**4 March 2013**

Embargoed for 07:00

**Rangers International Football Club plc**

(“Rangers” or the “Company”)

**Interim Results**

Rangers International Football Club plc (AIM:RFC), the holding company for the Scottish football club ‘Rangers’, is pleased to announce interim results for the seven-month period from incorporation to 31 December 2012.

**Operational Highlights**

* Sustainable long-term structure now in place
  + Assets and intangibles purchased from Administrators of former Rangers Football Club plc for £5.5m on 14 June 2012
  + Successful IPO on AIM market of London Stock Exchange raised £22.2m in December 2012 to fund growth strategy, and bringing the total raised share capital since incorporation to £35.2m
* Season ticket sales in excess of 38,000, one of the highest levels of season ticket sales achieved by any UK club
* Average home league attendance of 45,363 during the period; fifth highest ranking UK football attendance
* New retail arrangement signed with the UK’s largest sports retailer, Sports Direct
* New kit manufacturer agreement signed with one of the world’s leading sport-lifestyle brands, Puma
* New shirt sponsor, Blackthorn Cider, for season 2013/14
* Acquisition of the Albion car park and Edmiston House for future ventures to enhance match day experience in January 2013
* Currently first in the Scottish Football League 3rd Division

**Financial Highlights**

* Revenue of £9.5m
* Operating expenses of £16.6m
* Loss before non-recurring items and finance costs of £7.0m
* Profit before tax £9.5m driven by non-recurring release of negative goodwill of £20.5m
* Investment in football personnel of £1.6m in line with strategy
* Finance leases of £1.9m at 31 December 2012
* Cash of £21.2m as at 31 December 2012
* Undertaking of debts of former Rangers Football Club plc of £2.8m (£251,000 remains to be paid in accordance with the terms agreed)

**Charles Green, CEO of Rangers, commented** “This has been a significant period in the Club’s history, in which vital steps were taken to ensure the survival and rebuilding of one of the UK’s most venerable football institutions. The priority for the Company to date has been to stabilise the business and put in place solid financial foundations for the future. To this end, revenue streams have been enhanced, and costs cut. In addition, important strategic steps have been taken, such as the agreements now in place with Sports Direct, Puma and Blackthorn Cider. These achievements have been made whilst retaining the important fabric and structure of the Club.

“We will continue to execute our growth plan, and investors and supporters can have confidence in the development of operations as the Club progresses. Undoubtedly, challenges lie ahead but the Club is now well equipped to meet them successfully. Above all, the Club and its supporters are resolute in the belief that, both on and off the pitch, Rangers can look to the future with confidence and pride.”

**For further information please contact:**

|  |  |
| --- | --- |
| Rangers International Football Club plc | *www.rangers.co.uk* |
| Charles Green, CEO/ Brian Stockbridge, CFO | Tel: 0141 580 8647 |
|  |  |
| Cenkos Securities plc |  |
| Stephen Keys, Adrian Hargrave, Max Hartley (Corporate Finance) | Tel: 020 7397 8900 |
| Russell Kerr (Corporate Broking) |  |
|  |  |
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**About Rangers Football 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, with over 38,000 having been sold for the current season. Playing at the 51,082 seater Ibrox Stadium and benefitting from the world class 37 acre Murray Park training facility, the Club has 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 Rangers Group.

Currently the Club is competing in Division 3 of the SFL, though 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 Ally McCoist, the former Rangers forward, who remains the Club’s all-time leading goal scorer.

For more information please visit the website: [www.rangers.co.uk](http://www.rangers.co.uk)

**Chairman’s Statement**

This has been a period of extraordinary progress for the Club and I am pleased to announce the financial results for Rangers International Football Club plc.

These interim results cover the seven-month period to 31 December 2012 and reflect the fact that the Club is successfully rebuilding one of the UK’s most renowned football institutions.

The acquisition of the trade and assets of the then Rangers Football Club plc by a consortium of investors was completed on 14 June 2012 and heralded the end of a traumatic period for the Club, during which the then Rangers Football Club plc had been placed into administration by the previous owner. Following the rejection of a Company Voluntary Arrangement by creditors, the Rangers Football Club plc was put into liquidation and subsequently Rangers International Football Club plc was created, incorporating The Rangers Football Club Ltd into the Group.

Rangers has a 140 year track record of success in both the domestic and international arenas. With a squad based on youth and potential, led by manager Ally McCoist, the Club has made an encouraging start to the 2012/13 season and the Rangers brand and facilities provide tremendous opportunities for commercialisation and expansion.

In my thirty years investment experience, I have never seen a business move from the liquidation of one company to another’s successful flotation in such a short space of time. This could only have been achieved by the outstanding efforts of management, staff, advisers and fans. This unity and sense of purpose has, rightly, been admired internationally.

The Company’s performance to date will give further encouragement to all Rangers supporters who are unswerving in their commitment to ensure the Club enjoys a successful future.

***Malcolm Murray***

*Chairman*

*4 March 2013*

**Chief Executive’s Review**

These results reflect the execution of the published business plan and demonstrate the remarkable support and loyalty that is the hallmark of this football club. We have made great strides in a short spell but there is much work to be done to fully restore Rangers.

Given that the Club is in the unprecedented situation of playing in the Scottish League Division 3, there is, at this stage, a clear impact on a range of revenue streams, particularly in broadcasting and with the absence of European participation. We are pleased however that operational costs, particularly staff costs and wages, have been substantially reduced over the period, although the Company is not expected to report an operating profit at the year-end given revenue stream forecasts.

In the current financial year our focus is firmly on rescuing the Club and starting the rebuilding process in earnest. We have renegotiated all major contracts and are pleased to have recently established new partnerships with Sports Direct, Puma and Blackthorn Cider. We are particularly pleased with the relationship with Sports Direct, the UK’s largest sports retailer. The SportsDirect.com retail group currently has over 470 stores including SportsDirect.com, Field and Trek, Hargreaves Sports, Gilesports and Donnay International. In addition, the Club appointed a new kit manufacturer, Puma, one of the world’s leading sport-lifestyle companies. Going forward, we will spare no effort in enhancing existing revenue streams and identifying new opportunities that ultimately benefit the Club and its future.

We were delighted to have listed on AIM, a market operated by the London Stock Exchange in December 2012; it represents a key milestone in our plans for bringing Rangers back to its glory days. A total of £22.2m, before expenses, was raised to strengthen the player squad, improve and develop the Club’s properties and facilities, as well as provide additional working capital. This flotation was achieved in a challenging economic climate and is great testament to the faith shown in Rangers by institutional and individual investors as well as supporters of the Club. Few football clubs today can take comfort from having positive cash balances, which will be spent wisely in the future.

All of us involved in the management of the Club are particularly delighted and are indeed in awe of the contribution supporters have made to the Club. Season ticket sales for 2012/13 stand in excess of 38,000 - representing an improvement on the previous season. It is also among the highest levels of season ticket sales achieved by any UK club. The response from supporters to the Initial Public Offering was also remarkable raising £4.5m in the weeks preceding Christmas and we could not have asked more from our supporters in terms of attendance at matches. We have enjoyed near capacity crowds at Ibrox for key fixtures and an average home attendance of 45,363 for SFL fixtures. I would like to take this opportunity to thank the fans for their tremendous and on-going support.

In the last several months, those of us new to the Club have learned very quickly how much Rangers means to its phenomenal fan base but also to football in general. The manager, Ally McCoist, his staff and players have had to adapt to extraordinary circumstances and they have all our support and best wishes to hopefully securing the SFL Division 3 title as the first step in returning to participation at the highest level in both domestic and European football.

Undoubtedly, challenges lie ahead for Rangers but the Club is now well equipped to meet them successfully. Above all, the Club and its supporters are resolute in the belief that, both on and off the pitch, Rangers can look to the future with confidence and pride.

***Charles Green***

*Chief Executive*

*4 March 2013*

**Financial Review**

It was clear from Rangers’ league status this season there would be a resultant impact on turnover at the Club. It was essential, therefore, that costs were substantially reduced and this was achieved. Operational costs have been reduced to £15.7m for the reporting period, compared with approximate previous costs of similar periods of £22m in the then Rangers Football Club plc (now in liquidation). Reductions in costs have been largely achieved through the review of commercial contracts and a reduction in player payroll costs. Overall operational costs are expected to continue to decline as further cost saving initiatives and efficiencies take effect. Work continues on further enhancements to the quality and sustainability of revenue streams.

Overall, we have achieved these operational changes whilst retaining the fabric and structure of the Club which is necessary given the scale of our operations. I am glad to report that, as of the date of this announcement, only £251,000 remains to be paid in relation to the £2.8m of football debts we undertook to pay in the SFA licensing agreement, and these amounts are not due to be paid until October 2013. The Company has reported a profit of £9.5m which should be viewed in the context of recognising a negative goodwill credit of £20.5m. The Company is expected to report an operating loss at year end in accordance with the business plan and broader growth strategy.

A revaluation process was undertaken during the period; Ibrox stadium and Murray Park were revalued at £40m, and intangibles were valued at £19m on acquisition.

Revenue from retail sales in the seven month period was disappointing, mainly due to the financial position of JJB Sports and a lack of stock. New retail and manufacturing arrangements are now in place with Sports Direct, Puma and Blackthorn Cider which will generate enhanced retail revenues. However, the impact of this is likely to be felt in the next financial year, ending 30 June 2014, due to slippages in delivery times. It is likely that the first shipment of shirts will occur after the current year end which will have a negative impact on sales for the year ending 30 June 2013. However, in the next year retail sales will be improved as two major kit launches will occur in the same year. We are particularly pleased that match day revenues have exceeded expectations.

The Club continues to progress with legal action against players of the Rangers Football Club plc who objected to the transfer of their contracts to Rangers Football Club Ltd. Further details of this action will be communicated in due course.

We have embarked on a programme of infrastructure improvements at Ibrox. Initial investment has been made in groundskeeping equipment and expenditure on LEDs and stadium jumbotrons is underway. The Club has also acquired the Albion car park and Edmiston House which will be redeveloped to improve the match day experience for supporters and both these acquisitions are expected to produce near term returns on investment through future revenues.

The raising of £22.2m capital is an excellent outcome from the flotation of the Company on AIM and the funds, along with the £13m of other share capital provide the Club with a sound financial footing going forward. It is essential, however, that the Club does not over-extend itself in future as such an approach is unsustainable, regardless of the playing environment.

The priority for the Company to date has been to stabilise the business and put in place solid financial foundations for the future. This work will continue and investors and supporters can have confidence in the development of operations as the Club progresses with its core business of playing football.

***Brian Stockbridge***

*Finance Director*

*4 March 2013*

**INDEPENDENT REVIEW REPORT TO RANGERS INTERNATIONAL FOOTBALL CLUB PLC**

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the seven months ended 31 December 2012 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the consolidated statement of cash flows and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

**Directors’ responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the company intends to use in preparing its next annual financial statements.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the seven months ended 31 December 2012 is not prepared, in all material respects, in accordance with the AIM Rules of the London Stock Exchange.

***Deloitte LLP***

*Chartered Accountants and Statutory Auditor*

*Glasgow, Scotland*

*4 March 2013*

|  |  |  |
| --- | --- | --- |
| **Condensed consolidated Income Statement**  **For the 7 month period from incorporation to 31 December 2012** |  | *7 month period*  *to 31 December*  *2012* |
|  | *Notes* | *£’000* |
| Revenue | 3 | 9,524 |
| Operating expenses |  |  |
| - Amortisation of players’ registrations | 9 | (860) |
| - Other |  | (15,712) |
| Total operating expenses |  | (16,572) |
| **Operating loss** |  | **(7,048)** |
| Profit on disposal of player registrations |  | 62 |
| Non-recurring items |  |  |
| - Release of negative goodwill | 4 | 20,465 |
| - Other | 4 | (3,725) |
| Total non-recurring items |  | 16,740 |
| Finance costs |  | (234) |
| **Profit on ordinary activities before taxation** |  | **9,520** |
| Taxation |  | - |
| **Profit for the period** |  | **9,520** |
| Attributable to: |  |  |
| Owners of the Company |  | 9,314 |
| Non-controlling interests |  | 206 |
|  |  | **9,520** |
| Basic earnings per ordinary share | 5 | 31.8p |

|  |  |  |
| --- | --- | --- |
| **Condensed consolidated Statement of Comprehensive Income**  **For the 7 month period from incorporation to 31 December 2012** |  | *7 month period*  *to 31 December*  *2012* |
|  |  | *£’000* |
| Profit for the period |  | 9,520 |
| Gains on property revaluation |  | 33,988 |
| Deferred tax relating to components of other comprehensive income |  | (7,817) |
| Other comprehensive income for the period |  | 26,171 |
| Total comprehensive income for the period |  | 35,691 |
|  |  |  |
| Attributable to: |  |  |
| Owners of the Company |  | 35,485 |
| Non-controlling interests |  | 206 |
|  |  | 35,691 |

|  |  |  |
| --- | --- | --- |
| **Condensed consolidated Balance Sheet**  **As at 31 December 2012** |  | *As at*  *31 December 2012* |
|  | *Notes* | *£’000* |
| **Non-current assets**  Property, plant and equipment | 8 | 43,770 |
| Intangible assets | 9 | 19,316 |
|  |  | 63,086 |
| **Current assets**  Trade and other receivables |  | 3,268 |
| Cash and bank balances |  | 21,191 |
|  |  | 24,459 |
| **Total assets** |  | 87,545 |
| **Current liabilities**  Trade and other payables |  | 3,053 |
| Obligations under finance leases |  | 649 |
| Deferred income | 10 | 8,117 |
|  |  | 11,819 |
| **Net current assets** |  | 12,640 |
| **Non-current liabilities**  Trade and other payables |  | 141 |
| Obligations under finance leases |  | 1,279 |
| Deferred tax liability | 11 | 7,817 |
|  |  | 9,237 |
| **Total liabilities** |  | 21,056 |
| **Net assets** |  | 66,489 |
| **Equity**  Share capital | 12 | *651* |
| Share premium account | 13 | *30,147* |
| Revaluation reserve | 14 | *26,016* |
| Retained earnings |  | *9,469* |
| **Equity attributable to equity holders of the parent** |  | 66,283 |
| **Non-controlling interests** |  | 206 |
| **Total Equity** |  | 66,489 |

**Condensed consolidated Statement of Changes in Equity**

**For the 7 month period from incorporation to 31 December 2012**

Attributable to equity holders of the parent

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Share*  *capital* | *Share*  *premium* | *Retained*  *earnings* | *Revaluation*  *reserve* | *Total* |
|  | *£’000* | *£’000* | *£’000* | *£’000* | *£’000* |
| Equity shareholders’ funds at incorporation | - | - | - | - | - |
| Share capital issued | 651 | 30,147 | - | - | 30,798 |
| Profit for the period | - | - | 9,314 | - | 9,314 |
| Revaluation movement | - | - | - | 33,988 | 33,988 |
| Deferred tax liability relating to components of other comprehensive income | - | - | - | (7,817) | (7,817) |
| Transfer from revaluation reserve to retained earnings |  |  | 155 | (155) | - |
| Equity shareholders’ funds  at 31 December 2012 | 651 | 30,147 | 9,469 | 26,016 | 66,283 |

|  |  |  |
| --- | --- | --- |
| **Condensed consolidated Statement of Cash Flows**  **For the 7 month period from incorporation to 31 December 2012** |  | *As at*  *31 December*  *2012* |
|  | *Notes* | *£’000* |
| **Cash used in operations** | 15 | (713) |
| **Cash flows from investing activities:** |  |  |
| Purchase of trade and assets |  | (6,750) |
| Purchase of intangible assets |  | (1,276) |
| Purchase of property, plant and equipment` |  | (2,161) |
| Proceeds from sale of intangible assets |  | 887 |
| Repayment of RFC 2012 plc football debt |  | (1,288) |
| Interest paid |  | (234) |
| **Net cash used in investing activities** |  | (10,822) |
| **Financing activities** |  |  |
| Lease finance advances |  | 2,152 |
| Repayment of lease finance |  | (224) |
| Proceeds from issue of shares |  | 30,798 |
| Loans received |  | 1,815 |
| Loans repaid |  | (1,815) |
| **Net cash from financing activities** |  | 32,726 |
|  |  |  |
| **Net increase in cash and cash equivalents** |  | 21,191 |
|  |  |  |
| Cash and cash equivalents at the beginning of the period |  | - |
| Cash and cash equivalents at the end of the period |  | 21,191 |
|  |  | 21,191 |
|  |  |  |

**Notes to the Interim Report for the 7 month period from incorporation to 31 December 2012**

1. **Basis of Preparation**

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as would be applied if the Group's annual audited financial statements were being prepared. The first annual audited financial statements will be prepared for the period to 30 June 2013. While the financial figures included in this half-yearly report have been prepared in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

**Accounting policies and critical accounting judgments**

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

**General Information**

The Rangers Football Club Ltd (RFCL) was incorporated on 29 May 2012 and on 14June 2012 purchased the trade and assets of the former Rangers Football Club plc which had been placed in liquidation. On 7 December 2012 Rangers International Football Club plc (RIFC) was created and floated on the Alternate Investment Market, incorporating in its Group The Rangers Football Club Ltd, the existing shares of which were swapped on a one for one basis with those of RIFC. Transactions relating to both The Rangers Football Club Ltd and Rangers International Football Club plc are hereafter referred to as the Group where the transactions or reference is not specific to a distinct legal entity.

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 Company’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.

1. **Significant Accounting Policies**

***Basis of accounting***

This condensed set of financial statements has been prepared in accordance with accounting policies consistent with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Other than the Group’s property which has been revalued, the financial information has 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 have, at the time of approving the condensed set of financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial Information.

***Basis of consolidation***

The Group’s condensed set of financial statements incorporates the financial information of Rangers International Football Club plc and entities controlled by the Company (its subsidiaries) for the accounting period from incorporation on 29 May 2012 until 31 December 2012 through the application of merger accounting.  Under these principles the financial statements of the Group have been prepared by combining the results of the combining entities for the interim period under review. 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.

***Business combinations***

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method, with the exception of The Rangers Football Club Limited, for which merger accounting has been applied. 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 acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree’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.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity.

***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 acquiree’s identifiable net assets exceeds 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 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 match day 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 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 on the condensed consolidated Balance Sheet that have been acquired. Acquired brands are carried at cost, being estimated fair value on acquisition, on the Consolidated Balance Sheet. 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.

***Player registrations***

The costs associated with acquiring players’ registrations, or extending their contracts, including agents’ fees, are capitalised and amortised, in equal installments, 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.

***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.

Freehold land is not depreciated. Leasehold property is amortised 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 period since incorporation to 31 December 2012 the Group has only operated in one segment, 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.

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 ticket 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.

|  |  |
| --- | --- |
| **3. Revenue** | *7 month period*  *to 31 December*  *2012* |
|  | *£’000* |
| Gate receipts and hospitality | 6,411 |
| Sponsorship and advertising | 381 |
| Broadcasting rights | 391 |
| Commercial | 552 |
| Retail | 941 |
| Other operating income | 848 |
|  | 9,524 |

In the opinion of the Directors all business is related to one activity and as such no segmental disclosures have been provided. Revenue is derived entirely in the United Kingdom and is shown exclusive of VAT.

|  |  |
| --- | --- |
| **4. Non-Recurring Items** | *7 month period*  *to 31 December*  *2012* |
|  | *£’000* |
| Release of negative goodwill (Note 7) | (20,465)  418 |
| Undertaking of RFC 2012 plc football debt | 2,832 |
| Costs in relation to corporate structuring | 284 |
| Acquisition expenses | 609 |
|  | (16,740) |

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

The release of negative goodwill relates to negative goodwill arising from the purchase of the trade and assets as set out in note 7.

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

**5. Earnings per Ordinary Share**

Earnings per ordinary share has been calculated as follows. No share options or convertible shares are held within the Group, therefore no diluted Earnings per Share calculation is required.

|  |  |
| --- | --- |
|  | 7 month *period to 31 December 2012* |
| Earnings for the purpose of basic earnings per share, being profit for the 7 months (£’000**)** | 9,314 |
| Weighted average number of shares for the purpose of basic earnings per share | 29,307,654 |
| Earnings per ordinary share | 31.8p |

**6. Taxation**

A deferred tax asset has been calculated at £1,675,000 in relation to losses incurred during the period. In the opinion of the Directors it would not currently be prudent to record this asset at 31 December 2012 due to an element of uncertainty with regards to the timing of when the asset would be recovered if sufficient profits arose in the future.

No provision for current tax has been made, as the release of negative goodwill is a non-taxable item.

**7. Acquisition**

On 14 June 2012 RFCL purchased the trade and assets of RFC 2012 plc, which was in administration. Under the sale and purchase agreement (SPA) the total acquisition cost of the assets was recorded as £5.5 million. Fair value adjustments have been made as per below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *SPA*  *Cost*  *£’000* | *Other*  *Items*  *£’000* | *Fair value*  *adjustment*  *£’000* | *Fair value*  *to Group*  *£’000* |
| Properties, plant and equipment:  Stadium and training facility | 1,500 | — | 5,000 | 6,500 |
| Other properties, plant and equipment | 1,250 | — | 220 | 1,470 |
| Intangibles assets:  Player registrations | 2,750 | — | 825 | 3,575 |
| Brand | — | — | 16,042 | 16,042 |
| Liabilities:  Cost of player disposals | — | — | (372) | (372) |
| Liability acquired | — | (1,200) | 1,200 | — |
|  | 5,500 | (1,200) | 22,915 | 27,215 |
| Negative goodwill |  |  |  | (20,465) |
| Total consideration |  |  |  | 6,750 |
| Satisfied by:  Cash |  |  |  | 5,500 |
| Preacquisition costs |  |  |  | 1,250 |
| Total consideration transferred |  |  |  | 6,750 |

Details of the fair value adjustments are as follows;

(1) ***Property plant and equipment***

The majority of the tangible asset value relates to the Ibrox Stadium and training grounds. A value in alternative use approach was used to value these assets on acquisition (14 June 2012). The valuation was performed by DM Hall LLP, independent valuer, not connected with the Group.

(2) ***Intangible assets***

The player registration intangible asset was valued using a market approach valuation methodology. This involved an assessment of the fair market value of each player and consideration was given to historical transfer fees for the players, recent transfer fees for similar players and offers received for players from other clubs.

In addition the brand of Rangers Football Club was valued using an estimate of future cash inflows, using the Royalty relief method. This asset is considered by the Directors to have an indefinite useful life.

The valuations were performed by Jeffreys Henry LLP, independent valuer, not connected with the Group, as at 14 June 2012.

(3) ***Liabilities***

The liability acquired relates to liabilities due to Rangers Youth Development Ltd and Rangers.co.uk Limited, which as companies have now been dissolved, therefore the liabilities are no longer payable.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | |  |  |
| **8. Non-Current Assets – Property, Plant and Equipment** | | |  |  |
|  | *Freehold*  *Properties* | | *Fixtures*  *and*  *Fittings* | *Total* |
| Cost: | *£’000* | | *£’000* | *£’000* |
| At incorporation | — | | — | — |
| Acquisition (see note 7) | 6,500 | | 1,470 | 7,970 |
| Additions | — | | 2,161 | 2,161 |
| Revaluations (see note 14) | 33,988 | | — | 33,988 |
| At 31 December 2012 | 40,488 | | 3,631 | 44,119 |
| Depreciation: |  | |  |  |
| At incorporation | — | | — | — |
| Charge for period | 223 | | 126 | 349 |
| At 31 December 2012 | 223 | | 126 | 349 |
| Net book value at incorporation | — | | — | — |
| Net book value 31 December 2012 | 40,265 | | 3,505 | 43,770 |
| Amounts in respect of assets of the Group held under finance leases are as follows: | | | | 2,161 |
| Net book value at 31 December 2012 | | — | 2,161 |
| Depreciation provided in the year | | — | 57 | 57 |
|  | |  |  |  |

At 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 this calculation are 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 relates 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 represents a combined value of £79.2m at 31 August 2012, has been performed by DM Hall LLP, independent valuers, not connected to the Group.

|  |  |  |  |
| --- | --- | --- | --- |
| **9. Intangible Assets** | *Player*  *Registrations* | *Brand* | *Total* |
|  | *£’000* | *£’000* | *£’000* |
| Cost:  At incorporation | — | — | — |
| Acquisition (see note 7) | 3,575 | 16,042 | 19,617 |
| Additions | 1,584 | — | 1,584 |
| Disposals | (1,025) | — | (1,025) |
| At 31 December 2012 | 4,134 | 16,042 | 20,176 |
| Amortisation:  At incorporation | — | — | — |
| Charge for period | (860) | — | (860) |
| At 31 December 2012 | (860) | — | (860) |
| Net book value at incorporation | — | — | — |
| Net book value 31 December 2012 | 3,274 | 16,042 | 19,316 |

|  |  |
| --- | --- |
| **10. Deferred Income** | *As at*  *31 December*  *2012* |
|  | *£’000* |
| Income deferred less than one year | 8,117 |

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 progresses.

**11. Deferred Tax**

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

|  |  |
| --- | --- |
|  | *Total* |
|  | *£’000* |
| At incorporation | — |
|  |  |
| Charge to other comprehensive income relating to revaluation of property | (7,817) |
| At 31 December 2012 | (7,817) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **12. Share Capital** |  |  |  | *As at*  *31 December*  *2012* |
|  |  |  |  | *£’000* |
| Allotted, called up and fully paid  65,095,856 Ordinary shares of 1p each |  |  |  | 651 |

Rangers International Football Club plc was incorporated on 16 November 2012 with issued share capital of £1.

The Club issued 33,415,000 shares in exchange for the same number of shares in RFCL in conjunction with the admission to AIM.

Rangers International Football Club plc issued 24,242,757 new ordinary shares at the placing price of 70p per new ordinary share through an institutional investor placing and 7,437,999 new ordinary shares were subscribed for at the placing price of 70p per share by a public offer for subscription. RIFC was subsequently admitted to the Alternative Investment Market with the shares being listed. The total number of Ordinary Shares in issue at Admission is 65,095,856.

|  |  |
| --- | --- |
| **13. Share Premium** | *As at*  *31 December*  *2012*  *£’000* |
| Balance at incorporation | — |
| Premium arising on issue of equity shares | 34,520 |
| Costs incurred in relation to fund raising | (4,373) |
| Balance at 31 December 2012 | 30,147 |

|  |  |
| --- | --- |
| **14. Revaluation Reserve** | *As at*  *31 December*  *2012*  *‘£000* |
| Balance at incorporation | — |
| Revaluation increase on land and buildings | 33,988 |
| Deferred tax on revaluation | (7,817) |
| Transfer from revaluation reserve to retained earnings in respect of depreciation | (155) |
| Balance at 31 December 2012 | 26,016 |

|  |  |  |
| --- | --- | --- |
| **15. Notes to the Consolidated Statement of Cash flows** | | *7 month period*  *to 31December*  *2012* |
|  | *£’000* | |
| Profit for the period | 9,520 | |
| Amortisation of intangible fixed assets | 860 | |
| Depreciation of property, plant and equipment | 349 | |
| Profit on disposal of players’ registrations | (62) | |
| Financing costs | 234 | |
| Negative goodwill released to income | (20,465) | |
| Increase in trade and other receivables | (3,068) | |
| Increase in trade and other payables | 11,919 | |
| Cash used in operations | (713) | |

**16. Related Party Transactions**

On 6 August 2012, Brian Stockbridge, a director of RFCL provided a loan of £50,000 to RFCL. No interest accrued on this balance which was repaid on 7 August 2012. Brian Stockbridge also received a payment of £30,000 for the period from 14 June 2012 to 31 December 2012 with respect to his consultancy services 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 RFCL, hence the dates are before incorporation of RFCL and RIFC plc:

* On 11 May 2012, Imran Ahmad, a director of RFCL, provided a loan of £200,000. £ 178,000 was repaid on 15 August 2012 and £22,000 was converted into ordinary share capital of RFCL. Imran Ahmad also received an arrangement fee of £50,000 relating to this loan.
* On 21 May 2012, Charles Green, a Director of RFCL provided a loan of £25,000. No interest accrued on this balance and this was repaid on 15 August 2012.

**17. Post Balance Sheet Events**

On 9 January 2013 the Group purchased Edmiston House and the Albion car park for a total cost of £2,412,000. On 28 February 2013, a contract was signed with Puma to manufacture and provide replica strips and other Rangers branded products for season 2013/14. The Club also announced on 1 March 2013 that Blackthorn Cider will sponsor our shirts for season 2013/14.