parent company is approved by the Board of the subsidiary. Control over the design and approval of the kit, and the licensing of the brand, is exercised through the IP Licence agreement the Group entered into with Rangers Retail Limited in 2012.

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 applied to the acquisition of The Rangers Football Club Ltd. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquirer. Acquisition-related costs are recognised in profit or loss as incurred.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

– deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquirer's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquirer and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the consolidated income statement as a release of negative goodwill.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales-related tax.

Merchandising revenue is recognised when goods are delivered and title has passed.

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profits differ from net profit as reported in the income statement because they exclude items of income or expense that are taxable or deductible in other years and they further exclude items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been substantively 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.

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.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Player registrations

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

Property, plant and equipment

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

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

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

Freehold properties	1% – 1.33%
Motor vehicles	20%
General plant and equipment	10% – 33%

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

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 2014 the Group has only operated in one segment, namely the operation of a football club, and therefore no operating segment note has been prepared.

Critical accounting judgments and estimates

In the application of the Group's accounting policies, which are described earlier in this note, the Directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal balances in the financial statements where changes in estimates and assumptions may have a material impact are:

Recoverable amount of non-current assets

All non-current assets, including property, plant and equipment and intangible assets are reviewed for potential impairment using estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future levels of income, media and sponsorship revenue and on pitch performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the asset.

Non-recurring items

Items which 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.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where necessary.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, 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 intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future 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 for which the estimates of future cash flows have not been adjusted. The discount rate used at 30 June 2014 was 14% (2013 – 14%).

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. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

As at 30 June 2014, the Directors performed an impairment review by reference to value in use, using discounted cash flows to ascertain the value at which the property and other non-current assets could be supported. The discounted cash flow forecasts are prepared using:

- the most recent budgets and projections approved by management for season 2014/15 to 2018/19
- capital expenditure cash flows that reflect the cycle of capital investment required

The key operating assumptions for the value-in-use calculations are as set out in the Group's disclosures on going concern. In addition the value in use calculations are sensitive to the following additional assumptions:

- discount rate of 14%

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

- long term growth rate of 2%
- obtaining promotion at the conclusion of season 2014/15 to the Scottish Premiership
- predictions of expected football results beyond season 2014/15 i.e. league placings; cup progressions; matchday attendances; and future European participation from 2016/17 onwards, based on previous experience of the Club.

Management estimates discount rates using pre-tax rates that reflect the current market assessments of the time value of money and the risks specific to the Group's one cash-generating unit (CGU). The discount rate reflects management's view of the current risk profile of the underlying assets being valued with regard to the current economic environment and the risks that the football game as a whole are facing.

The impairment review supported the carrying value of RIFC's non-current assets of £64.9m, showing a value in use of £69.8m.

The Group has also conducted sensitivity analysis on the impairment test of the CGU's carrying value. The following reasonably possible individual changes in key assumptions would cause the CGU's recoverable amount to be equal to its carrying amount

- increase in discount rate from 14% to 14.7%
- reduction in long term growth rate from 2% to 0.8%
- reduction in season 2015/16 operating cash flows of 86%
- reduction in average annual cash flows in seasons 2016/17 to 2018/19 9%

Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24.

Fair values of business acquisitions

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

Provision for legal claims

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. In instances where these criteria are not met, a contingent liability may be disclosed in the notes to the financial statements.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

1. ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised Standards

At the date of authorisation of these financial statements, the following Standards and interpretations, relevant to the Group, which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 15	Revenue from contracts with customers
IAS 36 (amended)	Recoverable amount disclosures for non-financial assets

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

2. REVENUE

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Gate receipts and hospitality	12,361	13,224
Sponsorship and advertising	1,466	819
Retail	7,647	1,607
Broadcasting rights	1,016	778
Commercial	651	974
Other operating income	2,089	1,705
	25,230	**19,107**

3. LOSS FOR THE YEAR/PERIOD

	Notes	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Loss for the period has been arrived at after charging/(crediting):			
Staff costs		14,709	17,943
Other operating charges		16,413	13,317
Hire of plant and machinery		360	193
Cost of inventories recognised as an expense		4,639	691
Depreciation of property, plant and equipment	10	1,269	765
Revenue grants		(307)	(574)
Amortisation of trade marks	11	2	1
Amortisation of players' registrations	11	929	1,719
Release of negative goodwill to income statement		–	(20,465)
Auditor's remuneration	4	155	90

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

4. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts:		
Audit of the Company's financial statements	80	50
Audit of the Company's subsidiaries	75	40
Total audit fees	**155**	**90**
Fees payable to the company's auditor for other services to the Group:		
Audit-related assurance services	15	35
Other tax advisory services	35	117
Corporate finance services in relation to flotation	–	314
Accounting investigation services	–	128
Total non-audit fees	**50**	**594**

The company's policy on the use of auditors for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded was controlled by the Audit Committee. No services were provided pursuant to contingent fee arrangements.

5. NON-RECURRING ITEMS

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Repayment of RFC 2012 plc football debt	–	2,721
Release of negative goodwill to income	–	(20,465)
IPO fund-raising expenses	–	332
Investigation expenses	–	599
Acquisition expenses	–	609
Non-recurring expenditure	–	**(16,204)**

The undertaking of RFC 2012 plc football debts in the prior period relates to football club creditors of RFC 2012 plc that have been taken on by the Group.

The release of negative goodwill in the prior period relates to negative goodwill arising from the purchase of the trade and assets.

Prior period acquisition expenses relate to one-off costs paid on acquisition of the trade and assets on 14 June 2012 from RFC 2012 plc.

Investigation expenses in the prior period relate to professional fees incurred by the Group after the Board committed to an independent investigation following legal claims made by Craig Whyte and Aidan Earley.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

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 2014 Number	Year ended 30 June 2013 Number
Football players	53	50
Others	122	146
	175	**196**

In addition, the Group employed an average of 319 part-time employees during the year (2013: 80).

The aggregate remuneration comprised:

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Wages and salaries	13,130	15,885
Social security costs	1,395	1,846
Other pension costs	184	212
	14,709	**17,943**

7. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits £	Fees £	Bonus £	Pensions £	Gain on share options £	Benefit in kind £	Year to 30 June 2014 £	13 months to 30 June 2014 £
Executive								
Brian Stockbridge	125,419	–	(98,000)	–	189,285	971	217,675	409,308
Malcolm Murray	–	–	–	–	–	–	–	52,222
Craig Mather	78,750	–	–	–	–	6,230	84,980	58,557
Graham Wallace	198,846	–	160,000	18,981		–	377,827	–
David Somers	50,000	–	–	–	–	–	50,000	–
Charles Green	–	–	–	–	–	–	–	715,526
Non-Executive								
Ian Hart	–	13,872	–	–	–	–	13,872	28,228
Bryan Smart	–	14,809	–	–	–	–	14,809	28,228
Philip Cartmell	–	1,154	–	–	–	–	1,154	29,168
James Easdale	–	–	–	–	–	–	–	–
Norman Crighton	–	26,664	–	–	–	–	26,664	–
Walter Smith	–	–	–	–	–	–	–	50,000
Total	**453,015**	**56,499**	**62,000**	**18,981**	189,285	**7,201**	**786,981**	**1,371,237**

The aggregate emoluments and pension contributions of the highest paid director were £358,846 (2013: £715,526) and £18,981 (2013: Nil) respectively.

Severance payments were made to directors in the year of £566,000 (2013: £217,850). These were paid to Craig Mather (£350,000) and Brian Stockbridge (£216,000). As part of the severance agreement with Brian Stockbridge, a previous bonus was recovered, with a net value after tax of £98,000.

Since the year end a further severance payment has been made to Graham Wallace of £100,000.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

8. FINANCE COSTS

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Interest on loans	45	152
Interest payable on lease finance agreements	91	117
Discounting charges	–	31
Interest received	(17)	(67)
Total interest charged to income statement	**119**	**233**

9. TAXATION

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Corporation tax:		
Current tax	182	66
Deferred tax (note 20)	(121)	–
	61	**66**

Corporation tax is calculated at 22.50% of the estimated taxable profit for the year (2013 – 23.77%).

The charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
(Loss)/profit on ordinary activities before tax	(8,024)	1,258
Tax at the UK corporation tax rate of 22.50% (2013 – 23.77%)	(1,805)	299
Tax effect of expenses that are not deductible in determining taxable profit	135	121
Tax effect of income not taxable in determining taxable profit	–	(3,994)
Capital allowances in excess of depreciation/(depreciation in excess of capital allowances	87	(132)
Capital allowances in excess of depreciation/(depreciation in excess of capital allowances) prior year adjustment	(66)	–
Tax losses carried forward	1,710	3,772
Tax expense for the period	**61**	**66**

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

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

The directors are of the opinion that there is insufficient evidence to support recognition of the unrecognised deferred tax asset disclosed in note 20. Such an asset would only be realised in the event of the Group generating sufficient future taxable profits from which accumulated losses could be deducted.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:

	Year ended 30 June 2014 £'000	13 month period to 30 June 2013 £'000
Deferred Tax		
Arising on income and expenses recognised in other comprehensive income:		
Revaluation of property	–	7,817
Deferred tax rate change in relation to revaluation of heritable freehold properties from 23% to 20%	(1,011)	–
Total deferred tax recognised in other comprehensive income	**(1,011)**	**7,817**

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

	Freehold properties £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
At incorporation	–	–	–
Acquisition	6,500	1,470	7,970
Additions	2,462	2,961	5,423
Revaluations	33,988	–	33,988
At 30 June 2013	42,950	4,431	47,381
Additions	123	1,664	1,787
At 30 June 2014	**43,073**	**6,095**	**49,168**
Accumulated depreciation:			
At incorporation	–	–	–
Charge for the period to 30 June 2013	414	351	765
At 30 June 2013	414	351	765
Charge for the year to 30 June 2014	411	858	1,269
At 30 June 2014	**825**	**1,209**	**2,034**
Carrying amount			
At 30 June 2014	**42,248**	**4,886**	**47,134**
At 30 June 2013	42,536	4,080	46,616
On incorporation	–	–	–

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

Net book value at 30 June 2013	–	1,422	1,422
Net book value at 30 June 2014	–	**1,249**	**1,249**
Depreciation provided in the period at 30 June 2013	–	144	144
Depreciation provided in the period at 30 June 2014	–	**173**	**173**

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

On 31 August 2012 the Directors valued the Freehold Properties, comprising Ibrox Stadium and Murray Park 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 12.25 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 £79.2m at 31 August 2012, was performed by DM Hall LLP, independent valuers, not connected to the Group. The Directors consider that these valuations remain appropriate at 30 June 2014.

Further details of the impairment assessment performed by the directors are provided in Note 1 on page 33.

11. INTANGIBLE ASSETS

	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
At incorporation	–	–	–
Acquisition	3,575	16,042	19,617
Additions	1,607	12	1,613
Disposals	(1,652)	–	(1,652)
At 30 June 2013	3,524	16,054	19,578
Additions	346	6	352
Disposals	(272)	–	(272)
At 30 June 2014	**3,598**	**16,060**	**19,658**
Amortisation:			
At incorporation	–	–	–
Charge for period to 30 June 2013	1,718	1	1,719
Eliminated on disposal	(577)	–	(577)
At 30 June 2013	1,141	1	1,142
Charge for the year to 30 June 2014	929	2	931
Eliminated on disposal	(212)	–	(212)
At 30 June 2014	**1,858**	**3**	**1,861**
Net book value at 30 June 2014	**1,740**	**16,057**	**17,797**
Net book value at 30 June 2013	2,383	16,053	18,436
Net book value on incorporation	–	–	–

Further details of the impairment assessment performed by the directors are provided in Note 1 on page 33.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

12. INVESTMENTS

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 investments in the following companies:

Name of company	Holding	Proportion of Shares Held	Nature of Business
Garrion Security Services Ltd	Ordinary Shares	100%	Security
Rangers Retail Ltd	Ordinary Shares	51%	Retail

These companies are all registered in the United Kingdom and their results are included in these consolidated financial statements.

13. INVENTORIES

	2014 £'000	2013 £'000
Finished Goods	184	85
	184	**85**

Provision is made for obsolete, slow-moving or defective items where necessary.

14. TRADE AND OTHER RECEIVABLES

	2014 £'000 Group	2013 £'000 Group	2014 £'000 Company	2013 £'000 Company
Trade Debtors	2,287	4,239	–	–
Less provision for doubtful debts	(160)	(38)	–	–
	2,127	4,201	–	–
Other debtors	120	300	–	–
Prepayments and accrued income	1,158	730	–	–
Amounts due from subsidiary undertakings	–	–	15,647	16,163
	3,405	**5,231**	**15,647**	**16,163**

Ageing of past due but not impaired receivables:	2014 £'000 Group	2013 £'000 Group
31-60 days	7	19
61-90 days	14	36
91-120 days	9	95
	30	**150**

All trade and other receivables are due within one year.

Trade receivables above include £108,000 (2013 – £25,000) in relation to the disposal of player registrations and £926,000 (2013: – £2,409,000) in respect of season tickets which are paid by supporters using a deferred payment plan.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

15. CASH AND BANK BALANCES

	2014 £'000	2013 £'000
Balances with banks	4,588	11,181
Cash on hand	19	17
	4,607	**11,198**

Included within cash and bank balances is £3,069,000 (2013 – £946,000) relating to Rangers Retail Limited, which is not immediately available as working capital to the Group as a whole. The Group's share of this balance will be drawn down as a dividend once approved by the Board of Rangers Retail Limited.

16. TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Current liabilities		
Trade creditors	2,852	2,010
Social security and other taxes	1,286	1,783
Corporation tax	182	66
Other creditors	347	549
Accruals and other deferred income	1,999	1,865
Other loans	1,500	–
	8,166	**6,273**

The average credit taken for trade purchases is 29 days (2013 – 32 days).

On 24 February 2014 a loan of £500,000 was received from Mr Alexander Easdale, a director of the group company The Rangers Football Club Limited, on an interest-free basis. On 25 March 2014 an existing loan from Laxey Partners Ltd, originally agreed on 24 February 2014, of £1,000,000 was transferred to Mr George Letham. The Loan carries a premium of £45,000 and the premium is payable in either shares or cash before 23 February 2015. Both loans were repayable on 1 September 2014 and were secured against the Group's Edmiston House and Albion car park properties. Both loans were repaid on 30 September 2014 and all securities released. Mr Letham retained his rights with regard to the premium which remains in effect until 23 February 2015.

The Directors consider the carrying amount of trade and other payables approximates to their fair value.

	2014 £'000	2013 £'000
Non current liabilities		
Accruals	364	520
Accruals which are non current liabilities fall due as follows:		
Between one and two years	235	182
Between two and five years	129	338
	364	**520**

Accruals above include £266,000 in relation to the acquisition of player registrations.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

17. PROVISIONS FOR LIABILITIES

	Provision for stock purchase obligation £'000	Onerous lease provision £'000
Opening balance	–	–
Profit and loss	411	422
Balance at 30 June 2014	411	422
Provision expected to be payable less than one year	411	141
Provision expected to be payable two to five years	–	281

Provision was made in the year to recognise an obligation of Rangers Retail Limited to purchase stock at a cost higher than its resale value for the completed season 2013/14.

Provision was also made for onerous lease contracts where stores held by Rangers Retail Ltd are deemed to be loss-making and where future losses are considered unavoidable. The provision was calculated based on the lower of the losses incurred if the stores continued to trade, versus the costs incurred for rent if the stores were closed.

18. OBLIGATIONS UNDER FINANCE LEASES

Borrowings are repayable as follows:

	2014 £'000	2013 £'000
Repayment of borrowings on finance leases fall due as follows:		
In one year or less	477	694
Between one and two years	438	477
Between two and five years	38	476
	953	**1,647**

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

A standard fixed security has been granted over these assets.

19. DEFERRED INCOME

	2014 £'000	2013 £'000
Income deferred less than one year	6,156	8,156

Deferred income comprises season tickets, sponsorship, hospitality and other elements of income which have been received in advance and will be recognised as revenue as the season 2014/15 progresses.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

20. DEFERRED TAX

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

	Revaluation of property £'000
On incorporation	–
Charge for the period to 30 June 2013 to other comprehensive income relating to the revaluation of property	7,817
At 30 June 2013	7,817
Deferred tax prior year adjustment in relation to depreciation of revalued heritable freehold properties	(66)
Deferred tax rate change in relation to revaluation of heritable freehold properties from 23% to 20%	(1,011)
Deferred tax change in relation to depreciation of revalued heritable freehold properties	(55)
At 30 June 2014	**6,685**

At balance sheet date, the Group has an unrecognised deferred tax asset of £4,440,000 (2013 – £3,772,000) relating to unused tax losses which are available for offset against future profits. There is also an unrecognised deferred tax asset of £237,420 (2013: £80,753) in respect of timing differences relating to depreciation in excess of capital allowances. No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available in the foreseeable future. A deferred tax asset of £266,000 in respect of tax losses has been recognised to offset the deferred tax liability arising on timing differences on intangible assets.

21. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. Strong financial capital management is an integral part of the Directors' strategy to achieve the Group's stated objectives. The Directors 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 Directors' consideration of going concern is detailed in the Strategic Report. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 22 to 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 assets, 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 whilst ensuring that the short-term cash flow requirements of the Group are met.

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

	Financial assets £'000	Non financial assets £'000	Total £'000	Total at 30 June 2013 £'000
Financial assets				
Non-current assets	–	64,931	64,931	65,052
Trade receivables and similar items	2,127	–	2,127	4,201
Cash and cash equivalents	4,607	–	4,607	11,198
Other current assets	1,278	184	1,462	1,115
Total assets	8,012	65,115	73,127	81,566

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

21. FINANCIAL INSTRUMENTS (continued)

	Financial assets £'000	Non financial assets £'000	Total £'000	Total at 30 June 2013 £'000
Financial liabilities				
Trade and other payables	8,999	–	8,999	7,043
Other liabilities	7,473	6,685	14,158	17,620
Total liabilities	16,472	6,685	23,157	24,413
Net (liabilities)/assets	(8,460)	58,430	49,970	57,153

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 presentational 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 2014 £'000	Assets 2014 £'000	Liabilities 2013 £'000	Assets 2013 £'000
Euro	–	4	–	3
USD	–	10	–	68

(ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Of the total trade receivable balance of £2,287,000, £108,000 relates to amounts receivable from various other football clubs in relation to player trading. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and is £6,734,000.

There are no other significant concentrations of credit risk within the Group. The maximum risk exposure relates to football debtors but this is mitigated by the governing bodies of international and national football associations.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

21. FINANCIAL INSTRUMENTS (continued)

Credit evaluations are performed on all customers requiring credit over a certain amount. The maximum credit risk exposure of the Group comprises the amounts presented in the balance sheet which are stated net of provisions for doubtful debts. 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 2014, the Group has external loans of £1.5 million (note 16), and finance leases of £1.0 million. The Group has also secured, since the year end, a further credit facility of £3.0 million (note 32).

Ultimate responsibility for liquidity risk management rests with the Directors. The Directors use management information tools including budgets and cash flow forecasts to be able to regularly monitor and manage current and future liquidity.

22. SHARE CAPITAL

	As at 30 June 2014 £'000
Allotted, called up and fully paid 65,096,056 Ordinary shares of 1p each	651

On 1 July 2014, 714,285 new ordinary shares of 1p each were issued pursuant to an exercise of the options granted to Brian Stockbridge (a former Director of the Company) in accordance with Mr Stockbridge's original contract of employment with The Rangers Football Club Limited dated 17 September 2012.

Open Offer

On 18 September 2014, the Company raised gross proceeds of £3.13 million (net proceeds after costs £2.85 million) as a result of an open offer to existing shareholders. A total of 15,667,860 ordinary shares of 1p each were issued at an issue price of 20p.

Therefore at that date there were a total of 81,478,201 shares in issue.

23. SHARE PREMIUM

	As at 30 June 2014 Group £'000	As at 30 June 2014 Company £'000
Balance at 1 July 2013 and 30 June 2014	29,139	16,179

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

24. SHARE BASED PAYMENTS

Equity-settled share option scheme

Under the terms of their service agreements with The Rangers Football Club Limited dated 17 September 2012, former executive directors Charles Green and Brian Stockbridge, held a contractual right to each receive share options in the event that the RIFC Group's shares were listed on any recognised exchange. These service agreements were replaced on admission of the Company's share capital to trading on AIM with service agreements with the Company dated 7 December 2012 and any rights with respect to options lapsed at this time. In accordance with his service agreement dated 7 December 2012, an option was granted on 19 December 2012 to Brian Stockbridge with respect to shares with a value equivalent to two and a half times his annual salary. Options were exercisable at 1p per share, with the maximum number of shares on offer determined at the grant date using the IPO issue price of 70p per share. No vesting conditions are attached to the share options.

On 18 June 2014, Brian Stockbridge exercised his option to acquire 714,285 shares for a consideration of 1p per share. The market value of the shares on exercise was 27.5p, which resulted in a share based payment charge of £189,285 being recorded by the company during the year. The charge has been determined on a cost basis and a Black-Scholes pricing model has not been adopted. The prior year financial statements have not been re-stated to account for the charge recognisable in 2013 on the basis of materiality. The shares were issued on 1 July 2014, and therefore are not reflected in the share capital reported at 30 June 2014.

Details of the share options outstanding during the year are as follows.

	30 June 2014 Number of share options
Outstanding at beginning of period	714,285
Exercised during the period	(714,285)
Outstanding at the end of the period	–
Exercisable at the end of the period	–

The weighted average share price at the date of exercise for share options exercised during the period was 27.5p.

There are no share option schemes for other directors or employees of the Group.

25. MERGER RESERVE

In the company balance sheet, a merger reserve of £12,960,000 (2013 – £12,960,000 was created following the share for share exchange with The Rangers Football Club Limited in 2012.

26. REVALUATION RESERVE

	As at 30 June 2014 £'000
Balance at incorporation	–
Revaluation increase on land and buildings	33,988
Transfer from revaluation reserve to retained earnings in respect of depreciation	(288)
Deferred tax on revaluation	(7,817)
Balance at 30 June 2013	25,883
Transfer from revaluation reserve to retained earnings in respect of depreciation	(277)
Change in deferred tax rate from 23% to 20%	1,132
Balance at 30 June 2014	**26,738**

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

27. RETAINED EARNINGS

	As at 30 June 2014 £'000
Balance on incorporation	–
Profit for the period ended 30 June 2013	948
Release of revaluation reserve for the period ended 30 June 2013	288
Balance at 30 June 2013	1,236
Loss for the year ended 30 June 2014	(8,773)
Release of revaluation reserve for the year ended 30 June 2014	277
Balance at 30 June 2014	**(7,260)**

The parent company is exempt from disclosing a company-only income statement. Its loss for the year was £516,000 (2013 – £332,000).

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Year to 30 June 2013 £'000	13 month period to 30 June 2013 £'000
(Loss)/profit for the year/period	(8,206)	1,192
Amortisation of intangible fixed assets	931	1,719
Depreciation of property, plant and equipment	1,269	765
(Gain)/Loss on disposal of players' registrations	(395)	352
Increase in inventories	(99)	(85)
Financing costs	119	233
Negative goodwill released to income	–	(20,465)
Decrease/(increase) in trade and other receivables	1,812	(5,265)
(Decrease)/increase in trade and other payables and deferred income	(1,173)	13,993
Cash used in operations	**(5,742)**	**(7,561)**

29. RELATED PARTY TRANSACTIONS

Philip Nash received £131,412 in fees relating to consultancy services provided to the Group during the period January to June 2014, and resigned on 24 October 2014. He was appointed as a director to the Group's parent company on 25 July 2014.

During the year, the Company obtained loans totalling £1.5 million. £0.5 million of this loan was provided by Mr Alexander Easdale, a director of a group company The Rangers Football Club Limited. This loan was interest free, and was repaid on 30 September 2014.

Key management personnel are considered to be the company's directors, whose emoluments are disclosed in Note 7.

In the prior period there were the following related party transactions:

On 6 August 2012, Brian Stockbridge, an ex-director of RIFC provided a loan of £50,000 to The Rangers Football Club Ltd (TRFCL). No interest accrued on this balance which was repaid on 7 August 2012.

Craig Mather, the ex-CEO, received £69,150 in fees relating to consultancy services provided to the Group prior to his appointment as a director.

The following balances were novated from Sevco 5088 Limited (a company of which Charles Green was the sole shareholder and hence a related party) on 29 May 2012 to TRFCL, hence the dates are before incorporation of RIFC plc:

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

29. RELATED PARTY TRANSACTIONS (continued)

- On 11 May 2012, Imran Ahmad, an ex-director of TRFCL, provided a loan of £200,000. £178,000 was repaid on 15 August 2012 and £22,000 was converted into ordinary share capital of TRFCL. Imran Ahmad also received an arrangement fee of £50,000 relating to this loan.

- On 21 May 2012, Charles Green, the ex-CEO of the Group's Parent Company provided a loan of £25,000. No interest accrued on this balance and this was repaid on 15 August 2012.

30. CONTINGENT LIABILITIES

Independent Investigation

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

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

The Investigation was overseen by Roy Martin QC.

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

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

On 28 May 2013, a further letter before claim was sent to (inter alia) The Rangers Football Club Limited and Rangers International Football Club plc on behalf of Craig Whyte, Aidan Earley and (purportedly) Sevco 5088 Limited. The Board is of the view that the claims set out in the letter before claim are entirely unsubstantiated based on legal advice received to date by the Board and the outcome of the Investigation. This letter is now 18 months old.

31. EARNINGS PER ORDINARY SHARE

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

	Year to 30 June 2014	**13 month period to 30 June 2013**
Earnings for the purpose of basic earnings per share, being (loss)/profit for the year/period attributable to owners of the company (£'000)	(8,652)	948
Weighted average number of shares for the purpose of basic earnings per share	65,095,856	45,426,085
Weighted average number of shares for the purpose of diluted earnings per share	65,095,856	45,936,660
Earnings per ordinary share	(13.29p)	2.09p
Diluted earnings per ordinary share	(13.29p)	2.06p

The share options at 30 June 2014 are considered anti-dilutive, and are therefore disregarded in the calculation of diluted EPS.

Notes to the Financial Statements (continued)

For the year ended 30 June 2014

32. POST BALANCE SHEET EVENTS

Open Offer

On 18 September 2014, the Company raised gross proceeds of £3.13 million (net proceeds after costs £2.85 million) as a result of an open offer to existing shareholders. A total of 15,667,860 ordinary shares of 1p each were issued at an issue price of 20p.

Credit facility with MASH Holdings Limited

Since the year end, the Group company The Rangers Football Club Limited has entered into a credit facility agreement with MASH Holdings Limited. This company is an 8.92% shareholder in RIFC plc. MASH also has an indirect holding in Rangers Retail Limited, a 51% owned subsidiary of TRFCL.

On 27 October 2014, the first credit facility of £2 million was agreed, for a period of six months, interest free. The facility is secured by standard security over the properties of Edmiston House and Albion car park.

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

Imran Ahmad

On 12 September 2014 formal terms of settlement were reached with Imran Ahmad, a former Commercial Director of the Group company The Rangers Football Club Limited, in relation to his claim for unpaid bonuses.

This is an adjusting post-balance sheet event, and the settlement value has been included in these financial statements.

Directors movements

On 24 October 2014, Philip Nash, the interim Finance Director resigned. On 26 October 2014, Graham Wallace, the Chief Executive resigned.

Further to the credit facility agreement above, MASH Holdings Limited is entitled to nominate two candidates of its choice for the Board. On 3 November 2014, Derek Llambias was appointed to the Board as a non-executive Director.

Naming rights

On 12 November 2014, the Club entered into a partnership marketing agreement with SportsDirect.com Retail Limited ("Sports Direct") in which Sports Direct has given up its naming rights to Ibrox Stadium, which had previously been purchased for £1. The agreement consolidates existing marketing arrangements between the parties and results in a more normalised retail venture marketing arrangement in which Sports Direct will continue to have certain advertising rights.