

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc)

Company number

SC004276

(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a) Paul John Clark and David John Whitehouse of Duff & Phelps Ltd. of
43-45 Portman Square, London, W1H 6LY and The Chancery, 58 Spring
Gardens, Manchester, M2 1EW respectively

Joint Administrators of the above company attach a progress report for the
period

from

to

(b) Insert dates

(b) 14 February 2012

(b) 13 August 2012

Signed: _____

Joint Administrator

Dated: _____

24/08/12

Contact Details:

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in the box opposite but if you do, it will help
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DUFF & PHELPS

Progress Report to Creditors

24 August 2012

**RFC 2012 P.L.C. (Formerly The
Rangers Football Club plc)
(In Administration)**

**Joint Administrators' Progress Report to Creditors
for the period from 14 February 2012 to 13 August 2012
pursuant to Rule 2.38 and Rule 2.39 of the Insolvency (Scotland) Rules
1986**

DUFF & PHELPS

Names of Joint Administrators: Paul John Clark ("Paul Clark")
David John Whitehouse ("David Whitehouse")

Date of Appointment: 14 February 2012

Date of Report: 24 August 2012

Appointed by: The Court of Session
Parliament House
Parliament Square
Edinburgh
Scotland
EH1 1RQ

Court Reference: P221/12

Duff & Phelps Ltd.
43-45 Portman Square
London
W1H 6LY

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1. Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended);
Ansarada	Ansarada UK Limited, 288 Bishopsgate, London, EC2M 4QP, a firm instructed to provide an online Electronic Data Room to facilitate the sale process;
the Appointment Date	14 February 2012 being the date of appointment of the Joint Administrators as granted by a Court Order from the Edinburgh Court of Session on 19 March 2012;
Biggart Baillie	DWF Biggart Baillie (a trading style of DWF LLP, who recently merged with Biggart Baillie LLP), Dalmore House, 310 St Vincent Street, Glasgow G2 5QR, the Joint Administrators' Scottish legal advisors;
Category 2 Disbursements	The Joint Administrators' firm's internal costs and expenses in dealing with the Administration;
CDDA	Company Directors Disqualification Act 1986;
Collyer Bristow	Collyer Bristow LLP, 4 Bedford Row, London WC1R 4TF, Solicitors acting for RFC Group;
CVA	Company Voluntary Arrangement in accordance with the Act;
CVA Meetings	The meeting of creditors of the Company and the meeting of shareholders of the Company held on 14 June 2012 at 10am and 1pm respectively in order to consider the CVA Proposal;
CVA Proposal	The Company Voluntary Arrangement proposed to creditors by the Nominees on 29 May 2012;
CVL	Creditors' Voluntary Liquidation in accordance with the Act;
Disciplinary Tribunal	The disciplinary tribunal of the SFA's Judicial Panel;
the Directors	Craig Whyte, Andrew Ellis and David King;
Duff & Phelps	Duff & Phelps Ltd., 43-45 Portman Square London, W1H 6LY;
EC Regulation	EC Regulation on Insolvency Proceedings 2000;
HMRC	Her Majesty's Revenue & Customs;
Ibrox Stadium	The Club's stadium and freehold property situated at 150 Edmiston Drive, Glasgow, G51 2XD;
IPA	Insolvency Practitioners' Association, Valiant House, 4-10 Heneage Lane, London, EC3A 5DQ;

Word or Phrase	Definition
the Joint Administrators	Paul John Clark of Duff & Phelps Ltd., 43-45 Portman Square, London, W1H 6LY and David John Whitehouse of Duff & Phelps Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW;
Lambert Smith	Lambert Smith Hampton, 227 West George Street, Glasgow, G2 2ND independent agents who were instructed by the Joint Administrators to value the Company's property assets;
Member Share	A share in the SPL which entitles a Football club to participate in the SPL;
Murray Park	The Club's training ground and freehold property situated at Auchenhowie Road, Milngavie, Glasgow, G62 6EJ;
Nominee(s)	The Joint Administrator(s) acting as Nominee(s) in respect of the CVA Proposals;
Non-Playing Staff	Those whose function is to support the operational and administrative running of the Company and who are not registered as players by the SFA;
Playing Staff	Those whose principal activity for the Company is playing professional football and are registered by the SFA to do so;
Pritchard	Pritchard Stockbrokers Limited, Roddis House, 4-12 Old Christchurch Rd, Bournemouth, BH1 1LG;
the Proposals	The Joint Administrators' Report to Creditors and Statement of Proposals issued on 5 April 2012;
Rangers / the Company / the Club	RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc) (In Administration), Ibrox Stadium, Glasgow, G51 2XD (Company number SC004276);
RFC Group	The Rangers FC Group Limited (Formerly Wavetower Limited), 4 Bedford Row, London, WC1R 4DF, the Company's majority shareholder and assignee of the Bank's qualifying floating charge security registered at Companies House;
the Rules	The Insolvency (Scotland) Rules 1986 (as amended);
Scheme of Arrangement	Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006;
Scottish Football Authorities	Comprising the SPL, SFL and SFA;
The Secured Creditors	RFC Group, Kelvinside, The SS Council, Premier Property and Close Leasing;

Word or Phrase	Definition
the Purchaser and Newco	The Rangers Football Club Limited (Formerly Sevco Scotland Limited) of Ibrox Stadium, Glasgow G51 2XD (Company number SC425159);
SIP 9	Statement of Insolvency Practice 9 (Scotland), Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and disbursements;
the SFA	The Scottish Football Association Limited, Hampden Park, Glasgow, G42 9DE;
SPA	Sale and Purchase Agreement to document the sale of a business and its assets from one legal entity to another;
the SPL	The Scottish Premier League Limited, Hampden Park, Glasgow, G42 9DE;
the SFL	The Scottish Football League, Hampden Park, Glasgow, G42 9EB;
Sweeney Kincaid	Sweeney Kincaid Limited, 9 Colquhoun Avenue, Hillington, Glasgow, G52 4BN, independent agents who were instructed by the Joint Administrators to value the Company's plant & equipment and certain current assets;
Taylor Wessing	Taylor Wessing LLP, 5 New Street Square, London, EC4A 3TW, the Joint Administrators' English legal advisors;
Ticketus	Ticketus LLP & Ticketus 2 LLP, 20 Old Bailey, London, EC4M 7AN, party to an arrangement regarding future season income with the Company;
Transfer Embargo	Pursuant to the Disciplinary Tribunal a prohibition on "seeking registration with the SFA of any player not currently registered with the Club, excluding any player under the age of 18 years";
Unsecured creditors	Both Preferential and Non-preferential unsecured creditors with no registered security;
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006;
UEFA	The Union of European Football Associations, Route de Genève 46, Case postal, CH-1260 Nyon 2, Switzerland.

2. Introduction

- 2.1 Paul Clark and David Whitehouse of Duff and Phelps were appointed Joint Administrators of the Company on the Appointment Date by the Court of Session.
- 2.2 The Joint Administrators are licensed to act as insolvency practitioners by the IPA.
- 2.3 In accordance with Paragraph 100(2) of Schedule B1 to the Act the functions of the Joint Administrators are being exercised jointly and severally.
- 2.4 The purpose of this report is to provide creditors with details of the progress of the Administration, in accordance with Rule 2.38 and Rule 2.39 of the Rules for the six month period from 14 February 2012 to 13 August 2012.
- 2.5 This report is intended to be read in conjunction with all previous reports and updates issued by the Joint Administrators, in particular the Proposals dated 5 April 2012, the CVA Proposals dated 29 May 2012 and the Joint Administrators recent Report dated 10 July 2012 providing an update on the progress of the Administration and an account of the Joint Administrators' remuneration and outlays in accordance with Rule 2.39 of the Rules.

3. EC Regulation

- 3.1 It is the Joint Administrators' opinion that the EC Regulation applies to the Administration and these proceedings are main proceedings as defined in Article 3 of the EC Regulation.
- 3.2 The centre of main interest of the Company is in the United Kingdom. Therefore the Administration will be conducted according to UK and Scottish insolvency legislation as appropriate and is not governed by the insolvency law of any other European Council member.

4. Joint Administrators' Report and Statement of Proposals

- 4.1 The Joint Administrators issued the Proposals on 5 April 2012.
- 4.2 In accordance with Paragraph 58 of Schedule B1 to the Act and Rule 2.28 of the Rules, in light of the costs associated with a meeting of creditors, rather than holding a physical meeting to consider the Proposals, a meeting was held by way of correspondence.
- 4.3 The Joint Administrators' proposals were approved with modifications at that meeting and the Notice of result of meeting of creditors, Form 2.18B (Scot), was sent to all known creditors and members in accordance with Rule 2.35 of the Rules. A copy of this document can be provided on request.
- 4.4 As advised in the Proposals report, the Joint Administrators must perform their functions with the purpose of achieving one of the following hierarchical objectives:
- Rescuing the Company as a going concern; or
 - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.

- 4.5 The Joint Administrators initially pursued the objective of a rescue of the Company as a going concern through the proposal of a CVA. In the days leading up to the CVA meetings on 14 June 2012, HMRC confirmed that, having had the opportunity to consider the CVA Proposal, its vote to be cast on the day of the meetings would be to reject the CVA Proposal for reasons previously reported.
- 4.6 As part of a wider agreement with the Joint Administrators which was finalised prior to the CVA meetings, Newco was obliged to purchase the business, history and certain assets of the Company should the CVA fail. Accordingly a going concern sale to Newco completed shortly after the meetings, which has resulted in the Joint Administrators achieving the second objective identified on the previous page, as a better result for creditors has been achieved than if the Company had been wound up without having first being in Administration.
- 4.7 Copies of previous reports to creditors are available at www.rangers.co.uk or can be supplied upon written request to this office.

5. Progress of the Administration to Date

- 5.1 The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators is set out below.

Conclusion of the Administration Trading period

- 5.2 Following the sale of the business and assets of the Company on 14 June 2012, the responsibility for maintaining all trading operations passed to Newco which continues to operate Rangers Football Club.
- 5.3 The remaining issues relating to the Administration trading period are being finalised and will either be concluded by the Joint Administrators or during the Liquidation by the proposed Joint Liquidators, Malcolm Cohen and James Bernard Stephen of BDO Stoy Hayward LLP.

6. Sale of the Business and Assets

- 6.1 A detailed outline of the marketing process undertaken by the Joint Administrators which preceded the sale of the business, history and certain assets of the Club to Newco on 14 June 2012, was provided in the previous report to creditors dated 10 July 2012.

Football regulatory matters

- 6.2 The sale of the business and certain assets included the sale of the Company's right, title and interest in its SPL share and SFA membership. Following the sale of these assets, the sale of Ibrox and Murray Park and the transfer of the Playing Staff to Newco the Company was no longer in a position to meet the criteria for membership of any of the Football Authorities and therefore no longer operates a Football club.
- 6.3 The Purchaser however required membership of the SFA and either the SPL or SFL in order to continue to operate as Rangers Football Club and participate in a senior football competition in Scotland, and therefore sought agreement with the Football Authorities. The Company was required to be a party to such agreements in order to assist the Purchaser, as required by the SPA.

- 6.4 As has been widely publicised, the Purchaser was unsuccessful in its application for the transfer of the Company's SPL share and following further negotiations with the Football Authorities, ultimately agreed such terms as were necessary to obtain the transfer of the Company's SFA membership and gain membership of the SFL. The terms of these agreements were, inter alia:
- 6.4.1 that the Company's SPL share was transferred to Dundee Football Club.
 - 6.4.2 that the Company's SFA membership was transferred to the Purchaser.
 - 6.4.3 that the SFA Appellate Tribunal, which was due to be reconvened following the Interlocuter of Lord Glennie on the Club's Judicial Review, was empowered to impose the Transfer Embargo.
 - 6.4.4 that the Purchaser is required to assume liability for all football-related creditors, being all creditors of the Company that are football clubs, the Football Authorities or clubs of the other national football associations. This includes outstanding transfer fees and SFA disciplinary fines arising from the SFA Disciplinary Tribunal commented on in previous reports.
- 6.5 For clarification, any monies due from the SPL were included amongst the assets of the Company sold to the Purchaser and were reflected in the sale consideration paid. It was therefore for the Purchaser to negotiate with the SPL regarding payment of these monies, which was concluded in the above noted agreements.

TUPE transfer of the Playing Staff

- 6.6 As has also been widely published, certain of the Company's Playing Staff have objected to the transfer of their employment contracts to the Purchaser. The Company's position is that these employees were transferred to the Purchaser under the provisions of TUPE and in addition the Company's interest in their playing registrations with the SFA was also sold to the Purchaser.
- 6.7 The objection by these employees with regard to their employment transfer is a matter for the Purchaser to deal with under the provisions of TUPE. Naturally, TUPE does not cover the position of the SFA player registration and therefore this is a separate matter for the Purchaser to discuss with the Football Authorities.

Change of Name

- 6.8 In accordance with the SPA, the Company changed its name as per Companies House records on 31 July 2012 so that the Purchaser could take the name The Rangers Football Club Limited.

7. CVA Proposal and Meetings

- 7.1 For a detailed explanation of the events leading up to the CVA Meeting, the outcome of that Meeting and the reasons why the CVA was not approved, please refer to the previous reports.

8. Other Assets

Arsenal Holdings Shares

- 8.1 A distribution in the sum of £111,607 has been received from the Special Administration of Pritchard, by way of a 50p in the £ dividend against the claim filed against Pritchard of £223,214.
- 8.2 Based upon information received from the Special Administrators of Pritchard, the timing and quantum of any additional distributions remains uncertain.
- 8.3 Please note that, it is unlikely that the Company will be repaid in full against the claim filed against Pritchard. In this regard, the Joint Administrators have investigated the possibility of filing a claim against the Financial Services Compensation Scheme in respect of any shortfall, as Pritchard was regulated by the Financial Services Authority. However, upon review of the prerequisite criteria to pursue a successful claim, it was determined that the Company is ineligible.

UEFA monies

- 8.4 The Joint Administrators are pursuing sums held by UEFA which are considered to be due to the Company as a result of the Company's players participating in matches for their national team.
- 8.5 No recovery has yet been made from this source, however an update on this matter will be provided in the Joint Administrators' subsequent report to creditors.

Merchant services retainer

- 8.6 As part of the terms of an agreement with First Data Corporation, the Club's merchant services provider, the sum of £40,000 was held as a retainer against any future service charges or charge-backs on the Company's various merchant services facilities.
- 8.7 Now that the Administration trading operations have ceased the Joint Administrators have been liaising with First Data Corporation to reconcile the charges deducted from the retainer and anticipate a small balance of funds being released to the Club shortly.

Arrestment orders

- 8.8 The sum of £264,032 has now been released to the Administration in respect of funds arrested by Martin Bain.
- 8.9 A further arrestment was made by Donald McIntyre, which included the sum of £120,238, held by the SPL.
- 8.10 As noted at paragraph 6.4, the Company's interest in these monies and any other monies owed to the Company by the SPL was sold to Newco under the terms of the SPA.
- 8.11 No further realisations are expected from this source.

Debtors

- 8.12 As at the Appointment Date, the Company was owed £3.8m from other football clubs in respect of deferred transfer fees which will fall due over a period of time up to 31 May 2014. No further monies have been received since my previous report to creditors and total collections remain at £1,021,712.

- 8.13 Two deferred transfer fees of £300,000 and £503,947 respectively are now overdue. The Joint Administrators are continuing to pursue the debtor football clubs in respect of payment of these amounts.
- 8.14 Other debtors of approximately £538,846 at the Appointment Date largely consist of amounts due in respect of Hospitality and Sponsorship. A further £1,178 has been collected with respect to other debtors bringing total collections to £484,495.
- 8.15 The Joint Administrators, with the assistance of Newco, will continue to pursue the residual amounts.

Rates and utilities refunds

- 8.16 The Joint Administrators have instructed CAPA to liaise with the Company's utility suppliers and rating authorities, in order investigate the recovery of overpaid rates or utilities prior to the Joint Administrators' appointment.
- 8.17 CAPA's review is ongoing and it is anticipated that any recovery made from these sources will occur once the Company has passed into CVL.

9. Joint Administrators' Receipts and Payments Accounts

Receipts and Payments

- 9.1 A summarised receipts and payments account for the period of this report is shown at Appendix 2. This shows an estate balance of £2,325,345 as at 13 August 2012.
- 9.2 The only material realisations since the Joint Administrators' previous report are £264,032 which was previously subject to an arrestment order by Martin Bain and a £111,607 distribution from the Special Administration of Pritchard, being a 50p in the £ distribution on the Company's claim for the sale of the Arsenal Shares. The remaining contents of the receipts and payments account should be self explanatory.

Trading Receipts and Payments

- 9.3 Attached at Appendix 2 is a separate trading receipts and payments account for the same period. This provides additional detail on transactions relating to trading activities up to and including 14 June 2012 and shows a deficit of £3,983,594.
- 9.4 Given that trading activity ceased on 14 June 2012, the majority of transactions have been related to the conclusion of outstanding liabilities as there have been minimal trading receipts since that date. The Joint Administrators have a cash-backed indemnity from Newco to provide a contribution to the trading shortfall incurred during the notice period for the CVA Meetings. The extent of the final Administration trading deficit will be determined once the Administration trading accounts have been finalised.
- 9.5 The Joint Administrators will continue to process payment of the outstanding trading liabilities in order to finalise the Company's trading account. For further information regarding the Administration trading period, the Joint Administrators' trading strategy and the contents of the trading account, please refer to previous reports.
- 9.6 The Joint Administrators are liaising with the pre-Administration bankers to recover funds relating to ticket sales paid by direct debit by Supporters' Clubs into a pre-Administration account operated by the Company.

- 9.7 This is a trading cash account and subject to ongoing reconciliation until the account has been finalised.

10. Investigations and Litigation

- 10.1 As previously reported, the Joint Administrators' investigations into the Company's affairs are ongoing and all files will be passed to the Joint Liquidators once appointed, the matters which are being investigated were summarised within previous reports to creditors and, given their nature it is unlikely that these investigations will be concluded whilst the Joint Administrators are still in office.

Collyer Bristow

- 10.2 The proceedings are continuing in accordance with the update provided in our previous reports. Given the current status of the litigation process, the Joint Administrators cannot disclose any substantive details, as this may prejudice the proceedings.

Ticketus

- 10.3 Investigations continue into the circumstances surrounding the agreements entered into around the time of the purchase of the Club by RFC Group.

Conflict of Interest

- 10.4 The Joint Administrators have provided a report to the Court of Session regarding Duff & Phelps' prior involvement with the Company and detailing the Joint Administrators' conflict review procedures which were undertaken prior to the Administration. A similar report has also been provided to the Joint Administrators' regulatory body, the IPA.

11. Statement of Pre-Administration Costs

- 11.1 A meeting of creditors by correspondence was held on 20 April 2012, to consider the Proposals and resolutions, as outlined in paragraph 17 of the Proposals. The proposals were approved with modifications at that meeting, to include authorisation of the pre-Administration costs, as shown below, pursuant to Rule 2.39C of the Rules.

Name of Recipient	Brief Description of Services Provided	Total Amount Approved £
Duff & Phelps	Undertaking work incidental to the appointment of the Joint Administrators, including assistance with the preparation of the appointment documentation, discussions with the Director and planning for the Company to be placed into Administration	£42,760 exc VAT

- 11.2 The pre-Administration costs were drawn in full on 10 August 2012.

12. Joint Administrators' Costs and Remuneration Charged

- 12.1 The basis of the Joint Administrators' remuneration was fixed by the time properly incurred by them and their staff in attending to matters during the Administration by resolution of the first meeting of creditors held by correspondence, on 20 April 2012, whereby the Proposals were approved with modifications.

-
- 12.2 The Proposals, as approved with modifications, were set out on Form 2.18B (Scot) and were circulated to all creditors of the Company on 7 June 2012.
- 12.3 The time costs charged in the period since the Appointment Date to 10 August 2012 by the Joint Administrators are as analysed at Appendix 3 and total £3,293,033, of which £104,609 related to the Joint Administrators' costs for proposing the CVA. The Joint Administrators have also incurred expenses totalling £94,984 during the same period.
- 12.4 Remuneration of £2,457,420 was drawn on 10 August 2012, together with disbursements totalling £68,976, both of which are shown on the receipts and payments account attached at Appendix 2. The remuneration was drawn in accordance with modified resolutions of the meeting of creditors conducted by correspondence and held, after an adjournment, 9 August 2012.
- 12.5 Information regarding the fees of Administrators called a "Creditors' Guide to Administrators' Fees" can be found on the Duff & Phelps' website at www.duffandphelps.com/uk-restructuring/creditor-guides, if you require a copy, please contact this office.
- 12.6 Attached at Appendix 4, is a schedule of the Joint Administrators' agents and solicitors and the respective costs which they have incurred since the Appointment date to 13 August 2012, together with the amount which they have been paid to date.
- 12.7 The Joint Administrators' choice of agents and solicitors instructed was based on their perception of the ability and experience of those firms to perform this type of work, the complexity and nature of the assignment and the basis of the Joint Administrators' fee arrangement with those firms.
- 12.8 Any creditor or creditors representing at least 25% in value of the total creditors, may apply to the Court on the grounds that the remuneration or basis fixed for the remuneration or the outlays incurred by the Joint Administrators are considered to be excessive. In accordance with Rule 2.39A of the Rules, this application must be made no later than eight weeks after the end of the accounting period in which they arise.

13. Dividend Prospects / Prescribed Part

Secured Creditors

The Governor and Company of The Bank of Scotland

- 13.1 It is the Joint Administrators' understanding that a floating charge granted to The Governor and Company of The Bank of Scotland dated 8 March 1999 was assigned to RFC Group.
- 13.2 The Joint Administrators have sought to clarify the level of indebtedness, if any, due to RFC Group and upon investigations it is believed that there is no indebtedness to RFC Group.

Kelvinside Academy War Memorial Trust and The Trustees of Kelvinside Academical Club Charitable ("Kelvinside Trustees")

- 13.3 This obligation expired on 22 October 2009. The Joint Administrators with the assistance of Kelvinside Trustees have filed the appropriate documentation with Companies House to show that the security has been satisfied.

The Scottish Sports Council ("the SSC")

- 13.4 Under the SPA, Murray Park transferred to Newco on 14 June 2012. The SSC's security over Murray Park has been assigned to Newco.

Kelvinside Academy War Memorial Trust and Another ("Kelvinside Academy")

- 13.5 This obligation expired on 22 October 2009. The Joint Administrators with the assistance of Kelvinside Academy have filed the appropriate documentation with Companies House to show that the security has been satisfied.

The Governor and Company of the Bank of Scotland ("the Governor")

- 13.6 There is no indebtedness due and the Joint Administrators with the assistance of the Governor and Company of the Bank of Scotland have filed the appropriate documentation with Companies House to show that the security has been satisfied.

Premier Property Group Limited

- 13.7 It is the Joint Administrators' understanding that a trigger event as referred to in the security has not occurred. The Joint Administrators are therefore liaising with Premier Property Group Limited to establish their position in respect of the security.

Close Leasing Limited

- 13.8 The Joint Administrators are liaising with Close Leasing Limited in relation to the indebtedness and the property secured by the charges.

Preferential Creditors

- 13.9 The preferential creditors' claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the Department for Business Innovation and Skills following payment to the employees by the Redundancy Payments Service.
- 13.10 The Redundancy Payments Service submitted a preferential claim totalling £742 on 4 May 2012 in respect of payments made to the Company's former employees.
- 13.11 Based on current information, it is anticipated that there will be sufficient funds available to enable a distribution to the preferential creditors.

Prescribed Part

- 13.12 Pursuant to section 176A of the Act where a floating charge is created after 15 September 2003 a Prescribed Part of the Company's net property shall be made available to non-preferential creditors.

- 13.13 The Prescribed Part is calculated as a percentage of net property, is as follows:-

Net property less than £10,000:	50% unless the Joint Administrator considers that the costs of making a distribution to the non-preferential unsecured creditors would be disproportionate to the benefits.
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £600,000.

- 13.14 In this case, the provisions of the Prescribed Part do not apply as the relevant charge was created before 15 September 2003.

Non-Preferential Creditors

- 13.15 According to the Company's books and records the non-preferential unsecured creditors can be summarised as below:

Creditor	Claim (£)
Trade & Expense Creditors	5,544,508
Ticketus	26,711,857
HMRC – Excluding Employee Benefit Trust ("EBT") Case and the Discounted Option Scheme ("DOS") Case	18,324,285
HMRC – DOS Case	3,052,482
HMRC – EBT Case	TBC
Debenture Holders – see paragraph 13.20 onwards	TBC
Football Creditors	1,063,082
Employees	TBC
Total	TBC

DOS Case - Small Tax Case

- 13.16 Please refer to previous reports for details of the amount due to HMRC.

EBT Case - Big Tax Case

- 13.17 The Big Tax Case is disputed by the Company and is subject to a first tier tax Tribunal. An outcome has yet to be determined by the Tribunal and is expected in September 2012.

Football-related creditors

- 13.18 The Purchaser was unsuccessful in its application for the transfer of the Company's SPL share and following further negotiations with the Football Authorities, agreed to assume these liabilities in order to gain membership to the SFL.

- 13.19 Please refer to paragraph 6.4 for further detail.

Debenture Holders

- 13.20 Please refer to previous reports for a complete background on the debentures issued by the Company, however, in accordance with clause 2.3.2 of the debentures, the debentures are repayable in full upon the appointment of Administrators of the Company and in consideration for the surrender of the various benefits of holding the debentures ("the Benefits").

- 13.21 The Company will move to a CVL process shortly and in this regard, under clause 2.3.1, it is the Joint Administrators understanding that all debenture holders will become unsecured non-preferential creditors in the CVL for the par value of the debenture.
- 13.22 Based upon current information it is anticipated that there will be sufficient realisations to enable a distribution to the non-preferential unsecured creditors of the Company, however the timing and quantum of any distribution is uncertain, although any distribution will be made in the CVL.
- 13.23 The Joint Administrators understand that Newco will shortly be issuing a statement to all debenture holders, regarding Newco's position on the debenture holder rights for the 2012 / 2013 season.

Members

- 13.24 Members' will continue to hold a share in the Company, however there is no prospect of a dividend distribution to members in respect of their shareholding.

14. Creditors' Meeting

- 14.1 In accordance with Paragraph 58 of Schedule B1 to the Act and Rule 2.28 of the Rules, in view of the costs associated with a meeting of creditors, rather than holding a physical meeting to consider the resolutions in Section 14 below, creditors can vote by way of correspondence. A Notice of Conduct of Business by Correspondence is attached at Appendix 5. Votes must be received by 12 noon on 10 September 2012 to be counted for voting purposes.

15. Resolutions

- 15.1 The following resolutions are proposed by the Joint Administrators and should be voted upon using the form at Appendix 5. Remuneration relates to the Joint Administrators' time properly incurred, whilst outlays include the costs of other professionals, services and products incurred on behalf of the Club and the Joint Administrators details of which are provided at Appendices 2 and 4.

RESOLUTION (1)

- 15.2 That the Joint Administrators may draw remuneration of £362,389, on account of the time costs incurred from 30 June 2012 to 10 August 2012, being £362,389.

RESOLUTION (2)

- 15.3 That creditors agree to the Joint Administrators' outlays for the period 30 June 2012 to 13 August 2012.

16. Next Report

- 16.1 The Joint Administrators are required to provide a Progress Report within one month of end of the next six months of the Administration or the earlier of them ceasing to act as Joint Administrators.

- 16.2 The Joint Administrators are taking steps to place the Company into Liquidation and anticipate that this will occur shortly. A final report will be sent to all creditors advising of the move to CVL and the appointment of Malcolm Cohen and James Bernard Stephen of BDO Stoy Hayward LLP at this time.
- 16.3 If you have any queries or require any further assistance, please email rangers@duffandphelps.com.

Yours faithfully
For and on behalf of
RFC 2012 P.L.C



David Whitehouse
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Paul Clark and David Whitehouse, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1

Statutory Information

Statutory Information

Date of Incorporation 27 May 1899

Registered Number SC004276

Company Directors in the last 3 years	Director	Appointed	Resigned
	Andrew Ellis	20 January 2012	N/A
	David King	30 March 2000	N/A
	Craig Whyte	6 May 2011	N/A
	Martin Bain	6 September 2001	23 June 2011
	Philip Betts	6 May 2011	20 January 2012
	John Greig	6 February 2004	16 October 2011
	Alastair Johnson	6 February 2004	23 May 2011
	John McClelland	14 September 2000	16 October 2011
	Michael McGill	16 October 2009	6 May 2011
	Donald McIntyre	12 June 2006	7 October 2011
	Donald Muir	16 October 2009	6 May 2011
	David Murray	18 January 1989	26 August 2009
	Paul Murray	20 September 2007	23 May 2011

Company Secretary Gary Withey

Majority Shareholder The Rangers FC Group Limited

Trading Address Ibrox Stadium
150 Edmiston Drive
Glasgow

Registered Office Ibrox Stadium
150 Edmiston Drive
Glasgow

Appendix 2

Joint Administrators' Receipts and Payments Accounts

Receipts and Payments Account
RFC 2012 P.L.C
In Administration

14 February 2012
to 13 August 2012

	£
Asset realisations	
Goodwill	1
The SPL Share	1
The SFA Membership	1
Leasehold Interests	1
Player Contracts & Registrations	2,749,990
Stock	1
Subsidiary Companies Share Capital	5
Heritable Properties	1,500,000
Plant & Machinery	1,250,000
Cash at Bank	3,403,762
Debtors	1,506,207
Insurance Refund	500
Player Transfer Fees	61,945
Bank Interest	1,196
Petty Cash	2,000
FITC Grants	1,262
Sundry Receipts	6,968
Arsenal Shares	111,607
Arrestment Monies	264,032
	<hr/>
	10,859,479
Less	
Trading Shortfall	3,983,594
Legal Disbursements	394,254
Property Agents Fees	25,000
Stationery & Postage / Statutory Reporting	66,862
Statutory Advertising	1,012
ROT Settlement	924
Bank Charges	6,082
Media/PR Costs	141,441
Data Room Costs	2,184
Pre-Administration Remuneration	42,760
Joint Administrators' Remuneration	2,457,240
Joint Administrators' Disbursements	68,976
Agents / Valuers Fees	17,000
Legal Fees	1,325,756
Storage Costs	1,049
	<hr/>
	8,534,134
Balance	<hr/>
	2,325,345
Made up as Follows	
VAT Receivable	908,025
General Trading Account	301,245
Ticket Office Account - Home fixtures	3,849
Ticket Office Account - Away Fixtures	14,574
Debtors Control Account	8,685
VAT Payable	(2,075)
General VAT Control Account	70,582
Taylor Wessing Client Account	318,066
Sale Proceeds Account	202,395
Costs Reserve Account	500,000
	<hr/>
	2,325,345

* A statement of affairs has yet to be provided therefore comparison figures are not available
* This document outlines transactions up to and including 13 August 2012

Trading Receipts and Payments Account
RFC 2012 P.L.C.
In Administration

14 February 2012
to 13 August 2012

Income	£
Ticket Sales	1,987,842
Programme Sales	71,797
Hospitality Sales	267,728
Food and Beverage Sales	388,973
Stadium Tours	23,001
Sponsorship Income	753,033
SPL Income	520,107
Other Sales	412,629
	<hr/>
	4,425,109
 Expenditure	
Direct Matchday Costs - Home Games	139,092
Direct Matchday Costs - Away games	55,211
Payments to Football Clubs - Away Tickets	508,604
Security / Policing	515,157
Programme Costs	24,203
Audio Visual Costs	67,805
Media Costs	52,028
Medical Costs	12,609
Football in the Community Costs	49,615
Charity Match Costs	193,110
Friendly Match Costs	15,533
Player Agents Fees	6,270
Legal Costs / SFA Appeal Hearing	28,100
Pre Administration Wages / Salaries	479,513
Post Administration Wages / Salaries	2,299,658
Sub Contractors	24,400
Staff Expenses	39,134
Player Accommodation	53,078
Other Employee Costs	31,589
Pension Contributions	107,802
PAYE / NIC	1,762,512
Facility Costs / Repairs and Maintenance	229,940
Catering / Food and Beverage / Cleaning Costs	991,155
Lease / Hire Purchase Payments	416,800
Utilities	277,785
Merchant Services Commission / Charges	22,677
Cash collection / Banking Services	3,161
Stationery / Postage	35,752
Software Licences / Trademarks	118,772
Waste Disposal	58,742
Fuel Costs	97
Petty Cash	7,700
Sundry Payments	5,700
Business Rates	56,325
	<hr/>
	8,689,627
 Trading Surplus / (Shortfall)	<hr/>
	(4,264,518)
 Shortfall Funding Provided by Newco	<hr/>
	280,924
 Trading Surplus / (Shortfall)	<hr/>
	(3,983,594)

* Please note that this is a cash account subject to reconciliation

* This document outlines transactions up to and including 13 August 2012

Appendix 3

Analysis of Time Charged and Expenses Incurred

RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc) (In Administration) ("the Company")

Analysis of the Joint Administrators' time costs for the period 14 February 2012 to 10 August 2012

Classification of Work	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
							£	£
Administration and Planning								
Case review and Case Diary management	13.50	7.80	73.80	1.40	4.50	100.60	29,204.00	290.30
Cashiering & accounting	12.50	28.65	131.75	80.20	31.40	284.50	72,388.00	254.44
Dealings with Directors and Management	107.30	1.10	7.20	0.40	3.10	119.10	54,948.50	461.35
FS set up & maintenance	0.00	0.30	1.80	16.20	0.00	18.10	2,298.00	126.96
Insurance	0.00	2.80	1.85	0.00	0.00	4.45	1,667.50	374.72
Statement of affairs	0.00	0.00	0.30	0.00	1.30	1.60	293.00	183.13
Statutory matters (Meetings & Reports & Notices)	147.20	283.40	118.35	13.90	0.90	563.75	220,022.50	390.28
Strategy planning & control	1,538.10	351.95	142.10	13.40	47.80	2,093.35	1,012,188.75	483.53
Tax Compliance/Planning	8.95	0.00	8.95	0.00	2.60	20.50	7,113.50	347.00
Creditors								
Communications with Creditors/Employees	39.80	34.05	32.85	31.80	4.10	142.20	45,767.75	321.85
Creditors committee	15.15	0.00	0.70	0.00	0.00	15.85	7,475.00	471.81
Non Pref Creditor claims adjudication and dist'n	1.50	0.00	0.70	50.50	0.00	52.70	6,478.00	122.92
Non Pref Creditors/Employees claims handling	4.50	4.10	83.60	20.40	4.50	117.10	30,146.50	257.44
Secured Creditors	14.80	0.80	2.50	0.00	0.00	18.10	8,156.00	450.81
Investigations								
CDDA & reports & Communication	13.70	17.60	10.10	0.30	0.00	41.70	17,584.00	421.68
Financial review and investigations (S238/239 etc)	163.10	196.30	21.50	9.50	0.00	390.40	163,618.00	419.10
Forensic Sales Ledger investigation	3.80	0.00	0.00	0.00	0.00	3.80	1,864.50	517.92
Realisation of Assets								
Book debts	5.50	6.40	15.80	0.50	1.80	32.00	10,457.00	326.78
Freehold and Leasehold Property	2.00	0.00	10.35	0.00	1.40	13.75	4,144.50	301.42
Hire Purchase and Lease Assets	2.00	1.10	5.80	1.30	0.00	10.20	3,341.50	327.60
Other Intangible Assets	5.80	1.80	0.00	0.00	0.00	7.20	3,384.00	470.00
Other Tangible Assets	12.10	0.00	18.40	0.00	0.00	30.50	11,134.00	365.05
Plant & Machinery & Fixtures & Motor Vehicles	0.00	0.00	3.60	0.00	0.00	3.60	1,014.00	281.67
Sale of business	564.30	325.90	343.40	4.30	0.30	1,238.20	509,899.00	411.81
Trading								
Trading - Accounting	10.50	111.60	312.80	25.00	179.90	639.80	157,572.25	246.28
Trading - Employees	104.40	103.20	80.50	0.00	4.60	292.70	115,672.00	395.19
Trading - Hire Purchase Matters	1.90	0.90	0.40	0.00	0.00	3.20	1,409.50	440.47
Trading - Insurance	0.00	0.20	4.10	0.00	0.00	4.30	1,233.00	286.74
Trading - Operations	64.70	677.50	982.55	21.20	90.30	2,036.25	685,469.00	336.63
Trading - Retention of Title & Claims handling	0.00	0.00	2.75	1.80	4.40	8.95	1,743.50	194.80
Total Hours:	2,856.60	2,358.85	2,418.10	291.90	382.90	8,308.25		383.68
Total Fees Claimed £:	1,475,191.50	967,046.25	642,812.00	37,542.00	65,093.00		3,187,684.75	

Category 2 disbursements:

There are no Category 2 disbursements for this case to date.

RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc) (In Administration) ("the Company")

Analysis of the Joint Administrators' time costs relating to the proposed CVA for the period 14 February 2012 to 10 August 2012

Classification of Work	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning							£	£
Cashiering & accounting	0.00	0.10	0.00	0.00	0.00	0.10	39.00	390.00
General admin	0.00	12.85	0.00	0.00	0.00	12.85	5,589.75	435.00
FS set up & maintenance	0.00	0.50	0.00	0.00	0.00	0.50	217.50	435.00
Meetings	12.90	15.00	0.00	0.00	0.00	27.90	12,342.00	442.37
Proposals	5.80	35.90	65.10	0.00	0.00	106.80	36,639.50	343.07
Statutory matters (Meetings & Reports & Notices)	3.60	18.60	42.00	5.30	0.00	69.50	20,800.00	299.28
Strategy planning & control	8.90	54.05	4.30	0.00	0.00	67.25	28,980.75	430.94
Total Hours:	31.20	137.00	111.40	5.30	0.00	284.90		367.18
Total Fees Claimed:	14,976.00	59,215.50	29,516.00	901.00	0.00		104,608.50	

Category 2 Disbursements:

There are no Category 2 disbursements for this case to date.

RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc) (In Administration) ("the Company")

Analysis of Pre-Administration time costs

Classification of Work	Hours					Total Hours	Time Cost	Av hourly Rate
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning							£	£
Strategy Planning & Control	34.40	30.90	2.30			67.60	32,741.50	484.34
Dealings with Directors and Management	14.50					14.50	6,960.00	480.00
Financial Review		3.60				3.60	1,566.00	435.00
Dealing with Notice of Intention to Appoint			1.80			1.80	432.00	240.00
Cashiering & Accounting			0.20	0.10		0.30	79.50	265.00
Case Specific Matters								
Legal Matters	1.80					1.80	981.00	545.00
Total Hours	50.70	34.50	4.30	0.10	0.00	89.60		477.23
Total Fees Claimed (£)	26,689.00	15,007.50	1,042.00	21.50	0.00		42,760.00	

Category 2 Disbursements:

There are no Category 2 disbursements for this case to date.

Appendix 4

Joint Administrators' Agents and Solicitors

RFC 2012 P.L.C. (Formerly The Rangers Football Club plc) (In Administration)
Progress Report to Creditors
24 August 2012

Company	Role	Costs Paid to 13 Aug 2012 (£ net of VAT)	Accrued Unpaid Charges to 13 Aug 2012 (£ net of VAT)
Sweeney Kincaid	Chattels agents – Preparing a valuation of the chattel assets. Fixed fee basis.	£17,000	Nil
Lambert Smith Hampton	Property agents – Preparing a valuation of Ibrox Stadium and Murray Park. Fixed fee basis.	£25,000	Nil
Biggart Baillie	Solicitors – Assist with placing the Company into Administration, statutory issues and legal matters including the Ticketus Direction. Time cost basis.	£358,650 Fees	£21,443 Fees
		£5,934 Disbursements	Nil Disbursements
		£126,700 Counsel Fees	Nil Counsel Fees
Taylor Wessing	Solicitors – Assisting with legal matters in English law including action regarding Collyer Bristow. Time cost basis.	£966,329 Fees	£311,942 Fees
		£26,532 Disbursements	£6,757 Disbursements
		£235,088 Counsel	£23,675 Counsel
Accurate Mailing	Mailing agent – Print and send by post correspondence to the Company's creditors. Fixed fee basis.	£50,719	Nil
Ansarada	Data room provider – Provide an online data room for the purposes of delivering details in relation to the sale process to interested parties	£2,184	Nil
Media House	Media consultancy in relation to the Company.	£112,500	Nil
Spreckley	Media consultancy in relation to the Administration.	£28,941	Nil

Appendix 5

Notice of Conduct of Meeting by Correspondence

Notice of conduct of business by correspondence

Name of Company RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc)	Company number SC004276
In the The Court of Session, Parliament House, Parliament Square, Edinburgh, EH1 1RQ (full name of court)	Court case number P221/12

(a) Insert full name(s) and address(es) of administrator(s)

Notice is hereby given by (a) Paul John Clark and David John Whitehouse of Duff & Phelps Ltd. of 43-45 Portman Square, London, W1H 6LY and The Chancery, 58 Spring Gardens, Manchester, M2 1EW respectively.

(b) Insert full name and address of registered office of the company

To the creditors of (b) RFC 2012 P.L.C. of Ibrox Stadium, 150 Edmiston Drive, Glasgow G51 2XD

(c) Insert number of resolutions enclosed

That, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) two (2) resolutions for your consideration. Please indicate below whether you are in favour or against each resolution.

(d) Insert address to which form is to be delivered

This form must be received at (d) RFC 2012 P.L.C. (Formerly The Rangers Football Club Plc) c/o Duff & Phelps, 43-45 Portman Square, London, W1H 6LY

(e) Insert closing date

By 12.00 noon on (e) 10 September 2012 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

* For each resolution please circle 'in Favour' if you are in favour and 'Against' if you do not support the resolution.

Resolution (1) I am * in Favour / Against

Resolution (2) I am * in Favour / Against

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor: _____

Signature of creditor: _____

(if signing on behalf of creditor, state capacity e.g. director/solicitor)

If you require any further details or clarification prior to returning your votes, please contact me/us at the address above.

Signed:  _____

Dated: 24 August 2012

Appendix 6

Creditors' Request for a Meeting

Rule 2.31 (Scot) *Creditor's request for a meeting*

Name of Company

**RFC 2012 P.L.C. (Formerly The Rangers
Football Club Plc)**

Company number

SC004276

In the

**The Court of Session, Parliament House,
Parliament Square, Edinburgh, EH1 1RQ**
(full name of court)

Court case number

P221/12

(a) Insert full name and

address of the creditor

making the request

(a)

(b) Insert full name and
address of registered office

(c) Insert amount of claim

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
Requesting creditor's claim
is below the required 10%

(b) request a meeting of the creditors of RFC 2012 P.L.C (Formerly The Rangers Football Club Plc) whose registered office is Ibrox Stadium, 150 Edmiston Drive, Glasgow G51 2XD

(c) My claim in the administration is: _____

(d)

concur with the above request, and I attach copies of their written confirmation of concurrence.

The purpose of the meeting is:

(e) Insert details of the
purpose of the meeting

(e)

Signed: _____

Dated: _____