RANGERS INTERNATIONAL FOOTBALL CLUB PLC

Annual Report 2020

Contents

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Company Registration Number

SC437060

Business Review

Chairman's Report

It is an honour and a privilege to present my first report as Chairman of Rangers Football Club.

When I returned to Ibrox in March 2015, I advised my fellow shareholders and directors that I believed it could take us a decade to restore our beloved club to where it belonged, both on and off the field. I think we are in a somewhat better position today than I had envisaged but there is much work to do.

The financial year under review is unlike any other, no matter the business or walk of life. The impact of COVID-19 will have far reaching consequences for our economy and society. Rangers is not immune to the severe effects of this unprecedented challenge. This is a club which has experienced some of the darkest days that any football club can endure. This is a club which has repeatedly displayed remarkable resilience in the face of adversity and which will do so yet again.

This resilience, together with a burning ambition, has, once again, been underpinned by significant investment from our directors and shareholders. Our Club continues to attract investment from across the world, and I believe this will grow further as our resurgence builds momentum. At this point, it would be remiss of me not to pay tribute to our previous Chairman and one of our most significant investors: Dave King. Dave's impact on our club and his ongoing legacy will endure.

Amidst the current economic storm, the Rangers support has again stood tall. I am never more proud than when I see Rangers raise the bar. To once more sell out season tickets and corporate hospitality is quite astonishing, particularly when it was largely accepted that many games could be played behind closed doors.

The introduction of our Club membership scheme, MyGers, has been a great success, with over 27,000 memberships sold to date. Greatly improved fan engagement, coupled with increased revenue, allows our club to progress in every aspect.

The signing of a new kit and retail partnership with Castore has proven highly successful. This was a significant moment in our recent history, and it was a privilege for me to open The Rangers Store at Ibrox in August. This is a long term, ambitious and innovative partnership which seeks to provide best in class merchandise to our deserving fans all around the world. In so doing, it will deliver the revenue stream befitting of the club.

Further expansion in our commercial operations has led to us welcoming several new partners such as The Energy Check, SEKO, Tomket Tires and others, as we have grown to a proud family of nearly thirty commercial partners. The commitment and investment of our Principal Partner, The Kindred Group (32Red and Unibet), is widely valued by everyone at Rangers and is now recognised as one of the longest standing partnerships in European football.

Although the season was curtailed early, it was disappointing to end without a trophy. Of course, silverware is the ultimate barometer of success at Rangers but I believe that there has been significant progress made under our Manager, Steven Gerrard and his team. Few now doubt that we are getting ever closer to the success that each and every one of us craves.

The highlight of the football year was the superb achievement of taking Rangers back into the European knockout stages for the first time since 2011. We began at the first qualifying round and reached the last 16, where we eventually fell to an excellent Bayer Leverkusen team. The remarkable comeback against Braga at Ibrox and the efficiency of our result in Portugal a week later, were memorable signs of our progress and ambition.

Our hunger for domestic success is undiminished. We continue to invest heavily in the first-team squad with seven additions made during the summer. The reduction in the overall size of the squad was also important as we prioritised quality across all positions.

In Ross Wilson, we have a Sporting Director who has a thorough understanding of European football and Rangers' position within it. The Board's responsibility is to support Ross and his team, to ensure that we are in the very best position to compete at the highest level. With that in mind, we have worked hard, committing substantial resources, to ensure that every aspect of our training facilities and our stadium are enhanced. We are grateful to the funds provided by RYDC which assisted in the refurbishment of our first team changing room, as well as the tunnel area and pitch at Ibrox. The small margins which become so important in elite sport will not be overlooked. I believe that we have created an environment and experience for a professional footballer which can rival any club in Europe.

The decision to "call" the SPFL 2019/20 Premiership was a source of great disappointment to the Rangers board, staff and fan base. We are grateful to the clubs who supported our resolution for an independent investigation into the governance of the game in this country. Our desire for change and the imperative for better will not go away.

COVID-19 has brought with it the severest of strains to all of our business and personal lives. As we can see from the plight of a number of clubs throughout Europe, football is facing some very serious challenges. Indeed, playing matches behind closed doors is likely to adversely impact the club by in excess of £10m in the current season. Yet I am confident in your Board and our employees to face these challenges with the backing of our magnificent loyal supporters.

In closing, I would like to acknowledge the tireless work of each and every member of our board and staff at Rangers. Our club thrives due to our people who have demonstrated they are prepared to go above and beyond, time and again.

Douglas Park, Chairman

17 November 2020

Business Review (continued)

Football Manager's Review

Firstly, it is important that I underline the honour and privilege that it is to manage a Club with such a rich history and illustrious past. That fact is never overlooked, nor is it taken for granted.

Each and every time that you think you have got to grips with the size and magnitude of Rangers, you are quickly reminded that this is much more than a football club, it is an institution.

We continue to implement changes to the Club, ensuring that we are mindful of small margins. We are focused upon improving every single facet of this Club. Be assured that we are leaving no stone unturned and continue to strive to be the very best in every single part of our football department. Improvements have been made to our medical, scouting, analysis, and performance areas. Although the improvements to the tunnel and changing area are visually pleasing, they also signify our attention to detail and hunger to set the standard in everything we do at Rangers. These changes can only happen if our Board are willing to inject finance and resources into the football department. I am very grateful to the Board for their ongoing support, as always, and we will continue to strive to repay this with results on the field.

The past year has seen several significant changes which have had a positive impact upon how we operate as a management team. I am personally grateful to Dave King for his support and assistance since becoming Rangers Manager. Dave has had a significant impact upon Rangers, his legacy will live on well after his departure as Chairman. I am very pleased that Douglas Park has taken over as Chairman. Douglas' reputation in business is unrivalled whilst his passion for this football club is evident to anyone who speaks to him. I know that Rangers have a man in charge who will do what is right for Rangers and our support.

Ross Wilson has been brought in as our Sporting Director by the Board. Ross comes with a strong track record and reputation which he has built up through his time in the EPL. Ross has a clear vision for Rangers and has been a vital part of our transfer strategy as well as ensuring we continue to improve every aspect of the football department. Ross, like me, has very high standards and expectations of everyone involved at Rangers. We will continue to work together to ensure that we bring success to this football club, something we both crave, as do the rest of our backroom team.

The impact of COVID-19 has had an effect on every single person across the globe. It has disrupted society, business, and our daily lives. Cutting short the 2019/20 season was a disappointing decision as other leagues were able to effectively organise an outcome based on sporting integrity. No one knows how last season would have finished and I believe there is no right-thinking football person who wanted a league to be decided in a boardroom.

Like previous seasons, 2019/20 was a mixture of good and not so good with the highlight perhaps being our success in the Europa League, reaching the last 16 for the first time since 2011. The Europa League brought some incredible nights at Ibrox last season with the Legia Warsaw and Braga games standing out. The noise and atmosphere summed up what football is all about for me - fans losing themselves in the passion for their club. However, as good as these nights were, we know that we still missed out on silverware. The League Cup final was particularly disappointing as we dominated large periods of the game, but we were not clinical or ruthless enough when it counted. Games like that continue to motivate us to improve and strive for better, every single day.

We must continue to reshape the profile of our squad to increase the chances of success and again, I thank the Directors for their backing on this front.

Bringing in players is no easy task as we must take so many different factors into account. Our style of play, the pressurised atmosphere, and the unforgiving nature of Scottish football requires a certain type of player, and dare I say, a certain type of man. The Scottish game raises challenges for players that they may not face in other parts of Europe, or even the UK. That is why our scouting department work on a daily basis to continually bring forward options for every position. This is an ongoing task and I trust that supporters can see the improvements we are making across the playing squad.

We are aware of the demands that are placed upon us by Rangers supporters. This motivates us and drives us to be better, because we want to be the group that bring Rangers back to their rightful place. We know that this requires silverware and that is why we look for players who have a winning mentality, who are not prepared to accept anything but to be the very best.

I have the utmost confidence in my backroom team and know that each of them brings a certain set of skills that help to enhance and develop every aspect of our playing squad. The feeling of team spirit and togetherness is there for all to see. This group of players believe they can achieve something special. We will continue to work towards that goal- when Rangers are once again back at the very top of Scottish football.

I have experienced setbacks and challenges in my career, they motivate me and make winning feel that bit sweeter. I am a winner; I am determined to win at Rangers and will not rest until I have achieved what I came here to do.

Your support drives us on, it is greatly appreciated and will never be taken for granted.

Steven Gerrard, Manager

17 November 2020

Business Review (continued)

Operational Report

Overview

The footballing year was again one of ups and downs. The season was curtailed by COVID-19, with the Club having only played 29 games in the league campaign. The decision to finalise the domestic season at that point was not one that the Club supported, but ultimately had to accept.

After again being nip and tuck in the league race at the turn of the year, the second half of the league campaign did not sustain that good form. The result in the Betfred League Cup final was particularly disappointing given our good performance, and we suffered an early 5th Round exit in the William Hill Scottish Cup.

The best of the season came in the UEFA Europa League, where the team again qualified through four rounds of preliminary matches for the second year running, before going further than the previous season in progressing out of a very competitive Group Stage. As the 2019/20 season was called in Scotland, we were still in the Round of 16 against Bayer Leverkusen, which we know now that we were knocked out of. For the purposes of this set of accounts, the first tie of that round has been treated as a 2019/20 match, and the subsequent second leg of that tie in August will be included in next year's results.

The whole Club feeds off any success that the men's first team has, and building on the momentum gained from last season's European run is the aim for everyone associated with Rangers.

The second half of the financial year at the Club was of course dominated by COVID-19 and the impact it has had across the country and our community. While there was no football from late-March until the end of the financial year in June, the Club was acting alongside the governing football bodies and medical authorities to ensure that the Stadium and the Training Ground were a safe and bio-secure environment for when players, staff, and eventually fans would be able to return.

The football department continued to operate as best they could during lockdown to ensure that the team would be able to hit the ground running once a recommencement date was known. The work done in that period by the management and support staff has meant that, despite a shortened pre-season period, the squad has still been added to and targets identified early.

Alongside that the Executive team and staff have been continuing to work hard making sure that the Club progresses off the pitch, with a number of developments on the go in commercial areas and in the development of the facilities. The 150th Anniversary of the Club in 2022, and the 50th Anniversary of the Cup Winners Cup victory, is a key focus throughout the Club at the moment.

Fans will have seen club updates on the planned rebuilding of Edmiston House, to create a multi-functional venue capable of hosting fan zones on matchdays, concerts, conferences, as well as including a new Club museum and café. The programme of upgrades continues, with plans in place to rejuvenate our hospitality areas to a level rivalling the very best in European football. We also look forward to sharing details of our planned events, as the Club approaches the milestone of its 150th anniversary.

Youth football

The progression of Academy players is central to the future of the Club. As well as the feel-good factor for the fans of having a homegrown player in the first team, any sustainable player trading model needs a steady supply of quality Academy players.

For the 2019/20 season, Carrick Packaging became the first ever Main Partner of the Academy, with their logo appearing on the front of all shirts for Academy and Development team matches, including UEFA Youth League games. We are delighted that they have extended this agreement.

Ross Wilson as Sporting Director began a review of the Football Operations upon his appointment, and the first stage has now been completed regarding the professional section of the Rangers Academy. The Academy will now be organised as the Foundation Phase, Youth Development Phase and Professional Development Phase, with the U20s becoming the Rangers B Team, with increased input from the Manager and connectedness to the First Team Coaching Staff.

Rangers will continue to strive to create a quality Academy and these changes are the next step, following initial change five years ago. Head of Academy, Craig Mulholland, has led a revamp over that period, with the Club now seeing the benefit of some exciting young talents pushing hard towards the First Team. Kai Kennedy, Josh McPake and Nathan Patterson all made their debuts, with 22 players in all from the Academy training with the First Team last season.

The B team reached the semi finals of the SPFL Challenge Cup, winning four rounds along the way and experiencing playing a home match at Ibrox against Wrexham. They also competed in the UEFA Youth League for the first time, recording victories against some good teams before ultimately losing to Atletico Madrid at Firhill in the Round of 32.

The Club continued to educate its players during lockdown, with online workshops, development masterclasses and technical training sessions. It was also vital that Player Care was at the forefront of the work done during a difficult time for our young adults.

Business Review (continued)

Operational Report (continued)

Youth football (continued)

As part of the restructuring, Graeme Murty will have responsibility for overseeing the coaching and development across all academy squads. The U18s won their league for the second year in a row, despite having a squad of largely U17s, and across all the age groups the Club had 44 international call ups in the season. We want the training centre to be a vibrant and positive place for young players to learn, and the work being done helps us keep moving in the right direction.

Rangers Youth Development Company Limited continues to grow and during the year was able to donate £450k to the Club to support youth development.

Rangers Women

The 2020 SWPL season was called-off after one round of fixtures in March. The Scottish FA has rescheduled the season from October to June.

On recommencement, the Club will be one of only two professional teams in Scotland, following the commitment by the Board to significant investment in the Rangers Women's programme. An overhaul at the start of the year aims to ensure that the women and girls' function is integrated into the ethos of the Club, and into the Training Centre alongside the Men's First Team and Academy.

Since late 2019, a professional first team has been rebuilt, including a host of internationals from Scotland, Northern Ireland, France, Venezuela and India. Nine full time staff are now employed to bolster the scouting, medical and support systems off the pitch, working in a redeveloped office environment. Women's first team matches and all training are now being carried out at the Training Centre, with games played in front of the new Stand built last year.

The Club is determined to become the best place in the country for players to play, train and develop their game. Working alongside the Rangers Women's Official Partners, DCP and A Friend, as Front of Shirt and Sleeve sponsors, and a new Partnership in the coming year with Club 1872, the programme should go from strength to strength.

Commercial and other operations

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

The commercial department have continued in their rapid progress to grow commercial revenues and deepen fan engagement, both digitally and at Ibrox. The strong growth in commercial revenues serves directly to benefit the football department. The launch of the Club's new membership scheme has been a significant success with over 27,000 new MyGers members now enrolled in the programme aimed at rewarding and engaging supporters of all ages both domestically and internationally. The Club's digital transformation strategy was launched with the unveiling of the new Club website and an enhanced RangersTV platform and app in parallel with the brand evolution that featured a refreshed READY crest and brand identity. One of the key focuses within the Club is to work towards a 'single sign-on' across all these online platforms, to bring together ticketing, merchandising and membership under one Rangers account.

A new multi-year kit and retail partnership with Castore was signed, which allowed the Club to renovate and re-open The Rangers Store at Ibrox and launch an online webstore. The partnership will generate significant revenues from kit and retail operations. A number of new commercial partners were welcomed to the Club, including SEKO, DCP, Tomket Tires, The Energy Check and Molton Brown, alongside renewals with valued existing partners such as Tennents, Konami, Utilita and our Main Partner 32Red & Unibet (Kindred Group).

The Club also launched its international strategy with the aim to grow commercial revenues and enlarge the fan bases in both North America and India through two innovative strategic partnerships with Orange County SC (USA) and Bengaluru FC (India).

Supporter relations

In July 2019, the Club launched its new ground-breaking campaign Everyone Anyone, which aims to promote diversity and inclusion, and show Rangers as a modern football club through which fans can come together and support a common cause of equality and understanding. Rangers is for everyone and anyone and this campaign will send a clear message of zero tolerance to all forms of discrimination, on and off the pitch.

Our Supporter Liaison Officer meets with our recognised supporter groups on a regular basis, and attends all matches to assist as a point of contact with all fans, both on a matchday and online before or after the event.

The team again received remarkable support from the fans for the 2019/20 season, with over 45,500 season tickets sold, over 1,100 hospitality customers per home league game, and over 1.2m home match tickets processed by the Ticket Centre and the online sales platform.

Business Review (continued)

Operational Report (continued)

Supporter relations (continued)

The season ticket renewal campaign for 2020/21 has resulted in the Club selling out of season tickets for the third successive year, which is an incredible testament to the fans given the ongoing uncertainty around fan attendance in stadiums. The Club took the decision to offer season ticket holders and hospitality customers the opportunity to apply for refunds for their missed matches in 2019/20. Some fans understandably took up that option, while most decided to retain their money within the Club to be reinvested in the team, and the Club is grateful to all those who did. Season Ticket holders have been given free access to Rangers TV to watch all league matches live and were also given a £25 voucher to be used across the business. The Club's new SeatSub platform was launched in the year, which allows supporters to receive credits back on their season ticket when they cannot attend a game, which will help keep Ibrox full and the atmosphere right behind the team once fans are back in the Stadium.

The Club strives to repay that support in part through its online interaction with fans. Of all the clubs competing in the Scottish Premiership and the UEFA Europa League, Rangers has the eighth highest number of social media engagements. Rangers TV subscription revenues were up 16%. 58 matches were broadcast to non-UK and Ireland subscribers, as well as a host of UK subscriber-only content.

Community and charity

The community coaching and international tours and camps run by the Soccer Schools is another important way of reaching the fanbase. Over 10,000 young people attended one of our courses throughout the world last year. Domestically, over 60 holiday courses took place across Scotland and Northern Ireland, while internationally, the Club took its programme all over the world through camps, coach education and residential events. The Soccer Schools' aim is to become one of the biggest club partnership programmes in world football, expanding throughout Europe, Asia, Oceania and North America, promoting high quality football education courses and spreading the word about our Club.

The Club continues to be a responsible employer and business partner, and to improve in these respects wherever possible. In line with Gender Pay Gap legislation, the Group subsidiary The Rangers Football Club Limited, reported its Gender Pay Gap figures in April 2020. This report is available on the Club's website.

The Rangers Charity Foundation continues to be a force for good on behalf of the Rangers Family, showing compassion to those in need, tackling inequalities and creating opportunities for people of all ages to change their lives for the better. Their work this year was also heavily impacted by the COVID restrictions, but they continued to support the Rangers Family and the wider community where they could.

During the year, the Foundation delivered a diverse range of over 20 community programmes to almost 7,500 people, receiving over 2,300 letters for support. Full details of the Foundation's work can be found in its own Annual Report.

Clearly progress is being made in all areas and we continue to meet the challenges head on. This Board will not stop until Rangers return to regular triumphs.

Business Review (continued)

Finance Report

The year in review was affected by the curtailment of the 2019/20 season, which meant that from March to June there was no football, or corresponding matchday revenue. As well as that lost revenue from the last five home league games, and three months of non-matchday income from the Stadium, the Club also committed to giving refunds to season ticket holders and hospitality clients. Some of those understandably opted to take a refund, while most left their money within the Club, which we are very grateful for. We are extremely grateful also to all the Club Partners who continued to support the Club throughout the remainder of the season.

The Group has submitted a claim on its Business Interruption insurance for losses caused by COVID-19, the curtailment of the 2019/20 season and the ongoing pandemic, which continues to impact a number of revenue streams and the use of the Stadium. The scale and timing of any claim is uncertain, however we have recognised amounts received from our insurers against our claim to date. The Board continues to work towards getting fans back in the Stadium and will work with the government and football authorities to push for that to happen as restrictions allow. Having fans at football games is at the heart of what we do and is vital to the future finances of the business.

During the lockdown, starting in March, the Club and particularly the football department continued to operate as best it could so that when football re-started, the team was in the best position to hit the ground running. This set of accounts shows a further £11m invested in the first team squad, as well as further spending since the year end of 30 June. This investment is supported by the continued backing of the Board and its investors, as well as the fantastic support of the fans.

Revenue for the year was £59.0m, a 11% increase on the previous year, in spite of the impact of COVID-19.

The men's first team's run to the Round of 16 of the UEFA Europa League was responsible for £20.7m of that turnover, again showing that European progression, with its prize monies, broadcasting rights and matchday revenues, are vital to the current development of the team. Alongside that, the fans support was again superb, with season tickets selling out at 45,664, meaning season ticket income rose by £1.2m and hospitality revenues by £0.7m.

This support also then gives the Club the opportunity to capitalise on its commercial partnerships. Sponsorship revenues increased by 13% from the previous year as we added a host of new Club Partners.

Operating expenses excluding amortisation of players' registrations increased by £10.3m, from £58.2m to £68.5m. That increase is driven mostly by a £6.7m increase in player payroll costs, as the Board continues to invest in the team as we strive for success on the pitch. There was also around £0.5m of additional costs relating to the Womens football department, after the Club committed to going professional for the coming SWFL season.

The operating loss for the year increased from £11.6m to £15.9m.

The gain from player sales was £0.7m in the year, compared to £3.1m in the previous year.

The Club carried out a further share issue during the year, converting £17.7m of shareholder loans to equity and further strengthening the Balance Sheet.

Douglas Park, Chairman
17 November 2020

Strategic Report

About Rangers International Football Club plc (the "Company", "RIFC", "RIFC plc" and including its Subsidiaries, the "Group"), and Rangers Football Club (the "Club")

Rangers Football Club, formed in Scotland in 1872, is one of the world's most successful clubs, having won 54 League titles, 33 Scottish Cups, 27 League Cups and the European Cup Winners' Cup in 1972. The Club's loyal and sizeable supporter base, both in Scotland and around the world, enables the Club to boast one of the highest percentages of season ticket holders in the UK. Playing at the 50,817 seater Ibrox Stadium and benefitting from the world class 37 acre Rangers Training Centre, Rangers have been a leading force in Scottish football for decades. This world class stadium, training infrastructure and a loyal and passionate global fanbase provide an excellent foundation for the Company.

The Club finished second in the SPFL (Scottish Professional Football League) Premiership in season 2019/20. The history, facilities and ambition of the Club are such that the Club remains a desirable destination for foreign and domestic players alike. The first team squad is managed by Steven Gerrard.

The Directors, in preparing this Strategic Report, have complied with s414A to E of the Companies Act 2006.

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

Directors Duties

The Directors of the Group, as those of all UK companies, must act in accordance with a set of general rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

The Group seeks to ensure that it operates on an ethical and fair basis in a manner that helps foster agreeable relationships with its customers, suppliers and the wider business community. The Group considers and takes steps where possible to mitigate and reduce the impact of adverse factors that may place unacceptable strain on valued business relationships. Aligned with this the Group strives to set sector leading standards and achieve a reputation for a high degree of professional business conduct starting with employees through to suppliers, customer, shareholders and the wider community both locally and beyond.

Likewise, the Group has policies in place to remove or minimise any possible adverse impact of the Group's operations on the wider community and environment. The Group commits to adhere to and where possible go beyond all relevant legislation that seeks to protect the community and environment.

Strategic Report (continued)

Consolidated Results of Operations

REVENUE

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Gate receipts and hospitality	35,696	31,982
Sponsorship and advertising	3,136	2,782
Broadcasting rights	4,645	4,551
Commercial and retail activities	3,862	3,994
UEFA prize money and solidarity	8,897	6,359
Other revenue	2,797	3,503
Total revenue	**59,033**	**53,171**

Revenue for the year ended 30 June 2020 totalled £59.0 million. Of this total, gate receipts and hospitality income contributed £35.7 million. During the year, curtailed by COVID-19, the Club played fourteen home league matches, one home cup match, nine home European ties and five home friendlies (2019: nineteen home league matches, three home cup matches, seven home European ties, three home friendlies). No revenue is recognised in respect of away fixtures except for a small share of ticket revenue from away cup matches.

An increase to turnover of £5.9 million is driven in the main by reaching the Round of 16 of the UEFA Europa League, with £20.7 million of turnover coming from European competition (2019: £14.3 million). Season ticket income of £17.3 million was recognised during the year to 30 June 2020 based on sales of 45,664 season tickets (2019: £16.1 million from 45,500).

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

Commercial income of £0.6 million, sponsorship income of £3.1 million and broadcast income of £4.6 million recognised during the year to 30 June 2020 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 £3.3 million relates to royalties and profit share of the season's merchandising arrangements.

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

OPERATING EXPENDITURE

RIFC has incurred the following operating expenses during the year:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Staff costs	43,340	34,488
Other operating charges	23,233	22,039
Hire of plant and machinery	108	68
Depreciation of property, plant and equipment	1,762	1,535
Amortisation of trade marks	2	2
Amortisation and impairment of players' registrations	8,402	7,230
Auditor's remuneration	75	75
Total operating expenses	**76,922**	**65,437**

Player costs are RIFC's most significant expenditure, including £29.7 million (2019: £23.0 million) in respect of the first team playing squad. First team player salary costs are contractual and each player's salary is unique.

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

Strategic Report (continued)

CASH FLOW

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

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

The following table shows information regarding RIFC's cash flows for the year to 30 June 2020.

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Cash flow from operating activities	381	328
Net cash used in investing activities	(11,586)	(9,304)
Net cash from financing activities	21,294	8,487
Net (decrease)/increase in cash and cash equivalents	**10,089**	**(489)**

There was a net cash inflow of £0.4 million from operating activities compared to an inflow of £0.3 million in the prior year. Net cash outflow on investing activities amounted to £11.6m, compared to £9.3 million in the prior year.

Included within financing activities is the net receipt of loans from investors totaling £23.6 million. This balance was used to fund the Club's working capital requirements.

KEY PERFORMANCE MEASURES

RIFC uses a number of key performance measures in its business, including statutory measures, such as revenue and operating profit/(loss), before and after player trading. The most significant non statutory measures used include the wages/turnover ratio and season ticket sales. Key non-financial measures include on-pitch performance and attendance. The table below shows some KPIs for the year to 30 June 2020.

	Year ended 30 June 2020	Year ended 30 June 2019
Total revenue (£'000s)	59,033	53,171
Operating loss (£'000s)	(15,897)	(11,647)
Operational EBITDA (£'000s)*	(5,732)	(2,882)
First Team Wages/Turnover ratio	50%	43%
Number of games played (total)	58	63
Number of games played (SPFL home)	14	19
Number of games played (SPFL away)	15	19
Number of games played (Cup home)	1	3
Number of games played (Cup away)	6	5
Number of games played (Euro home)	9	7
Number of games played (Euro away)	8	7
Number of other games (Friendlies home)	5	3
Number of other games (Friendlies away)	0	0
Number of season tickets sold	45,664	45,500
Season ticket sales (£'000s)	17,314	16,129
Average season ticket price (£)	379	355
Average attendance (league home matches)	49,238	49,563

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

Strategic Report (continued)

CURRENT TRADING AND PROSPECTS

Last season, the Club's first team finished 2nd in the Ladbrokes SPFL Premiership, a season curtailed by COVID-19. In addition, the Club reached the final of the Betfred League Cup and the quarter-final of the William Hill Scottish Cup. In the current season, the Club sits in 1st place in the Premier League, at the time of writing.

The Club enjoys a world class stadium and training infrastructure and a loyal and passionate global fan base, which provide a predictable income and the foundation for the Group. The Directors believe that digital media and RIFC's broadcasting arrangements enable RIFC to capitalise on the Club's brand better than has taken place before. The Directors are confident that the future of the Group is bright and are encouraged as they seek to achieve their goal of securing Rangers as a leading club in world football. Having again returned to the Europa League Qualifying rounds and then the Group Stages, the task is now to improve our performance and continue to have regular European football at the Club.

RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that it considers to be associated with the running of a professional football club. Due to the nature of professional football there are many risks and inherent uncertainties due to the nature of participating in competitive sport. These risks are regularly reviewed by executive management. Each risk when identified is analysed to determine the likelihood of the risk occurring, the potential impact it may have on the Group if it did occur, and the steps that have been or should be taken to reduce the likelihood of occurrence and mitigate any potential impact. Management personnel are responsible for managing these risks and the required steps to be taken are subject to direction and on-going review by executive management and Directors.

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

Future funding

Building a team to challenge for the Ladbrokes SPFL Premiership and compete in European competition requires continued investment before success in these areas will generate a significant contribution to the revenues and cash flows of the Club. Until such time, the Group continues to require funding support from its investors. To this effect, the current and future financial position of the Group, its cash flows and liquidity position have been reviewed by the Directors. The forecasts indicate that funds are required to support the Club for the rest of the season 2020/21. The Board have received undertakings from the investors confirming that they will provide financial support as it is required. Further information can be found in the Going Concern section of this report and in note 1 to the financial statements.

Litigation

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

Retail revenue

The sale of replica strips in the year ended was the final year of our previous manufacturing deal. The Club has now signed up with a new Retail and manufacturing Partner, which will allow the Club to make better use of its stadium megastore, a new online platform, and the intention for additional stores going forward. Any litigation currently ongoing relating to previous deals will not affect this capability.

Season ticket revenues

Significant revenue is earned from the sale of season tickets. Current economic conditions can affect supporters' available income and there is a risk that the season ticket sales may fall. As well as the level of supporter engagement, the quality on the pitch, the standard of matchday entertainment, the level of success from the previous season, the level of opposition, together with pricing all have an effect on the decision to buy. Many of these factors are beyond the control of the Group.

Matchday attendances

Substantial income is derived from matchday ticket sales and the sale of various products and services on match days, including hospitality, catering and programmes. Worse than expected results and inclement weather, especially during the winter months can lead to a drop in attendances.

Broadcasting contracts and football competitions

The SPFL sells domestic broadcasting rights centrally. The Club currently competes in the Ladbrokes SPFL Premiership, and the SPFL provide revenue streams to the Group. The Club also competes in European competition and UEFA provide revenue streams to the Club in these circumstances. The future level of revenue is not contractually guaranteed and is subject to influence from third parties.

Player transfer market and wages

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

Player wages are subject to influence from competing clubs, particularly in those leagues with lucrative media contracts, significantly exceeding those available in smaller domestic markets. Consequently, all transactions are affected by a series of variable factors which result in the market being unpredictable.

Strategic Report (continued)

RISKS AND UNCERTAINTIES (CONTINUED)

COVID-19

The outbreak of the pandemic in early 2020 has had a significant impact on many aspects of the Group's operations and activities; including through limitations on the use of Ibrox Stadium and the Training Ground, through restrictions on customers coming to matches at the Stadium, or through regulatory and government advice on the playing of matches.

STRATEGY

The Board have reviewed the operating strategy of the Club to ensure that business is maintained and disruption is minimised, through the following:-

- access to the Club is maintained between fans and customers wherever possible, through our digital channels, including Rangers TV, social media and our new website.
- players and coaching staff are operating within a bio-secure environment.
- management of the Club is involved in the football ruling bodies to put forward the case for returning fans to stadiums where appropriate and to ensure that safety guidelines are met.
- staff are able to work from home where necessary, using technology solutions, and working around their domestic situations, to maintain the operations of the business.
- mitigating any financial exposure to COVID-19 through insurance.
- prompt supplier payment terms to ensure good relationships are maintained and to aid supplier cash flow.
- ongoing financial budgeting and cash flow planning as restrictions change and scenarios develop.

The Club is well-placed to cope with the disruption due to the nature of its cash-cycle, as well as the loyalty of its fan base. The Group's main source of generating cash is through season tickets and seasonal hospitality. Both sources of income have been maintained through the incredible loyalty of the Club's supporters, who have again sold out matchdays, even with the uncertainty around their access to the Stadium over the coming months.

CASH

The Group has worked to maintain its cash despite disruption to its activities by:-

- changing of our merchant providers, to improve the terms on our season ticket cash flows, supplying cash up front instead of across the season.
- utilisation of government schemes and assistance, including payment deferrals for VAT and employment taxes and the job retention scheme for non-playing staff.
- the deferral of wage payments for high earning staff.

INCOME

The Club's main income streams have been maintained or protected in the following ways:-

Ticketing and Hospitality – ticket purchasers have been offered free access via Rangers TV to see all home league matches, ensuring they receive a great product for their purchase. All seasonal fans were offered the opportunity to apply for a refund for the missed matches from season 2019/20, most of which chose not to take advantage of this option.

Retail – a new Retail Partner agreement was signed just before lockdown, and through innovative and quality products, exciting marketing and our online sales channels, our new strip launches were extremely successful. With product launches timed to satisfy peak demand, this income stream shows no sign of disruption.

Sponsorship and commercial partnerships - the Club has added to its stable of Club Partners, and has been able to meet its contractual obligations in most cases, or where it has been unable to, for example by hosting Partners at matches, other rights have been offered to maintain relationships. Through our global digital reach and fan base, our Partners were able to achieve value despite no matches.

Governing Bodies Distributions – the Club is exposed to football's governing bodies concluding commercial deals to maintain the monies distributed to clubs. The early termination of the 2019/20 Scottish Premier League and changes to the UEFA competition format, as a result of COVID-19, have resulted in reduced revenues reflected in these financial statements.

COSTS

The Club has been able to manage its costs through the period of the pandemic by:-

- performing an immediate cost review, to reduce third-party, overhead and discretionary spending, as well as non-essential capital expenditure.
- Furloughing colleagues and topping up their wages to 100% where possible.
- Reducing the number of employees in the short term where deemed absolutely necessary to allow for current circumstances. However, longer term it is anticipated the size of the workforce will be increased as the industry recovers.

Strategic Report (continued)

RISKS AND UNCERTAINTIES (CONTINUED)

COVID-19 (continued)

MAINTAINING ASSETS

The Group has been able to maintain its assets through the following means:-

- Supporting football playing staff with practical living support as well as continued fitness work to maintain their value.
- A bio-secure environment has been achieved for the playing staff so that they can operate to the highest standard, in line with regulatory requirements.
- Taking the opportunity to improve and work on the Stadium and other facilities during a period of downtime, where appropriate from a cost perspective and where work can be carried out safely.
- Continuing to protect the Club's assets from cyber crime and fraud by maintaining and improving IT solutions.

FUTURE OUTLOOK

Whilst it is still too early to predict the long-term impact of COVID-19 on the Scottish and wider European market, the Group is confident that it is well placed, both financially and operationally, to deal with the ongoing uncertainty and challenges this presents; particularly in relation to when the stadium can re-open to fans. The club continues to follow Government guidance concerning all aspects of the pandemic to ensure best practice precautions are applied and risk to players and staff is mitigated.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the Group's business the financial risk that the Directors consider particularly relevant to the Group is cash flow risk. The Group addresses cash flow risk by carefully managing its working capital inflows and outflows. The Group manages its working capital inflows and outflows to minimise any material foreign exchange risk. The Group does not enter into complex financial instruments for speculative purposes. Further information is provided in note 20 to the financial statements.

GOING CONCERN

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business. In satisfaction of this responsibility the Board has considered the Group's ability to meet its liabilities as they fall due.

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the Group manages its capital, its liquidity risk and its exposure to credit risk. The groups response to specific risks presented by COVID-19 are detailed above.

The Group meets its day to day working capital requirements through existing cash facilities, investor loans and leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

The Board has undertaken a recent and thorough review of the Group's forecasts and the associated risks. These forecasts extend for a period beyond one year from the date of approval of these financial statements. The extent of this review reflected the current economic environment, the Club's current and projected trading and position in Scottish football. These forecasts have been prepared for a range of possible scenarios, including the impact of COVID-19, with sensitivity analysis applied to the key revenue streams and costs.

Key assumptions in respect of the Group's forecasts are discussed within note 1 to the financial statements.

At the time of preparation, the forecast identified that the Group would require £8.8m by way of debt or equity funding by the end of season 2020/21 in order to meet its liabilities as they fall due with further funding of £14.4m required by the end of season 2021/22. The first tranche of funding is required from investors before the end of November 2020. However, the final amount required is dependent on future football performance, European football participation, player trading and the ongoing impact of COVID-19 amongst other factors.

The Board of Directors have discussed the Club's forecast cash flow shortfall and have reached agreement with Douglas Park and John Bennett whereby they will provide additional loan facilities as necessary to meet shortfalls to the above requirements and any further amounts that may be required a result of variances to forecast cash flows. Further to this, Douglas Park and John Bennett have agreed to provide a formal facility with funds being made immediately available to meet short term cash needs with further funds to be made available to draw down as they are required.

Strategic Report (continued)

GOING CONCERN (CONTINUED)

The Board has considered the level and timing of additional funding that may be needed and is satisfied that any such amounts will be made available as and when required.

The Board acknowledge that the uncertainty over the level of additional funds that will be required and a lack of a binding debt facility indicate that a material uncertainty exists which may cast doubt over the Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, having secured the offer of further loan funding referred to above, the Board of Directors believe that there is a reasonable expectation that the Group will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The RIFC Group maintains cash to fund the daily cash requirements of its business. The Group does not have access to any further banking facilities.

As at 30 June 2020, there are unsecured loans with investors amounting to £15.3 million, other commercial loans of £2.9 million, whilst the Group also has lease agreements totalling £1.0 million.

As at 30 June 2020, the Group held £11.1 million within cash and bank balances.

Approved by the Board and signed on its behalf by:

Douglas Park, Chairman
17 November 2020

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 2020.

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 4 to 9, and the Strategic Report.

STRATEGIC REPORT

As the Company and its principal subsidiaries are managed and controlled as a single entity, the review of business and future developments, which is set out in the Strategic Report on pages 10 to 16, reflects the performance of the Group. A separate review of the Company would not be meaningful and is therefore not presented.

ENVIRONMENTAL MATTERS AND EMPLOYEE MATTERS

The Company aims to operate as a responsible employer. We seek to minimise the Group's impact on the environment and endeavour to achieve this through recycling and energy conservation wherever possible. We are also committed to maintaining a workplace of the highest standard and seek to do so by ensuring that we provide training programmes, appropriate remuneration and a positive working environment.

The Club has chosen to adopt the voluntary Living Wage rate as a minimum for employees over the age of 25.

RESULTS AND DIVIDENDS

The audited consolidated income statement for the year ended 30 June 2020 is set out on page 23. The Directors have not recommended the payment of a dividend (2019: nil).

DIRECTORS

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

Name	Position	
Dave King	Chairman	Resigned 27 March 2020
Douglas Park	Chairman	
John Bennett	Vice-chairman	
Graeme Park	Non-exec Director	
Alastair Johnston	Non-exec Director	
Julian Juul Wolhardt	Non-exec Director	
Barry Scott	Non-exec Director	

OTHER INFORMATION

The Directors have included other information, in accordance with S414(C) of the Companies Act 2006, within the Strategic Report, being information on the exposure to risks and uncertainties.

DIRECTORS' INDEMNITIES

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

CHARITABLE AND POLITICAL DONATIONS

The Group made cash donations of £76k (2019: £4k) to international, UK-based and local charities during the period. The Group made no political donations during the year (2019: 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. Suitable training and adjustments to their work environment are arranged where appropriate, to allow staff to reach their potential. It is the policy of the Group that the training, career development and promotion of disabled people should, as far as possible, be identical to that of other employees.

Directors' Report (continued)

EMPLOYEES CONSULTATION

The Group places considerable value on the involvement of its employees throughout the business. Employees are kept well-informed on matters affecting them as employees and on the various factors affecting the Group, such as performance. This is achieved by regular departmental meetings, email correspondence and intranet notices.

SUPPLIER PAYMENT POLICY

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

KEY PERFORMANCE INDICATORS

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

EVENTS SINCE THE END OF THE YEAR

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

ENERGY AND CARBON REPORTING

The Group has analysed its consumption of UK gas and energy as part of its obligations as an industrial user and emitter of CO_2 greenhouse gases, and to reduce consumption and protect the environment. All new equipment purchases or stadium and facility upgrades are procured with energy reduction in mind. All existing infrastructure is under constant review to seek out opportunities for more power efficient alternatives, with the understanding that this will also reduce cost.

Recent improvements include replacing office space lighting with LED alternatives; replacing old boiler systems with ecodesign intelligent heaters; and draught exclusion work in the Stadium.

The total Kwh consumption across all our properties is 9,596,266 Kwh for the year ended 30 June 2020. This is split between electricity (4,697,142 Kwh) and Gas (4,899,124 Kwh). This converted in to emissions in tonnes of carbon dioxide equivalent (CO_2e) equates to 1,996 tonnes. The methodology used by the group to calculate UK energy CO_2 emission was taken from the UK Government GHG Conversion Factors for Company Reporting advisory.

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 Azets Audit Services (formerly trading as Campbell Dallas Audit Services) will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Douglas Park, Chairman
17 November 2020

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have chosen to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether IFRS as adopted by the EU has been followed subject to any material departures disclosed or explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

Douglas Park, Chairman
17 November 2020

Corporate Governance Statement

CORPORATE GOVERNANCE

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

THE BOARD OF DIRECTORS

The Board of Directors operates within the framework discussed below.

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

OPERATIONAL BOARD

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

INTERNAL CONTROL

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

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

MANAGEMENT CONTROL SYSTEMS

The Company continues to invest in IT software and infrastructure in anticipation of continued 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. Before COVID-19 the Company received a large amount of its income in cash from its activities and the Directors have implemented rigorous cash control measures at each of its sites, particularly the Ticket Centre, which include: daily reconciliations of cash; daily monitoring of upcoming matches; use of safes; and regular reviews by company and department management.

PERFORMANCE MEASUREMENT

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

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

OPINION

We have audited the financial statements of Rangers International Football Club plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated and Parent Company Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of Companies Act 2006.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to information in note 1 in the financial statements concerning the Group's ability to continue as a going concern. In order to continue operations for the next 12 months the Group is dependent upon raising additional finance to cover projected cash shortfalls in season 2020/21 and 2021/22. The precise level of funding required is uncertain as it is inherently dependent on a number of key variables, including the achievement of forecast football performance, player trading and the ongoing impact of COVID-19. As stated in note 1 the risk that key cash flows are not achieved as forecast, along with the absence of a binding debt facility for any shortfalls, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Azets Audit Services

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

17 November 2020

Consolidated Income Statement

For the year ended 30 June 2020

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
REVENUE	2	**59,033**	**53,171**
Operating expenses	3	(68,520)	(58,207)
		(9,487)	(5,036)
Other operating income	3	1,992	619
OPERATING LOSS BEFORE PLAYER AMORTISATION		**(7,495)**	**(4,417)**
Amortisation and impairment of players' registrations	3	(8,402)	(7,230)
OPERATING LOSS		**(15,897)**	**(11,647)**
Profit on disposal of players' registrations	3	684	3,129
Other charges	7	(206)	(1,571)
Finance costs	7	(2,374)	(1,302)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(17,793)**	**(11,391)**
Taxation	8	331	114
LOSS FOR THE YEAR		**(17,462)**	**(11,277)**
Loss for the year attributable to:			
Owners of the Company		(17,462)	(11,277)
Non-controlling interests		–	–
		(17,462)	**(11,277)**
Basic and diluted earnings per ordinary share	29	(7.21p)	(8.50p)

All profits and losses are derived from continuing operations.

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
LOSS FOR THE YEAR		**(17,462)**	**(11,277)**
Deferred tax relating to components of other comprehensive income	8	(640)	-
Other comprehensive income for the year		(640)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(18,102)**	**(11,277)**
Total comprehensive loss for the year attributable to:			
Owners of the Company		(18,102)	(11,277)
Non-controlling interests		-	-
		(18,102)	(11,277)

Consolidated Balance Sheet

As at 30 June 2020

	Notes	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	46,351	45,986
Intangible assets	10	31,397	29,165
Trade and other receivables	13	–	79
		77,748	75,230
CURRENT ASSETS			
Trade and other receivables	13	29,912	22,823
Cash and bank balances	14	11,126	1,037
		41,038	23,860
TOTAL ASSETS		**118,786**	**99,090**
CURRENT LIABILITIES			
Other loans	15	(13,197)	(5,496)
Trade and other payables	16	(31,076)	(20,206)
Lease liabilities	17	(411)	(403)
Deferred income	18	(24,504)	(23,119)
Provisions	28	(3,150)	–
		(72,338)	(49,224)
NET CURRENT (LIABILITIES)/ASSETS		**(31,300)**	**(25,364)**
NON-CURRENT LIABILITIES			
Other loans	15	(5,000)	(7,770)
Trade and other payables	16	(3,347)	(3,102)
Lease liabilities	17	(661)	(835)
Deferred income	18	(244)	(366)
Deferred tax liability	19	(5,402)	(4,909)
		(14,654)	(16,982)
TOTAL LIABILITIES		**(86,992)**	**(66,206)**
NET ASSETS		**31,794**	**32,884**
EQUITY			
Share capital	22	2,606	1,722
Share premium account	23	53,088	36,279
Merger reserve	23	12,960	12,960
Revaluation reserve	24	25,014	26,016
Capital contribution	24	–	2,699
Retained earnings	25	(61,874)	(46,792)
TOTAL EQUITY		**31,794**	**32,884**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 17 November 2020. They were signed on its behalf by:

Douglas Park, Chairman

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

Company Balance Sheet
As at 30 June 2020

	Notes	2020 £'000	2019 £'000
NON-CURRENT ASSETS			
Investment in subsidiaries	11	47,550	60,688
TOTAL ASSETS		**47,550**	**60,688**
CURRENT LIABILITIES			
Amounts due to subsidiary undertakings		(138)	(115)
Other loans	15	(10,322)	(2,496)
NET CURRENT (LIABILITIES)/ASSETS		**(10,460)**	**(2,611)**
NON-CURRENT LIABILITIES			
Other loans	15	–	(7,770)
TOTAL LIABILITIES		**(10,460)**	**(10,381)**
NET ASSETS		**37,090**	**50,307**
EQUITY			
Share capital	22	2,606	1,722
Share premium account	23	53,088	36,279
Merger reserve	23	12,960	12,960
Capital contribution	24	–	2,699
Retained earnings	25	(31,564)	(3,353)
TOTAL EQUITY		**37,090**	**50,307**

The financial statements of Rangers International Football Club plc (registered number SC437060) were approved by the Directors and authorised for issue on 17 November 2020. They were signed on its behalf by:

Douglas Park, Chairman

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

Consolidated Statement of Changes in Equity

For the year to 30 June 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Capital contribution £'000	Revaluation reserve £'000	Total equity £'000
As at 30 June 2018	**815**	**19,048**	**12,960**	**(38,671)**	**5,142**	**26,378**	**25,672**
Loss for the year to 30 June 2019	-	-	-	(11,277)	-	-	(11,277)
Share issues	907	17,231	-	-	-	-	18,138
Transfer from revaluation reserve to retained earnings	-	-	-	453	-	(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	-	(91)	-	91	-
Equity element of interest-free loans from investors	-	-	-	-	1,481	-	1,481
Transfer on repayment of interest-free loans	-	-	-	2,794	(3,924)	-	(1,130)
As at 30 June 2019	**1,722**	**36,279**	**12,960**	**(46,792)**	**2,699**	**26,016**	**32,884**
Loss for the year to 30 June 2020	-	-	-	(17,462)	-	-	(17,462)
Deferred tax liability relating to components of other comprehensive income	-	-	-	-	-	(640)	(640)
Share issues	884	16,809	-	-	-	-	17,693
Transfer from revaluation reserve to retained earnings	-	-	-	453	-	(453)	-
Deferred tax liability on transfer from revaluation reserve to retained earnings	-	-	-	(91)	-	91	-
Transfer on repayment or conversion to shares of interest-free loans	-	-	-	2,018	(2,699)	-	(681)
As at 30 June 2020	**2,606**	**53,088**	**12,960**	**(61,874)**	**-**	**25,014**	**31,794**

Company Statement of Changes in Equity

For the year to 30 June 2020

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Capital contribution £'000	Total equity £'000
As at 30 June 2018	**815**	**19,048**	**12,960**	**(4,546)**	**5,142**	**33,419**
Loss for the year to 30 June 2019	-	-	-	(1,601)	-	(1,601)
Share issues	907	17,231	-	-	-	18,138
Equity element of interest-free loans from investors	-	-	-	-	1,481	1,481
Transfer on repayment of interest-free loans	-	-	-	2,794	(3,924)	(1,130)
As at 30 June 2019	**1,722**	**36,279**	**12,960**	**(3,353)**	**2,699**	**50,307**
Loss for the year to 30 June 2020	-	-	-	(30,229)	-	(30,229)
Share issues	884	16,809	-	-	-	17,693
Equity element of interest-free loans from investors	-	-	-	-	-	-
Transfer on repayment of interest-free loans	-	-	-	2,018	(2,699)	(681)
As at 30 June 2020	**2,606**	**53,088**	**12,960**	**(31,564)**	**-**	**37,090**

Consolidated Statement of Cash Flows

For the year to 30 June 2020

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
CASH USED IN OPERATIONS	26	**381**	**328**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		(8,841)	(9,676)
Purchase of property, plant and equipment		(2,763)	(2,968)
Proceeds from sale of intangible assets		693	3,596
Interest paid		(675)	(256)
NET CASH USED IN INVESTING ACTIVITIES		**(11,586)**	**(9,304)**
FINANCING ACTIVITIES:			
Payment of lease finance liabilities		(443)	(380)
Loans received		23,619	8,191
Loans repaid		(1,882)	(875)
Proceeds from issue of shares		-	1,551
NET CASH INFLOW FROM FINANCING ACTIVITIES	26	**21,294**	**8,487**
Net (decrease)/increase in cash and cash equivalents		**10,089**	**(489)**
Cash and cash equivalents at the beginning of the period		1,037	1,526
Cash and cash equivalents at the end of the period		11,126	1,037
		10,089	**(489)**

Company Statement of Cash Flows

For the year to 30 June 2020

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
CASH USED IN OPERATIONS	26	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		-	-
CASH USED IN FINANCING ACTIVITIES:			
Proceeds from issue of shares		-	1,551
Loans received		18,619	5,191
Loans repaid		(1,757)	(875)
Funds passed to subsidiary		(16,862)	(5,867)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-
Net (decrease)/increase in cash and cash equivalents		**-**	**-**
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-
		-	-

Notes to the financial statements

1. ACCOUNTING POLICIES

GENERAL INFORMATION

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

The address of the registered office is Ibrox Stadium, 150 Edmiston Drive, Glasgow, G51 2XD. The nature of the Group's operations is that of a football club.

The financial information is presented in pounds sterling, the currency of the primary economic environment in which the Group operates, and is rounded to the nearest thousand (£'000). All activities of the Group are performed in the United Kingdom.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

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

USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described further in significant accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Annual Report comprises the Strategic Report, Directors Report and the Annual Accounts. The Annual Accounts comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheet, Consolidated and Parent Company Statement of Cash Flows, Consolidated and Parent Company Statement of Changes in Equity, and note disclosures for the Group and Parent Company. The accounting year is the year to 30 June 2020. A separate Income Statement for the Parent Company has not been presented, as permitted by s408 of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except where IFRS permits recognition at fair value, specifically in relation to the valuation of property.

The principal accounting policies adopted are set out below.

Going concern

The Board of Directors ("the Board") are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business. In satisfaction of this responsibility the Board have considered the Group's ability to meet its liabilities as they fall due.

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report also describes how the Group manages its capital, its liquidity risk and its exposure to credit risk.

The Group meets its day to day working capital requirements through existing cash facilities, investor loans and leases. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity. The Board acknowledges that there is a level of uncertainty in the general economic environment which may impact the trading position of its customers and suppliers.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Going concern (continued)

The Board has undertaken a recent and thorough review of the 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. These forecasts have been prepared for a range of possible scenarios, including the impact of COVID-19, with sensitivity analysis applied to the key revenue streams and costs.

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

- Football performance, the forecast assumes the Club will challenge for the European places in the Ladbrokes SPFL Premiership in 2020/21 and participate in European competition in the season thereafter;
- Season ticket sales, the timing and amount of which are consistent with the Club's historic experience. The forecasts include an uplift in season ticket prices to reflect annual inflationary increases and forecast improved football performance;
- Matchday income will be significantly impacted throughout the 2020/21 season due to restrictions in match attendance resulting from COVID-19; on the lifting COVID-19 restrictions and a return to normal attendance, match day revenue is forecast to grow as a result of improving footballing performance and success;
- Sponsorship, commercial and other non-matchday income;
- The amount and timing of cash flows from retail activities;
- The forecast overhead cost base of the Club;
- Payroll costs reflecting the 2020/21 squad size and composition in perspective to its assumptions around football performance;
- The quantum of future transfer receivables and payables;
- The capital expenditure necessary to maintain and improve the stadium, training facility and general Ibrox vicinity;
- The Group's ability to secure further debt or equity finance from investors to allow the Group to continue to meet its liabilities as they fall due.

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

At the time of preparation, the forecast identified that the Group would require £8.8m by way of debt or equity funding by the end of season 2020/21 in order to meet its liabilities as they fall due with further funding required of £14.4m by the end of season 2021/22. The first tranche of funding is required from investors before the end of November 2020. However, the final amount required is dependent on future football performance, European football participation, player trading and the ongoing impact of COVID-19 amongst other factors.

The Board of Directors have discussed the Club's forecast cash flow shortfall and have reached agreement with Douglas Park and John Bennett whereby they will provide additional loan facilities as necessary to meet shortfalls to the above requirements and any further amounts that may be required a result of variances to forecast cash flows. Further to this, Douglas Park and John Bennett have agreed to provide a formal facility with funds being made immediately available to meet short term cash needs with further funds being made available to draw down as they are required.

The Board has considered the level and timing of additional funding that may be needed and is satisfied that any such amounts will be made available as and when required.

The Board acknowledge that the uncertainty over the level of additional funds that will be required and a lack of a binding debt facility indicate that a material uncertainty exists which may cast doubt over the Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, having secured the offer of further loan funding referred to above, the Board of Directors believe that there is a reasonable expectation that the Group will at all times have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing this report and the statutory financial statements.

Consolidation

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

Subsidiaries

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Control

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

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

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

Associates

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

Investments in associates are initially recognised at cost.

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

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

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

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

Elimination of intra-Group transactions

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

Business combinations

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

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

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

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

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

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

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

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

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

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

Assets and liabilities

An asset that is associated with the Group's normal operating cycle, held primarily for the purpose of being traded, expected to be realised within twelve months after the Balance Sheet date or is cash or cash equivalents (unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the Balance Sheet date) is classified as a current asset. All other assets are classified as non-current assets.

A liability is classified as current if it is expected to be settled in the Group's normal operating cycle, is held primarily for trading purposes and is due to be settled within twelve months after the statement of financial position date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date. All other liabilities are classified as non-current liabilities.

Equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of shares are shown in equity as a deduction from proceeds within the share premium account.

Financial instruments

Financial instruments are classified as debt or equity in accordance with their underlying economic reality. Costs directly attributable to the issue of debt are shown as a deduction from the debt issued. Interest, dividends, gains or losses related to a financial instrument that is classified as debt, will be presented as an expense or income in the Income Statement.

The Group has two main categories of financial instruments, which are trade and other receivables and other financial liabilities.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Upon recognition, these assets are measured at fair value less directly related transaction expenses. In successive periods these are measured at amortised cost, and any differences between acquisition cost and redemption value is accounted for over the borrowing period by using the effective interest method. If transaction costs are immaterial and the credit period is short, amortised cost is equal to the nominal value less any allowance for credit losses. Amortised interest is recognised as income within the Consolidated Income Statement.

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

Other financial liabilities

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

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

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

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Cash and bank balances

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

Impairment of financial instruments

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

Offsetting financial instruments

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

Discontinued operations

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

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

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

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

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

Revenue recognition

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

Gate receipts and hospitality revenue is based on matches played throughout the season with revenue recognised when the performance obligation is satisfied (i.e. the respective game has been played).

Sponsorship and advertising revenue is recognised over the duration of the respective contracts.

The fixed element of Broadcasting revenue is recognised over the duration of the football season whilst facility fees received for live coverage or highlights are taken when earned. Merit awards for league placing are accounted for on an accruals basis when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The early termination of the 2019/20 Scottish Premier League due to COVID-19, has resulted in the reduction of broadcasting revenues to reflect managements' best estimate of amounts receivable from the SPFL.

Commercial and retail revenue comprises revenue generated by the promotion of the Rangers brand through contractual agreements with business partners. Where such agreements contain minimum guarantees in relation to specific football seasons, revenue is recognised in that respective football season. Where such agreements contain variable consideration, revenue is recognised as the performance obligations are met based on information available on the performance of that contract. Where such information is not available, management are required to make estimates and judgements on the performance of the underlying contracts. These estimates are based on historic experience and may differ from actual amounts receivable.

UEFA prize money relates to participation in the Europa League and is spread over the matches played in the competition whilst distributions relating to match performance are taken when earned. Delays to the UEFA Europa League due to COVID-19, and impact on broadcasting schedules and competition format has resulted in a reduction of prize money available for distribution to participating clubs. As a result, UEFA prize money revenues have been reduced to reflect managements' best estimate of amounts receivable from this competition.

Other revenue includes income from catering, tours and events and is recognised at a point in time as the service delivery is completed.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Deferred tax is the tax expected to be payable on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

Brand intangible assets

The Group only carries brand intangible assets that have been acquired on the Consolidated Balance Sheet. Acquired brands are carried at cost, being estimated fair value on acquisition. Subject to an impairment review, no amortisation is charged on those brand intangible assets which the Board believes have an indefinite life on the basis that there is no foreseeable limit on the period of time for which the intangible asset is expected to generate cash flows.

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

Player registrations

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

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

Government assistance

The UK government has offered a range of financial support packages to help companies during COVID-19. The Group has benefited directly from this assistance in the form of payment deferrals for VAT, payment deferrals for employment taxes and the job retention scheme.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Grants received under the UK Governments' Job Retention Scheme are netted off against the related expense (i.e. payroll costs) so as to recognise in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets excluding goodwill

The Group assesses at each balance sheet date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Impairment losses recognised with respect to CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

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

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

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

A previously recognised impairment loss is reversed only if there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the Consolidated Income Statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are not amortised but are instead subject to an annual impairment review. The Group considers its Brand to have indefinite useful life. Furthermore, the Group tests its tangible and intangible assets for impairment more frequently if there are indicators that the assets could be impaired.

Impairment testing procedures

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

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

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

Key assumptions

Football team performance -	short term (1)	Finish in top-2 of SPFL Premiership
Football team performance -	medium to long term (1)	Predictions of expected football results beyond season 2021/22 i.e. league placings, cup progressions, match day attendance, and future European participation.
Cash generating unit (2)		Football club operations
Budget period (3)		5 years
Discount rate (4)		13% pre tax
Growth rate (5)		1.8%
UEFA Club Competitions revenue distribution system (6)		Revenue available to Scottish clubs from future UEFA competitions to be at least equal to that available from the 2018-21 cycle

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Key assumptions (continued)

(1) The assumptions utilised in the model involve key judgements in respect of football performance in the short, medium and long term. The Directors are satisfied over the robustness of these assumptions.

(2) The group considers that the only cash generating unit is the operation of the football club. All income, costs and associated cash flows from retail operations are included in the impairment review.

Individual player registrations are included within the cash generating unit unless there are certain circumstances arising which would exclude them from the playing squad (such as sustaining a significant long term injury or not being part of the first team managers plans). In such circumstances, the players are unlikely to contribute to the future economic benefits of the cash generating unit and, as such, the carrying value of the player is removed from the cash generating unit. This is then assessed for impairment in isolation against the Group's best estimate of the player's fair value less any costs to sell. If the Group considers that impairment has occurred, a provision is made as appropriate.

(3) The basis for the expected cash flow are the confirmed budgets for 2021/22, 2022/23 & 2023/24 and the cash flow forecasts for the next two years after. Expected cash flows are calculated using a weighted average of possible outcomes based on football team performance.

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

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

(6) The financial distributions available from UEFA competitions in the forecast period are based on distributions available from the current UEFA cycle. The competitions available, and the entry point used, in the forecast period beyond the 2021/22 competition are to be determined by future Scottish club coefficient rankings. As these stand, two Scottish teams will enter the qualification rounds for the UEFA Champions League which increases the opportunity to reach the lucrative UEFA Champions League Group stages. Failure to progress through the UEFA Champions League qualifying rounds would, as a minimum, result in entry to the UEFA Europa League qualifying rounds and failure to progress through these would, as a minimum, result in entry to the UEFA Europa Conference League play-off round. The financial distributions available from the 2021/22 competitions have not yet been released, therefore in management's judgement the most appropriate estimate of future distributions are those available in the current cycle. While the distributions from the future UEFA competitions are currently unknown it is envisaged that the new structure of European competition will result in more financial distributions being available to participating Scottish clubs.

Indications of impairment

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

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

The valuation model showed headroom of approximately £3.7m. The valuation model by its nature is based upon uncertain assumptions and whilst the Group has a degree of expertise in these assumptions they are subject to change.

Interrelationships exist between all unobservable inputs. For example, a reduction in football related performance could impact the value of player costs or commercial and sponsorship income.

Critical sensitivities

Sensitivity applied	*Critical value – resulting in impairment charge*
Domestic and European football performance	Failure to participate in Europa League group stages a minimum of two times during the forecast period after season 2020/21.
Discount factor	An increase in discount rate to 13.42%.
Player costs & transfers	An increase in the annual player salary costs by 1.30% above those projected in the cash flows.
	An increase in the annual transfer spend by 0.97% above those projected in the cash flows.
	A decrease in the annual transfer receipts by 0.85% below those projected in the cash flows.
Retail revenue	A reduction in forecast annual retail revenue by 7.05%.
Growth rate	A reduction in growth rate to 1.21%.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

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

Further details with regard to the cash flow model used can be found within the Impairment testing section above. Relatively small changes in the assumptions could have a significant impact on the valuation of the CGU. For example, a reduction in discount rate applied, by 1%, would increase the value of the CGU by £7.0m.

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

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

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

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

Freehold properties	1.33%
General plant and equipment	2.5% – 33%

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

Provisions, contingent assets and liabilities

The Group recognises a provision when at the balance sheet date a present obligation exists, legal or constructive, as a result of a past event and it is probable that a settlement of that obligation will be paid and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimates required to settle that obligation, at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where appropriate, management take independent expert advice to determine the quantum and expected timing associated with settling provisions.

A contingent asset is not recognised in the Financial Statements but is disclosed when a possible asset arises from past events whose existence will be confirmed only by uncertain future events not wholly within the control of the entity and the inflow of economic benefits is assessed as probable at the Balance Sheet date.

A contingent liability is not recognised in the Financial Statements but is disclosed when an obligation arises from past events whose existence will be confirmed only by uncertain future events not wholly within the control of the entity; or an obligation arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Segmental accounting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. The Directors have concluded that in the year to 30 June 2020 the Group has only operated in one segment, namely the operation of a football club, and therefore no operating segment note has been prepared.

Notes to the financial statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

Non-recurring items

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

Leasing

The Group has applied IFRS 16: 'Leasing' from 1st July 2019. On transition to IFRS 16, the Group has reviewed its leasing arrangement and concluded that IFRS 16 has no material impact on the recognition of lease liabilities or right of use assets in the current or prior year financial statements.

For any new contracts entered into after 1st July 2019, the Group assess whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the lease commencement date, the entity recognises a lease liability (being the present value of lease payments that are not paid at that date using the interest rate implicit in the lease) and a right of use asset (measured at cost, being the lease liability adjusted for any lease payments made in advance, any incentives received and initial directors costs incurred.) The has decided not to apply the new leasing standard to player registration loan agreements as permitted by paragraph 4 of IFRS 16 and as such, continues to apply IAS 38 to these arrangements.

The right of use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The lease liability is made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantees and payments arising from options reasonably certain to be exercised.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Insurance claims

The Group recognises income from insurance claims where it has an insurance contract under which it can make a claim for compensation and the loss event that creates a right for the group to assert a claim at the reporting date has occurred and the claim is not disputed by the insurer. The amount of income is recognised when an amount receivable is known or can be estimated with reasonable certainty.

Adoption of new and revised Standards

The Group has applied the following new, revised or amended standards for the first time in these financial statements for the year to 30 June 2020.

Title	Key Issues	Impact on RIFC plc
IFRS 16 Leases	The standard provides a single lease accounting model requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset value is insignificant.	The Group has reviewed its leasing arrangement and concluded that IFRS 16 has no material impact on the recognition of lease liabilities or right of use assets in the current or prior year financial statements. As disclosed in the prior years' financial statements, the group was committed to £36k of operating lease payments running to April 2020. On transition to IFRS 16, the Group has taken advantage of the practical expedient not to recognise a right-of-use asset or lease liability for leases where the term ends within 12 months of the date of initial application.

There were no other IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group's financial statements.

At the date of authorisation of these financial statements, there are no standards nor interpretations which were in issue but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements (continued)

2. REVENUE

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Gate receipts and hospitality	35,696	31,982
Sponsorship and advertising	3,136	2,782
Broadcasting rights	4,645	4,551
Commercial and retail activities	3,862	3,994
UEFA prize money and solidarity	8,897	6,359
Other revenue	2,797	3,503
Total revenue	**59,033**	**53,171**

3. LOSS FOR THE YEAR

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Loss for the year has been arrived at after charging / (crediting):-			
Staff costs	5	43,340	34,488
Other operating charges		23,233	22,039
Hire of plant and machinery		108	68
Depreciation and impairment of property, plant and equipment	9	1,762	1,535
Amortisation of trademarks	10	2	2
Auditor's remuneration	4	75	75
Other operating expenses		**68,520**	**58,207**
Revenue grants		(742)	(619)
Insurance claims		(1,250)	-
Other operating income		**(1,992)**	**(619)**
Amortisation of player registrations	10	7,569	5,639
Impairment of player registrations	10	833	1,591
Gain on sale of player registrations	10	(684)	(3,129)
Total net result from player transfers, amortisation and impairment		**7,718**	**4,101**

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

4. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Fees payable to the company's auditor for the audit of the Company's annual accounts:		
Audit of the Consolidated and Company's financial statements	40	40
Audit of the Company's subsidiaries	35	35
Total audit fees	**75**	**75**
Fees payable to the company's auditor for other services to the Group:		
Audit-related assurance services	12	12
Other tax advisory and compliance services	13	13
Other services	6	17
Total non-audit fees	**31**	**42**

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements (continued)

5. STAFF NUMBERS AND COSTS

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

	Year ended 30 June 2020 Number	Year ended 30 June 2019 Number
Football players	83	72
Others	172	151
Total	**255**	**223**

In addition, the Group employed an average of 503 part-time employees during the year (2019: 552), to assist on matchdays or other events.

The aggregate remuneration comprised:

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Wages, salaries and benefits	38,660	30,636
Social security costs	4,369	3,595
Other pension costs - defined contribution plans	311	257
Total staff costs	**43,340**	**34,488**

6. DIRECTORS' EMOLUMENTS

	Salary and Payroll Benefits £	Bonus £	Pensions £	Benefit in kind £	Year to 30 June 2020 £	Year to 30 June 2019 £
Non-Executive						
Douglas Park	-	-	-	-	-	-
John Bennett	-	-	-	-	-	-
Graeme Park	-	-	-	-	-	-
Alastair Johnston	-	-	-	-	-	-
Julian Juul Wolhardt	-	-	-	-	-	-
Barry Scott	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Key management personnel	**1,251,343**	**80,000**	**41,342**	**4,849**	**1,377,534**	**895,311**

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

Management representatives have individual contracts that regulate salaries, bonuses, post-employment benefits and termination benefits. They were remunerated from The Rangers Football Club Limited throughout the year to 30 June 2020.

Notes to the financial statements (continued)

7. FINANCE COSTS AND OTHER CHARGES

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Finance costs		
Interest payable on lease finance agreements	52	50
Other interest	624	208
Interest received	(1)	(2)
Notional interest on deferred player receivables	(17)	(284)
Notional interest on deferred player payables	1,716	1,330
Total finance costs	2,374	1,302
Other charges		
Amortisation of investor loans using effective interest rate method	206	1,571
Total other charges	206	1,571
Total finance costs and other charges	**2,580**	**2,873**

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

Notes to the financial statements (continued)

8. TAXATION

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Tax charged to the Income Statement:		
Current tax	(188)	(26)
Deferred tax (note 19)		
Origination and reversal of temporary differences	(143)	(88)
	(331)	**(114)**
Tax charged to Other Comprehensive income:		
Deferred tax (note 19)		
Deferred tax rate change on opening balances	640	-
Total tax charged in the year	**309**	**(114)**

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

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Continuing Operations		
(Loss)/profit on ordinary activities before tax	(17,793)	(11,391)
Tax at the UK corporation tax rate of 19% (2018: 19%)	(3,381)	(2,164)
Tax effect of expenses that are not deductible in determining taxable profit	82	285
Tax effect of income not taxable in determining taxable profit	14	(268)
Tax losses unutilised and other temporary differences not recognised	3,142	2,059
R&D Tax credits	(188)	(26)
Tax expense / (credit) for the year	**(331)**	**(114)**

Current tax is calculated at 19% of the estimated taxable profit / (loss) for the year (2019 – 19%). Finance Act 2020 was 'substantively enacted' on 17 March. This increased the main rate of corporation tax applicable to 20% from 1 April 2020, replacing the 17% rate previously effective from that date. The closing deferred tax assets and liabilities have been calculated in accordance with the rates substantively enacted at the Balance Sheet date.

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

Notes to the financial statements (continued)

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

Group	Freehold properties £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation			
Cost or valuation at 1 July 2018	43,094	8,212	51,306
Additions	553	3,746	4,299
Disposals	–	–	–
Cost or valuation at 1 July 2019	43,647	11,958	55,605
Additions	71	2,056	2,127
Disposals	–	–	–
At 30 June 2020	**43,718**	**14,014**	**57,732**
Accumulated depreciation			
At 1 July 2018	3,643	4,441	8,084
Charge for the period to 30 June 2019	505	1,030	1,535
Eliminated on disposal	–	–	–
At 1 July 2019	4,148	5,471	9,619
Charge for the period to 30 June 2020	532	1,230	1,762
Eliminated on disposal	–	–	–
At 30 June 2020	**4,680**	**6,701**	**11,381**
Net book value			
At 30 June 2020	39,038	7,313	46,351
At 30 June 2019	39,499	6,487	45,986
At 30 June 2018	39,451	3,771	43,222
Amounts in respect of assets of the Group held under leases are as follows:			
Net book value at 30 June 2020	-	1,367	1,367
Net book value at 30 June 2019	-	1,462	1,462
Depreciation provided in the period at 30 June 2020	-	371	371
Depreciation provided in the period at 30 June 2019	-	303	303

On 30 June 2020 the Directors valued the Freehold Properties, comprising Ibrox Stadium and the Training Centre at Fair value. Fair value has been measured using the Income approach, in accordance with IFRS 13, and is categorised into level 3 in the fair value hierarchy as the inputs include unobservable inputs.

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

Whilst the cash flow model indicated that the CGU had a fair value in excess of carrying value by approximately £3.7m, it was concluded that this excess did not relate to Freehold properties. As such, there has been no revaluation adjustment in the current year as the carrying value is deemed to be equivalent to its fair value.

Impairment tests for specific fixed assets are performed when there are indications of impairment. Where these assets do not form part of the overall CGU of Football operations, they are assessed in isolation.

Notes to the financial statements (continued)

10. INTANGIBLE ASSETS

Group	Player Registrations £'000	Brand £'000	Total £'000
Cost:			
Cost or valuation at 1 July 2018	20,360	16,072	36,432
Additions	9,608	11	9,619
Disposals	(4,790)	-	(4,790)
Cost or valuation at 1 July 2019	25,178	16,083	41,261
Additions	11,046	7	11,053
Disposals	(10,912)	-	(10,912)
At 30 June 2020	**25,312**	**16,090**	**41,402**
Amortisation:			
At 1 July 2018	9,150	11	9,161
Charge for period to 30 June 2019	5,639	2	5,641
Provision for impairment	1,591	-	1,591
Eliminated on disposal	(4,297)	-	(4,297)
At 1 July 2019	12,083	13	12,096
Charge for period to 30 June 2020	7,569	2	7,571
Provision for impairment	833	-	833
Eliminated on disposal	(10,495)	-	(10,495)
At 30 June 2020	**9,990**	**15**	**10,005**
Net book value			
At 30 June 2020	**15,322**	**16,075**	**31,397**
At 30 June 2019	13,095	16,070	29,165
At 30 June 2018	11,210	16,061	27,271

The profit on disposal of player registrations amounted to £684,000 (2019: £3,129,000). This amount relates to players sold or released from their contracts.

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

The Group has 8 player registrations with individual carrying values of over £500,000 representing 84% of the 2020 net book value of player registrations. The average amortisation period remaining for those players is 34 months.

In the prior year the Group had 9 player registrations with individual carrying values of over £500,000 representing 82% of the 2019 net book value of player registrations. The average amortisation period was 37 months.

Notes to the financial statements (continued)

11. INVESTMENTS IN SUBSIDIARIES

Company	Investment in shares £'000	Capital contribution £'000	Total £'000
Cost at 1 July 2019	13,296	47,392	60,688
Capital contributed during the year	-	16,862	16,862
Impairment of investment		(30,000)	(30,000)
Cost and net book value at 30 June 2020	**13,296**	**34,254**	**47,550**

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%.

As a result of the losses sustained by The Rangers Football Club Ltd, the carrying value of Rangers International Football Club plc's investment in that entity was subjected to an impairment review. This impairment review utilised the same cash flow model and assumptions referred to within the Impairment testing section of the accounting policies. This impairment has been assigned to the capital contributions made to The Rangers Football Club Limited and will be eliminated from the group results.

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

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

These companies are all registered in the United Kingdom. Their principal place of business is Ibrox Stadium, 150 Edmiston Drive, Glasgow, G51 2XD.

12. INTERESTS IN ASSOCIATES

<u>Group</u>	£'000
Cost and Net Book Value at 1 July 2019 and 30 June 2020	-

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

The Group's investment value represents its share of the net assets of Rangers Retail Limited at 30th June 2020. Although the company has ceased trading it has still to be formally wound up. Upon conclusion of the winding up of the company, a small dividend may be paid.

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

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

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

Notes to the financial statements (continued)

13. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Group		
Trade receivables	22,161	19,037
Other receivables	315	565
Prepayments and accrued income	7,436	3,221
Total trade and other receivables	**29,912**	**22,823**

	2020 £'000	2019 £'000
Non-current assets:		
Trade receivables	-	79
Total trade and other receivables	**-**	**79**

	2020 £'000	2019 £'000
Ageing of past due but not impaired receivables:		
31-60 days	155	981
61-90 days	48	29
91-120 days	155	900
120+ days	2,278	-
	2,636	1,910

Included within overdue debts not impaired is a debt for £2.278m due from a single debtor. This balance has been reviewed and the recoverability considered against the contractual right to income and likelihood of recovery. No impairment has been made against this debtor as the amount is considered to be recoverable and the Club has commenced legal proceedings to recover this amount.

Included within Trade and other receivables are the following Player registration receivables:	2020 £'000	2019 £'000
Receivables due within one year	268	348
Receivables due more than one year	-	90
Notional interest effect on deferred payments	-	(11)
Carrying value of player registration receivables	268	427

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

All other receivables are due within one year.

Trade receivables includes £14,906,000 (2019: £14,739,000) in respect of season tickets that are paid by supporters using deferred payment plans or merchant services.

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

14. CASH AND BANK BALANCES

	2020 £'000	2019 £'000
Group		
Balances with banks	11,089	1,012
Cash on hand	37	25
Total cash and bank balances	**11,126**	**1,037**

Notes to the financial statements (continued)

15. OTHER LOANS

Current liabilities	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Investor loans at amortised cost	10,322	2,496	10,322	2,496
Other loans	2,875	3,000	-	-
Total other loans	**13,197**	**5,496**	**10,322**	**2,496**

Non-current liabilities	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Investor loans at amortised cost	5,000	7,770	-	7,770
Total other loans	**5,000**	**7,770**	**-**	**7,770**

Analysis of loans 2020	Loans £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Investor loans repayable on demand	10,322	-	10,322
Investor loans repayable - October 2021	5,000	-	5,000
Other loans	2,875	-	2,875
	18,197	-	18,197

Analysis of loans 2019	Loans £'000	Effect of discounting using effective interest rate method £'000	Amortised cost £'000
Investor loans repayable on demand	2,496	-	2,496
Investor loans repayable in July 2020	8,657	(887)	7,770
Other loans	3,000	-	3,000
	14,153	(887)	13,266

Investor loans

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

During the year, £18.62m of additional investor loans were provided to the Group. Under IFRS, such loans are required to be accounted for on initial recognition at fair value. As there is no active market for the loans, the fair value is required to be estimated by discounting these to the present value of future payments using an equivalent market rate of a similar instrument. Borrowings are subsequently stated at amortised cost with the difference between fair value on initial recognition and the redemption value recognised in the Income Statement over the period of the borrowings using the effective interest method.

Notes to the financial statements (continued)

15. OTHER LOANS (CONTINUED)

Secured debts

The Scottish Sports Council (Sports Scotland) has a standard security over the Training Centre. Close Leasing Limited has a standard security over the Albion Car Park and Edmiston House. Close Leasing Limited also hold a floating charge over certain assets within Ibrox Stadium, the Albion Car Park and Edmiston House. Finance leases are secured over the assets to which they relate.

Book value of non-current assets pledged as security	**2020**	**2019**
	£'000	**£'000**
Non-current assets – standard security	8,242	8,329
Non-current assets – finance leases	1,367	1,462
Non-current assets – floating charge	2,097	2,333

16. TRADE AND OTHER PAYABLES

	2020	**2019**
	£'000	**£'000**
Group		
Current liabilities		
Trade creditors	12,616	9,954
Social security and other taxes	9,702	2,906
Other creditors	74	68
Accruals	8,684	7,278
Total trade and other payables	**31,076**	**20,206**

The average credit taken for trade purchases is 29 days (2019 - 30 days).

	2020	**2019**
	£'000	**£'000**
Non-current liabilities		
Trade creditors	1,653	926
Accruals	1,694	2,176
Total trade and other payables	**3,347**	**3,102**

	2020	**2020**	**2019**	**2019**
	Trade creditors	**Accruals**	**Trade creditors**	**Accruals**
	£'000	**£'000**	**£'000**	**£'000**
Non-current liabilities fall due as follows:				
Between one and two years	1,653	1,694	926	1,271
Between two and five years	–	–	–	905
	1,653	1,694	926	2,176

	2020	**2019**
Included within liabilities are the following player registration payables:	**£'000**	**£'000**
Current liabilities	11,459	9,567
Non-current liabilities	4,025	3,711
Notional interest effect on deferred payments	(1,180)	(1,066)
	14,304	12,212

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

Notes to the financial statements (continued)

17. LEASE LIABILITIES

Group	Total minimum payments 2020 £'000	Future interest payable 2020 £'000	Carrying value 2020 £'000	Carrying value 2019 £'000
Repayment of borrowings on lease liabilities fall due as follows:				
In one year or less	450	(39)	411	403
Between one and five years	670	(9)	661	835
Total lease liabilities	**1,120**	**(48)**	**1,072**	**1,238**

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

18. DEFERRED INCOME

Group	2020 £'000	2019 £'000
Deferred income less than one year	24,504	23,119
Deferred income more than one year	244	366
Total deferred income	**24,748**	**23,485**

Deferred income less than one year comprises season tickets, sponsorship, hospitality and other elements of income that have been received in advance and will be recognised as revenue in the 2020/21 financial year. Deferred income more than one year relates to income received in advance from catering service contracts.

Notes to the financial statements (continued)

19. DEFERRED TAX

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

Specification of Basis for Deferred Tax	Opening balance 2020 £'000	Recognised in Income Statement 2020 £'000	Recognised in Other Comprehensive income 2020 £'000	Closing balance 2020 £'000
Non-current assets – temporary differences	4,909	(147)	640	5,402
Deferred tax liability	**4,909**	**(147)**	**640**	**5,402**

Specification of Basis for Deferred Tax	Opening balance 2019 £'000	Recognised in Income Statement 2019 £'000	Recognised in Other Comprehensive income 2019 £'000	Closing balance 2019 £'000
Non-current assets – temporary differences	4,997	(88)	-	4,909
Deferred tax liability	**4,997**	**(88)**	**-**	**4,909**

At the Balance Sheet date, the Group has unrecognised tax losses of £63.1m creating an unrecognised deferred tax asset of £12.0m. There is also an unrecognised deferred tax liability of £0.29m in respect of temporary tax differences in non-current assets for which losses would be available to offset. No deferred tax assets have been booked due to uncertainty in the short term over when sufficient taxable profits will arise to offset these losses.

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maintaining a capital structure adequate for the risk profile of the business. Strong financial capital management is an integral part of the Board's strategy to achieve the Group's stated objectives. The Board reviews financial capital reports on a regular basis and the Group finance function do so on a daily basis ensuring that the Group has adequate liquidity. The Board's consideration of going concern is detailed in the Strategic Report. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in notes 22 to 25 and the Statement of Changes in Equity.

Financial risk management objectives and policies

The Group's financial assets include cash and cash equivalents and other short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial instruments, such as trade and other receivables and trade and other payables, which arise directly from its operations. Surplus cash within the Group is put on deposit, the objective being to maximise returns on such funds, subject to acceptable credit liquidity and price risk, whilst ensuring that the short-term cash flow requirements of the Group are met. The financial assets of the Group are classified as loans and receivables whilst its financial liabilities are classified as financial liabilities measured at amortised cost.

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

	Financial £'000	Non financial £'000	Total At 30 June 2020 £'000	Total At 30 June 2019 £'000
Non-current assets	-	77,748	77,748	75,230
Trade receivables and similar items	22,161	-	22,161	19,037
Cash and cash equivalents	11,126	-	11,126	1,037
Other current assets	7,751	-	7,751	3,786
Total assets	41,038	77,748	118,786	99,090
Financial liabilities				
Trade and other payables	34,423	-	34,423	23,308
Other liabilities	47,167	5,402	51,289	42,898
Total liabilities	81,590	5,402	85,712	66,206
Net (liabilities)/assets	(40,552)	72,346	31,794	32,884

The Group has not used derivative financial instruments during the year. The Board will review the need for the use of derivative financial instruments in the future.

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

(i) market risk;

(ii) credit risk; and

(iii) liquidity risk.

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

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk

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

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

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

	Trade & other payables 2020 £'000	Cash & cash equivalents 2020 £'000	Trade & other payables 2019 £'000	Cash & cash equivalents 2019 £'000
Euro	(3,178)	312	(3,495)	18
USD	(16)	25	(840)	22

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

	Euro 2020 £'000	Euro 2019 £'000	USD 2020 £'000	USD 2019 £'000
Profit/(loss)	313	397	1	78

(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 £22,161,000, £269,000 relates to amounts receivable from other football clubs in relation to player trading, and £8,100,000 relates to amounts due from merchant service providers. The maximum credit exposure relates to the total of cash and cash equivalents and trade receivables, and amounts to £32,137,000.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL in full using the simplified model. Where applicable the expected credit losses on trade receivables are estimated by reference to past credit experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum risk exposure relates to the merchant services provider. The merchant services provider is the UK subsidiary of a corporate entity listed on the New York stock exchange and meets the credit rating criteria of the Board. Management reviews the financial status of provider on an ongoing basis.

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

Movements in provision for expected credit losses	2020 £'000	2019 £'000
Group		
At 1 July 2019	521	376
Balances written off	(60)	-
Change in provision	(29)	145
At 30 June 2020	432	521

Notes to the financial statements (continued)

20. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Liquidity risk

The Group's policy is to maintain a balance of continuity of funding and flexibility through the use of loans and leases as applicable. At 30 June 2020, the Group had external loans of £18.2 million (note 15), and leases of £1.1m (note 17).

Ultimate responsibility for liquidity risk management rests with the Board. The Board uses management information tools including budgets and cash flow forecasts to be able to regularly monitor and manage current and future liquidity. Further information in respect of liquidity risk can be found within note 1 to the financial statements and in the Strategic Report.

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

	Due on demand or less than one year £'000	Due 1-2 years £'000	Due 2-5 years £'000	Carrying value at 30 June 2020 £'000	Carrying value at 30 June 2019 £'000
Other loans	(2,875)	-	-	(2,875)	(3,000)
Investor loans	(10,322)	(5,000)	-	(15,322)	(10,266)
Trade and other payables	(31,615)	(2,996)	(351)	(34,962)	(23,308)
Lease liabilities	(411)	(363)	(298)	(1,072)	(1,238)
Total	(45,223)	(8,359)	(649)	(54,231)	(37,812)

21. FAIR VALUES

	Carrying value at 30 June 2020 £'000	Carrying value at 30 June 2019 £'000
Non financial assets		
Property, plant & equipment	39,038	39,499

See note 9 for details of property, plant & equipment held at fair value. During the year there were no transfers between the levels of fair value hierarchy. The Group considers this to be a recurring measurement using a level 3 valuation method.

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

22. SHARE CAPITAL

Group and Company	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Allotted, called up and fully paid 172,168,059 Ordinary shares of 1p each	1,722	815
Shares issued during period 88,463,923 Ordinary shares of 1p each	884	907
Allotted, called up and fully paid	2,606	1,722

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

Notes to the financial statements (continued)

23. SHARE PREMIUM AND MERGER RESERVE

Group and Company	At at 30 June 2020 Group £'000
Share premium	
Balance at 30 June 2018	19,048
Shares issued during period	17,231
Balance at 30 June 2019	36,279
Shares issued during period	16,809
Balance at 30 June 2020	**53,088**

During the year, 88,463,923 Ordinary Shares of 1p each were issued at a price of 20p per share, creating a share premium of £16.809m.

Group and Company	At at 30 June 2020 Group £'000
Merger reserve	
Balance at 30 June 2018	12,960
Movement in year	-
Balance at 30 June 2019	12,960
Movement in year	-
Balance at 30 June 2020	**12,960**

The merger reserve of £12,960,000 (2019 - £12,960,000) was created following the share for share exchange with The Rangers Football Club Limited in 2012.

Notes to the financial statements (continued)

24. OTHER RESERVES

Revaluation reserve	As at 30 June 2020 £'000
Group	
Balance at 30 June 2018	26,378
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2019	26,016
Transfer from revaluation reserve to retained earnings in respect of depreciation	(453)
Deferred tax liability relating components of other comprehensive income	(640)
Deferred tax liability relating to transfer from revaluation reserve	91
Balance at 30 June 2020	**25,014**

Capital contribution reserve	As at 30 June 2020 £'000
Group and Company	
Balance at 30 June 2019	2,699
Contribution received	-
Transfer on repayment and conversion of interest-free loans	(2,699)
Balance at 30 June 2020	**-**

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

25. RETAINED EARNINGS

	Group £'000	Company £'000
Balance at 30 June 2018	(38,671)	(4,546)
Loss for the year ended 30 June 2019	(11,277)	(1,601)
Release of revaluation reserve for the year ended 30 June 2019	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2019	(91)	-
Transfer on repayment and conversion of interest-free loans	2,794	2,794
Balance at 30 June 2019	(46,792)	(3,353)
Loss for the year ended 30 June 2020	(17,462)	(30,229)
Release of revaluation reserve for the year ended 30 June 2020	453	-
Depreciation on release of revaluation reserve for the year ended 30 June 2020	(91)	-
Transfer on repayment and conversion of interest-free loans	2,018	2,018
Balance at 30 June 2020	**(61,874)**	**(31,564)**

The Parent Company is exempt from disclosing a company-only income statement. Its loss for the year was £30,229,000 (2019 - £1,601,000).

Notes to the financial statements (continued)

26. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	Year to 30 June 2020 £'000	Year to 30 June 2019 £'000	Year to 30 June 2020 £'000	Year to 30 June 2019 £'000
Loss for the year	(17,462)	(11,277)	(229)	(1,601)
Amortisation and impairment of intangible fixed assets	8,404	7,232	–	–
Depreciation and impairment of property, plant and equipment	1,762	1,535	–	–
(Gain)/Loss on disposal of players' registrations	(684)	(3,129)	–	–
Financing costs and other charges	2,580	2,873	206	1,571
Decrease/(increase) in trade and other receivables	(2,611)	(3,997)	23	30
(Decrease)/increase in trade payables, deferred income and provisions	8,723	7,205	–	–
Taxation	(331)	(114)	–	–
Cash used in operations	**381**	**328**	**-**	**-**

	Current liabilities		Non-current liabilities		
Change in liabilities from financing activities	**Lease finance £'000**	**Other loans £'000**	**Lease finance £'000**	**Other loans £'000**	**Total £'000**
Opening liabilities	403	5,496	835	7,770	14,504
Movement due to cash flows	(85)	10,197	(358)	5,000	14,754
Non cash movements					
Acquisition of plant & equipment on lease finance	93	–	184	–	277
Conversion to equity	–	(2,496)	–	(7,770)	(10,266)
Closing liabilities	411	13,197	661	5,000	19,269

Significant non-cash financing transactions relate to the conversion of investor loan facilities and acquisition of plant & equipment through leases.

Notes to the financial statements (continued)

27. RELATED PARTY TRANSACTIONS

Investor loans

	2020 £'000 Laird Investments (PTY) Limited	2020 £'000 Director loans	2020 £'000 Other related party loans	2020 £'000 Total Investor loans	2019 £'000 Total Investor loans
Opening balance	7,431	2,396	1,326	11,153	23,425
Loans repaid	(1,257)	(500)	–	(1,757)	(875)
Loans converted to shares	(9,121)	(5,946)	(2,626)	(17,693)	(16,588)
Loans provided	7,947	10,247	5,425	23,619	5,191
Closing balance	5,000	6,197	4,125	15,322	11,153

Split as follows:

	2020 £'000 Laird Investments (PTY) Limited	2020 £'000 Director loans	2020 £'000 Other related party loans	2020 £'000 Total Investor loans	2019 £'000 Total Investor loans
Date repayable:					
October 2021	5,000	–	–	5,000	8,657
On demand	–	6,197	4,125	10,322	2,496
	5,000	6,197	4,125	15,322	11,153

During the year, the Group received £21.862m (net of repayments) from Directors, existing shareholders and other parties. This entire amount was made available for working capital purposes.

Laird Investments (PTY) Limited ("Laird")

Shareholder

Laird, a company in which the Group former Chairman, Mr D King and his immediate family are interested. £7.43m of loans provided by NOAL prior to the commencement of the period, and £1.69m of loans provided during the year were converted to equity in August and September 2019. A further facility provided by Laird to the Company of £5m is being charged interest at 8% on an accruing basis.

Director loans

John Bennett, Barry Scott, Douglas Park, Alastair Johnston and Julian Juul Wolhardt

No interest or fees were charged on the loan facilities provided by Mr Bennett, Mr Scott, Mr Park, Mr Johnston and Mr Wolhardt.

The loan facilities of £0.6m provided by Mr J Bennett prior to the commencement of the period were converted to equity in September 2019. A further loan facility of £3.0m has been provided during the year, of which £1.5m was converted to shares post-year end.

The loan facilities of £0.8m provided by Mr B Scott prior to the commencement of the period, as well a further £0.25m provided during the year, were converted to equity in August and September 2019. A further loan facility of £0.25m has been provided during the year, which was converted to shares in October 2020.

£2m of loan facilities were provided by Mr D Park during the year. £1.3m of these were converted to equity during September and October 2019. The remaining balance of £0.7m was converted to equity subsequent to the year end.

Borita Investments Limited (Borita) is a company in which Mr Wolhardt and his wife are interested. The loan facilities of £1.0m provided by that company prior to the commencement of the period, as well a further £1.5m of the £3.0m provided during the year, were converted to equity in September and October 2019. The remaining balance of £1.5m was converted to shares in October 2020.

Mr A Johnston provided £1.25m of loans during the year, of which £0.5m were converted to equity in September 2019. The remaining balance of £0.75m was converted to shares in October and November 2020.

Notes to the financial statements (continued)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Other related party loans - *Shareholders and other investors*

George Taylor, George Letham, Alan McLeish, Daniel McKinlay, Stuart Gibson, Neil Hosie

No interest or fees were charged on the loan facilities provided by the above individuals.

£1.33m of the loan facilities provided by Mr G Taylor prior to the commencement of the period, as well as £0.8m of £2.3m provided during the year, were converted to equity in August and September 2019. The remaining balance of £1.5m was converted to shares in September 2020.

Mr G Letham provided £0.5m of loans during the year, which were converted to equity in September 2020.

Mr N Hosie provided £0.125m of loans during the year, which were converted to equity in September 2020.

Mr D McKinlay provided £0.5m of loans during the year, which were converted to equity in September 2020.

Mr A McLeish provided £0.5m of loans during the year, and a further £0.5m subsequent to the year end. This amount was converted to shares in November 2020.

Mr S Gibson provided £1.0m of loans during the year, and a further £4.0m subsequent to the year end, which were converted to equity in September 2020.

Key management personnel remuneration

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

28. CONTINGENT LIABILITIES AND PROVISIONS

SDI Retail Services Limited

The company is engaged in ongoing legal proceedings relating to its retail arrangements. Judgment has been granted against the Company in respect of certain breaches of contract but, at this stage, the extent of the Company's liability other than with regard to legal fees has not been decided by the Court. As negotiations are ongoing regarding the legal proceedings, the Directors are of the view that it would be seriously prejudicial if it were to disclose the information usually required by IAS 37 (Provisions, Contingent liabilities and contingent assets). The Company has dealt with its estimated liabilities, insofar as it is practicable for its Directors to estimate them at this stage, when calculating its accruals.

Provisions

	Legal disputes £'000	**Total £'000**
At 1 July 2019	-	-
Charged to the income statement	3,050	3,050
Other movements	100	100
At 30 June 2020	3,150	3,150

The Club is currently involved in a number of legal disputes. Having taken legal advice, the amount provided represents the directors' best estimate of the Club's liabilities in respect of these disputes. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action. The amount provided may be less or more than the sums at which matters are ultimately resolved. Because of the nature of the disputes, the directors have not disclosed further information on the basis that they believe that this would be seriously prejudicial to the Club's position in achieving the best outcome on these matters.

Contingent liabilities

The Club discloses all contingent liabilities where the outcome may be material. The Club is currently engaged in legal proceedings over disputes with a former employee. The case is due to be heard in Court in the first quarter of 2021 with any sum to be paid or received by the club in respect of the actions to be determined at that time. The club is rigorously pursuing its own claim and having taken legal advice is confident that the hearing will find in favour of the club.

Notes to the financial statements (continued)

29. EARNINGS PER ORDINARY SHARE

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

Loss for the year attributable to owners of the company (£'000)	**Year to 30 June 2020**	**Year to 30 June 2019**
Earnings for the purpose of basic and diluted earnings per share	(17,462)	(11,277)
Weighted average number of shares for the purpose of basic and diluted earnings per share	242,201,998	132,617,298
Basic and diluted earnings per ordinary share	(7.21p)	(8.50p)

If the Company's share issues had occurred prior to the year end, the number of ordinary shares in issue would have been 327,241,872. The Company's basic and diluted earnings per share would have been (5.34p) had these shares been in issue for the whole year.

30. POST BALANCE SHEET EVENTS

The following events have occurred subsequent to the year end:

Acquisition and disposal of player registrations

The Group contracted for the purchase of seven permanent player registrations in addition to the temporary registrations of one player on loan. The amount payable in respect of above amounts to £15.4m, after taking account of direct costs.

The Group also disposed of ten player registrations on a permanent basis, one registration on loan and became entitled to sell on fees on player registrations previously disposed. The amount receivable in respect of above totaled £1.0m.

Investor loans

Subsequent to the year end the company received further investor loans amounting to £4.5m.

Share Issue

Subsequent to the year end, further share issues were carried out, allotting 66,609,890 Ordinary Shares of 1p each. £13.322m of investor loans were converted during these share issues.

31. CAPITAL COMMITMENTS

At the year end, The Group had contracted for stadium improvements and player registrations amounting to £6.88 million.