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Date	Details	Relevance	Misleading / dishonest?
01-Jan-01	Ronald de Boer becomes entitled to a payment in the year of assessment 2000/01 of £276,365 which ultimately must be grossed up to give an assessable figure of £460,608 had PAYE and NIC been levied on it at this time. [Summary Warrant]	Earliest date at which this PAYE liability existed	No
31-May-01	Ronald de Boer becomes entitled to a payment in the year of assessment 2001/02 of £278,629 which ultimately must be grossed up to give an assessable figure of £464,381 had PAYE and NIC been levied on it at this time. [Summary Warrant]	Earliest date at which this PAYE liability existed	No
01-Jan-02	Ronald de Boer becomes entitled to a payment in the year of assessment 2001/02 of £282,422 which ultimately must be grossed up to give an assessable figure of £470,703 had PAYE and NIC been levied on it at this time. [Summary Warrant]	Earliest date at which this PAYE liability existed	No
31-May-02	Ronald de Boer becomes entitled to a payment in the year of assessment 2002/03 of £280,076 which ultimately must be grossed up to give an assessable figure of £466,793 had PAYE and NIC been levied on it at this time. [Summary Warrant]	Earliest date at which this PAYE liability existed	No
30-Aug-02	Tore Andre Flo becomes entitled to a payment in the year of assessment 2002/03 of £1.15m which ultimately must be grossed up to give an assessable figure of £1,916,666 had PAYE and NIC been levied on it at this time. [Summary Warrant]	Earliest date at which this PAYE liability existed	No
05-Aug-03	Press reports indicate that the sale of Neil McCann and Lorenzo Amoruso were enforced by financial problems. Barry Ferguson is sold shortly after. [various press]	Indicator of financial problems	No
12-Nov-03	In an internal email (to the Group's Human Resource manager) Ian McMillan writes "No payment which is due under a contract of employment should be made through the Trust as the Revenue can attack any such arrangement as simply replacing an existing contractual right and tax it as if it had never happened, so no savings would occur. Only discretionary bonuses should be subject to the Trust arrangements.' He is a Chartered Tax Adviser and a former Inspector of Taxes. It shows his professional understanding of the legitimate scope of the scheme as a tax-saving measure. This is not how the scheme would ultimately be used. [FTT]	Demonstrates knowledge of how the Trust would need to work to be tax efficient - it is not how they would work in practice	No
Early 2004	HMRC begin their enquiries into how the EBT scheme actually works. [FTT]	HMRC discovery starts	No
27-Jan-04	TRFC issue their financial statements for the year ended 30 June 2003. They contain disclosure of 'Contributions to Employee Trust' of £6,791,000 (2002: £5,176,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	First year it was conceivably appropriate to disclose as risk/probability had changed	No
14-Jun-04	TRFC officials are informed that HMRC had opened up an investigation in regard to their tax return of 2000/2001.	HMRC investigation starts	No
20-Jul-04	In a reply to HMRC, Mr Red (McMillan) states: "Where bonuses are provided pursuant to contractual terms, such bonuses cannot be distributed from the Trust.' This again showed his professional understanding of the legitimate scope of such schemes as a tax-saving measure.	Demonstrates knowledge of how the Trust would need to work to be tax efficient - it is not how they would work in practice	No
Prior to 13 October 2004	TRFC auditors release their Key Issues Memorandum for the year ended 30 June 2004. It contained the following: 'We have not reviewed in detail the legal documentation for each of the transactions and we are therefore unable to form a view on their efficiency. **However we have been informed that, to date, there has been no challenge** by the Inland Revenue on this scheme. The Inland Revenue has however challenged a similar scheme in McDonald v Dextra Accessories Limited which resulted in the courts ruling in favour of the taxpayer. Given this information, we have accepted that there is no taxation liability, contingent or otherwise, which requires to be reflected in the accounts for the year ended 30 June 2004. We will continue to monitor this area in future years.' The Key Issues Memorandum for year ended 30 June 2004 would have been prepared some months after the year-end. The management of Rangers would have been aware of the enquiry into the scheme by HMRC that commenced in January 2004, and the auditors were informed that 'there has been no challenge from the Inland Revenue on this scheme'. On one level of interpretation, an enquiry does not amount to being a challenge, but it would appear that the auditors were not made aware of the enquiry at this stage. [FTT]	First date at which it is clear that the auditors may have been mislead as to the issues around the tax planning	YES
13-Oct-04	TRFC issue their financial statements for the year ended 30 June 2004. They contain disclosure of 'Contributions to Employee Trust' of £7,252,000 (2003: £6,791,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Second year it was conceivably appropriate to disclose as risk/probability had changed	POSSIBLY

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09-Nov-04	Prospectus lodged for upcoming share issue at Rangers. Makes it clear that dissappointing financial results are the main reason and includes the June 2004 accounts. Includes the following statement: 'Significant changes - Save as disclosed in this document or as referred to in the Chairman's letter, there have been no significant changes in the financial or trading position of Rangers since 30 June 2004, the date to which Rangers' latest financial statements have been published.' While technically correct, as noted elsewhere by this time the financial statements themselves were becoming misleading. It also includes: 'Litigation - Neither the Company nor any of its subsidiaries is engaged in any legal or arbitration proceedings nor are aware of any such proceedings pending or threatened of which any of the Company or its subsidiaries is aware either being brought by or against the Company or any of its subsidiaries which are having or may have a significant effect on the Company's financial position.' Again things had not quite gotten to the point of recovery action at this time, though that had largely been as a result of attempts to obfuscate the workings of the Remuneration Trust workings from HMRC which delayed the inevitable recovery actions once that did find its way into HMRC's hands. [Prospectus document]	Financial troubles had lead to this situation and it becomes clear that TRFC will look to raise money from fans to improve the situation which has accumulated rather than Murray Group resources	POSSIBLY
From 2005 onwards	According to witness testimony of a HMRC inspector during this year on 'multiple occassions' HMRC enquired into the existence of side letters at Rangers and were told that there were none. Within the dissenting view on the FTT it states: "When asked 'what projections or calculations have been produced to allow the magnitude of contributions to be matched with the expected future bonuses or benefits', the reply was: 'there are no projections or calculations produced specifically for this purpose'. To subsequent questions on any link between amounts of contribution to the Trust and the granting of loans, it was replied that there was: 'no trigger for the chain of events that led to an employee being told that they could apply for a loan from the Trust'; 'The loan amount was not specified'; 'the Board were not made aware of the way in which the trustees had used the funds'; 'The company has no control over the funds in the Trust and could not communicate wishes as to how they would like the Trustees to consider using their discretionary powers to apply the funds contributed to the Trust'; 'Your remark that sufficient funds are paid to the trust to cover the full amount of the loan request is simply incorrect'; and 'We continue to reject the view that there is a clear link between the amounts "paid" to the Trust and the loans to the employees. Once you accept that there is no control by the Company of either the Trust, the Trustees or Deepwater, it will become self-evident that there can be no link between the contributions to the Trust and loans to the employees'; that the comments were 'nonsensical and have no basis in fact'. The dissenting view in the FTT would conclude: 'It would appear that the side-letters were actively concealed in the course of HMRC's investigation because they answered the central question raised by the enquiry regarding the basis of determining the amounts to be contributed to the main Trust and the sub-trusts. The side-letters also evidence the existence of some form of contractual agreement between the employer and the employees.' [FTT]	Evidence of what HMRC will refer to as Fraud or Neglect begins	YES

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07-Apr-05	A letter dated this date from Ian MacMillan at Murray Group on behalf of TRFC to HMRC indicates that after conducting an investigation relating to a specific request from HMRC, no side letter exists. This transpires to be false. These representations would later form HMRC's proof of deliberate or fraudulent behaviour to withhold taxes that allowed them to go back more than the normal 6 years as explained in their letter of 20 May 2011	Outright false representations made which will be important to the later recovery on Fraud/Neglect grounds	YES
From June 2005 onwards	During this period Michael Ball alleges he had to pay £4,000 per game played with Rangers paying similar to Everton due to difficulties affording payments as the financial situation at Rangers continues to deteriorate.	Indicator of financial problems	No
08-Sep-05	The Board is informed by an internal memo prepared by Mr Red (presumed to be Ian McMillan) that the Remuneration Trust is a form of "tax avoidance". His evidence later given to the FTT would contradict this where he describes it as not a means of "tax avoidance" but a means of providing a larger sum for the employee and his family given the savings in PAYE and NIC liabilities – a form of incentivisation. [FTT]	Will later be claimed in court that it was 'not tax avoidance' and statements taken as being evasive or obstructive	YES
Prior to 9 February 2006	KIM for the year ended 30 June 2005 was not available to the FTT beyond the opening pages. [FTT]	Second date at which it is clear that the auditors may have been mislead as to the issues around the tax planning	POSSIBLY
09-Feb-06	TRFC issue their financial statements for the year ended 30 June 2005. They contain disclosure of 'Contributions to Employee Trust' of £7,241,000 (2004: £7,252,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Third year it was conceivably appropriate to disclose as risk/probability had changed	YES
14-Feb-06	51.4m shares in Rangers are alloted [Companies House]	Share issue to alleviate the financial problems	No
Prior to 3 October 2006	TRFC auditors release their Key Issues Memorandum for the year ended 30 June 2006. It contained the following: 'From an audit point of view we have not attempted to opine on the efficiency of this tax arrangement, instead we have assessed the correspondence with HMRC and considered the relevant case law. To date, there has been no technical challenge by HM Revenue & Customs (HMRC) on the schemes. The Club have received an enquiry from HMRC in respect of the accounting period to 30 June 2002, which asks for additional information in respect of the payments to the Trust in that year. At this stage HMRC has asked for significant amounts of documentation which has been supplied to them but no detailed technical challenges have been made by HMRC. We have received confirmation from [Mr Red] that the text contained within letters sent to individuals outlining their award is in line with that approved by the Queens Counsel when the scheme was established.' The auditors' comments in the Key Issues Memorandum are to be understood in the context that 'it is essential that the directors confirm [their] understanding of all the matters referred to in this memorandum is appropriate, having regard to their knowledge of the particular circumstances'. It cannot be ascertained when the KIM was drafted, but the history of the enquiry indicated that HMRC was still in an impasse up until the autumn of 2007 in obtaining information from the Appellants, and the impasse was broken with the materials discovered by the COLP enquiry, not by the co-operative disclosure as the auditors seemed to have given to understand. The Respondents submit that 'the auditors had not seen the side letters, otherwise they would have been a matter of specific comment' (para 124.3 of written submissions). It is not clear whether the auditors had actual sight of a side-letter when they made the reference to 'the text contained within letters sent to individuals outlining their award'. For the year ended 30 June 2004, the auditors reported in KIM that Mr Purple had waived his right to his 10% transfer fee, and that a loan of £500,000 to Mr Purple from the Remuneration Trust was 'unrelated from the contractual amount he would have been due'. It would appear, from the evidence heard on Mr Purple's termination payment, which is narrated in more detail under the section on 'Termination Payments' in my findings of fact, that the auditors had been told an untruth on both scores, regarding the waiver of the right, and the loan being unrelated to the contractual payment on transfer. The auditors were also told that the paperwork for Mr Purple was 'mislaid', (and therefore was not available for the auditors to inspect). Over the use of the remuneration trust, the auditors seemed to have been treated by the Appellants with the same lack of candour as accorded to HMRC. The auditors did not seem to be privy to any (or much) of the documentation, and had not formed a view on the scheme other than relied on what they had been told by the management. It goes on to say in the finding of facts: 'The auditors of Rangers did not express an opinion on the efficacy of the trust scheme and relied on the information given to them by the management; there appeared to be a lack of candour from the management towards the auditors over the remuneration trust payments, for example, in respect of the nature of Mr Purple's loan advanced on the occasion of his employment being terminated.' [FTT]	Third date at which it is clear that the auditors may have been mislead as to the issues around the tax planning	YES
03-Oct-06	TRFC issue their financial statements for the year ended 30 June 2006. They contain disclosure of 'Contributions to Employee Trust' of £9,192,000 (2005: £7,241,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Fourth year it was conceivably appropriate to disclose as risk/probability had changed	POSSIBLY

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06-Dec-06	TRFC become the first Scottish team to qualify for the knockout stages of the Champions League after a 1-1 draw with Inter Milan. [Various Press]	Team was still strong and competitive as despite financial problems spending had continued at high levels on the team	No
16-Jul-07	City of London Police raid at Ibrox stadium where documents are seized relating to an investigation of irregularities relating to the transfer of Boumsong. Information seized is later provided to HMRC. [FTT]	Marks the start of where the impasse on HMRC investigation changes	No
21-Sep-07	HMRC make a request for all documentation relating to Trusts 13, 38 and 63 (identifiable as Flo, de Boer and Moore). The information provided by Rangers again omitted the side letters. Of the documents that are handed over, none of them contained side-letters - though they would be later recovered. The FTT dissenting opinion considered it to be highly probable that Mr Red (McMilllan) had deliberately removed the side-letters from the files. [FTT]	Provides overt evidence of obstruction that is relevant to the Fraud/Neglect approach that HMRC later adopt	YES
28-Sep-07	HMRC initially issued RFC with Regulation 80 and Section 8 Decisions in respect of Moore, Flo and De Boer on 28 September 2007	First attempt at settlement of the ultimate liability by HMRC	No
In October 2007	The COLP consulted HMRC Criminal Investigation Section on the material seized from Ibrox, and allowed HMRC's investigating officer to have the first sighting in October 2007 of a side letter in a file that was seized. It was then that the Respondents became privy to information, hitherto unavailable, on how the trust scheme was being used within Rangers. [FTT]	HMRC becomes aware of the use of side letters which TRFC have denied using and not provided when requested	YES
23-Oct-07	TRFC issue their financial statements for the year ended 30 June 2007. They contain disclosure of 'Contributions to Employee Trust' of £4,988,000 (2006: £9,192,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Fifth year it was conceivably appropriate to disclose as risk/probability had changed	POSSIBLY
26-Oct-07	RFC appeal the assessments under Regulation 80 and Section 8 from four weeks earlier	First indication TRFC disputed that tax was due on the DOS use	No
In December 2007	TRFC dispute with HMRC put on hold pending the outcome of the Aberdeen Asset Management case	Liability still under dispute but no finding as yet and on hold	No
April and May 2008	Series of public spats between league bodies, Celtic and Rangers related to fixture congestion as Rangers progress to the UEFA Cup final to play Zenit St Petersburg [Various Press]	Team was still strong and competitive as despite financial problems spending had continued at high levels on the team	No
18-Jul-08	Pursuant to follow up questions from HMRC on the existence of side letters long denied 'Mr Red' , believed to be Ian McMillan, replied to the s20 notices as follows: "your belief in the existence of documents demonstrating how amounts contributed to the Trust are determined is irrational and unfounded. I cannot help with your fantasies and the production of a S20 makes no difference to this". He was unaware at the time that HMRC now held the documentation seized that indicated the presence of the side-letters that had long been denied by TRFC.	Will be used as clear evidence of the obstructive and dishonest approach taken to dealing with HMRC which they will later describe as 'tantamount to fraud'	YES
12-Nov-08	TRFC issue their financial statements for the year ended 30 June 2008. They contain disclosure of 'Contributions to Employee Trust' of £2,291,000 (2007: £4,988,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Seventh year it was conceivably appropriate to disclose as risk/probability had changed	POSSIBLY
19-Jan-09	Lloyds conclude their takeover of the troubled HBOS banking group [Various Press]	Marks a steep change in fiscal control beyond the more relaxed banking arrangements enjoyed under HBOS	No
In April 2009	Lloyds Banking Group doubles its ownership stake in MIH after it suffered a £175m loss. The bank now owns almost 25% of MIH as part of moves to get debt under control though a debt for equity swap.	Indicator of financial problems	No
11-Jun-09	A notice under Schedule 36 FA2008 was issued on 11 June 2009 with the Rangers' approval, enabling the police to hand over the data and documents seized to HMRC relating to the ongoing tax dispute.	Further evidence now at HMRC's use to understand the use of DOS	No
13-Jul-09	In the process of responding to a Third Party Notice under section 20(3) of the Taxes Management Act 1970 in connection with Murray Group of the EBT scheme; Murray Group provided two documents (side letters) that were connected to the payments made through DOS in addition to the documentation requested. These were the letters dated 30/8/00 and 23/11/00 for Tore Andre Flo and Ronald de Boer.	Provides the side-letters that determine the Aberdeen Asset model of settlement not appropriate here as it is PAYE/NIC avoidance instead	YES
25-Oct-09	Walter Smith admits that the bank had taken control from Murray and that all the club's players had been available for transfer since the previous January	Indicator of financial problems	No
16-Dec-09	TRFC issue their financial statements for the year ended 30 June 2009. They contain disclosure of 'Contributions to Employee Trust' of £2,360,000 (2009: £2,291,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Eighth year it was conceivably appropriate to disclose as risk/probability had changed	POSSIBLY
20-Dec-09	Issue and allotment of new shares in TRFC is announced. Those subscribing for the debenture shares would ultimately lose their investment.	Share issue to alleviate the financial problems	No
07-May-09	TRFC eventually provide the remaining documentation that is ultimately used in evidence for the FTT	TRFC belatedly start cooperating with HMRC	No
In April 2010	Mr Shanks (Director of Lloyds) wrote: "When we did the Murray Group restructuring last year, we agreed that the metals business could be 'spun out' to David [Murray] once he sold his shares in Rangers". Murray was given a year to do this. Oldco Rangers would later (on Whyte's takeover) sign a disclosure saying there were no other interests in the transaction.	Indicator of financial problems	POSSIBLY

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27-Apr-10	Rangers confirm publicly they are under investigation by Her Majesty's Revenue and Customs (HMRC) over offshore payments to players from 2001. Rangers say they will "robustly" defend the case on the basis of expert tax advice.	Matters now enter the public conciousness and football fans and regulatory bodies alike become aware	No
29-Oct-10	The Aberdeen Asset Management Case is concluded ended RFC's suspension of the 'Wee Tax Case' liability (relating to DOS use)	Marks the end of TRFC moratorium on dispute of the bill which had been put on hold pending the outcome in December 2007	No
In November 2010	HMRC contact TRFC to arrange settlement for de Boer and Flo tax initially based on DOS being a sham but then later, as result of side letters, treating it as avoidance of PAYE.	HMRC now seek to reach settlement with TRFC	No
02-Nov-10	TRFC issue their financial statements for the year ended 30 June 2010. They contain disclosure of 'Contributions to Employee Trust' of £1,358,000 (2009: £2,360,000) but no disclosure relating to related contingent liabilities or provisions for tax on payments made this way. [Companies House]	Nineth year it was conceivably appropriate to disclose as risk/probability had changed and once again the matter has significantly altered. Would appear that the auditors were mislead here. It would appear that by this date the amount would meet the definition of a provision (a liability of uncertain timing or amount) and require to be recognised in the financial statements if it was 'probable' that an outflow was needed to settle the DOS liability. Even if not considered probable it should certainly have been a contingent liability disclosure.	POSSIBLY
26-Nov-10	Cross examination of former finance director Donald McIntyre in the Craig Whyte trial indicates presence of a letter of this date confirming Rangers (IL) accepted liability for the £2.238m due to HMRC for the Discounted Option Scheme operated by the club, for payments to Ronald De Boer, Craig Moore and Tore Andre Flo. McIntyre confirmed a 'side letter' was used. When asked if any payment was made to HMRC, McIntyre says there was not, a decision made by the Murray Group. The letter itself asks for a reply on the liability by 31 December [Craig Whyte Trial] Also on this date HMRC offer Rangers settlement on the same terms as the Aberdeen Asset Management Case [The Offshore Game]	If this is accepted as accurate then it is possible the liability had been agreed ahead of the 31 December 2010 date for disclosure. See 1 April 2011 for accounts actually produced.	No
31-Dec-10	Date at which 'payables' that are overdue and unpaid need to be disclosed under Article 50 for UEFA licence application purposes	Relevant to UEFA licence and whether it should be issued	No
10-Jan-11	HMRC write to MIH after reviewing all the case documentation and the side-letters in particular. HMRC advise that the computation of the liability would change because the payments would have to be grossed-up, as the players were purportedly paid "net", as per the side letters. [HMRC Testimony to Points of claim 21/3/12]	Old settlement terms now off the table and new terms to be provided	No
In February 2011	Saffery Champness prepare their 'Project Charlotte' report on the finances of Rangers which includes consideration over the lack of 'contingent liabilities notes in the historic financial statements.	Makes it clear to new Board the problems with the historic accounts.	YES
10-Feb-11	HMRC write to MIH (acting on behalf of RFC) with an offer to settle tax due from 2000 to 2003 in respect of remuneration payments made by Rangers Football Club to Ronald De Boer and Tor Andre Flo, based on the outcome of The Aberdeen Asset Management FTT. The settlement figure was disclosed at the criminal trial of Craig Whyte as £2,238,559.91. [Craig Whyte Trial] The same day, HMRC met with MIH and RFC representatives and presented them with the side-letters and correspondence from MIH denying their existence. The MIH and Club representatives requested more time to seek legal advice on their options going forward. [HMRC Testimony to Points of Claim 21/3/12]	Revised settlement terms now available with grossed up figures. TRFC now aware that previous obfuscation is known by HMRC. Delayed again for QC advice.	No
18-Feb-11	Mike McGill of MIH verbally confirmed acceptance of tax bill to HMRC by phone confirming that Mr. Thornhill QC had agreed with HMRC's analysis in regard to De-Boer & Flo viz the club had a DOS/VSS tax liability. "I received a call from Mr McGill of MIH on 18 February 2011....during this conversation Mr McGill stated that he had 'spoken to Andrew Thornhill about my analysis and that in the cases of De-Boer and Flo they [the Club] agreed'. By this he meant that he accepted that there was a liability to HMRC". [HMRC Testimony to Points of Claim 21/3/12]	Final terms of settlement first appear to have reached agreement by both sides.	No
23-Feb-11	HMRC wrote to MIH on 23rd February 2011 to agree quantum and arrange payment. HMRC also confirmed their right to pursue tax due outside the normal six-year period on fraud or negligence grounds.	Written confirmation of the above sent by HMRC	No
24-Feb-11	TRFC hold meeting with Counsel on settlement of the 'Wee Tax Case' bill	More detailed meeting with the QC takes place	No
03-Mar-11	Andrew Thornhill QC who had acted as Rangers' Legal Adviser confirmed earlier verbal advice in writing that RFC should pay up as they had no defense against denying side letter existence in 2005. Also confirming what was communicated verbally to HMRC on 18 February 2011.	Formal confirmation provided by TRFC that settlement should be agreed	No

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14-Mar-11	An MIH and RFC representative Mike McGill telephones the designated HM Inspector of Taxes, confirming that the RFC Board had discussed the situation and wished to seek a solution - to 'find a way to solve the position on DOS'.. The Board asked that the parties should meet to facilitate such a resolution. [HMRC Testimony to Points of Claim 21/3/12]	Meeting to arrange terms of settlement of the liability	No
21-Mar-11	At a Takeover Meeting before a HMRC meeting Wavetower were told payment had to be made of the PAYE liabilities (£3.2m) prior to 31st March (deadline for UEFA license). [Email from Liam Murray] The same day, HMRC meet TRFC's McGill. He confirms the club's acceptance of the tax liability in regard to De Boer and Flo and raised a further DOS/VSS payment that had not been considered by HMRC. The latter only had incontrovertible side letter proof in regard to the aforementioned players (a payment to de Boer). HMRC was told the payment was totally dependent on the Bank agreeing to fund it, but as long the liability was paid, or a contract to pay was signed, HMRC could be flexible on timescale to pay. An agreement is reached between HMRC and TRFC that, assuming the bank will finance the payment of the tax liability, an agreement will be signed to settle up the liability. This would be effectively written settlement terms allowed under UEFA FFP regulations. HMRC would not insist upon urgent payment (up to 90 days acceptable) as long as the contract was signed. The contingency plan for season ticket money in event of an insolvency event was run past HMRC also. [Note of meeting 21/3/11]	Liability quantum is agreed, though terms of payment and penalties still to be arranged, though it is not unusual - especially when takeovers are likely - that HMRC will be flexible on those so long as cooperative. Settlement appears dependent only on availability of finance	No
30-Mar-11	Grant Thornton, Auditors to RFC, provide a letter in support of RFC's UEFA Licence application, confirming that all payroll taxes have been paid by the due dates, but "with the exception of the continuing discussion between HM Revenue and Customs in relation to a potential liability of £2.8m" That statement is at odds with the known positions of acceptance of a liability on 18 February 2011 and agreement as to the amount on 21 March 2011 between HMRC, MIH and RFC and that payment was due. Nor is there any indication of any "continuing discussion" between the parties. [Leaked emails]	Would appear that the auditors were mislead here. It would appear that by this date the liability was not potential at all having been agreed and only settlement terms and penalties to be arranged. By this date the amount would meet the definition of a provision (a liability of uncertain timing or amount) and require to be recognised in the financial statements.	YES
31-Mar-11	Leaked email from Donald McIntyre to Mike McGill (Rangers), Ian Shanks (Lloyds) and Marion Main (Lloyds). It discusses possible insolvency, how to protect season ticket money should it happen and setting up a subsidiary to siphon off season ticket money outside the existing creditor/bank security	Indicator of financial problems	POSSIBLY
31-Mar-11	The cut-off date for submissions for UEFA licenses passes.	Timing is relevant to matter of overdue payables.	No
01-Apr-11	The RFC half yearly reports to December 2010 are published. The Chairmans statement includes a note that: "The exceptional item reflects a provision for a potential tax liability in relation to a Discounted Option Scheme associated with player contributions between 1999 and 2003. Discussions are continuing with HMRC to establish a resolution to the assessments raised." The P&L includes an Exceptional Item of expenditure of £1.87m and a note explaining: "The exceptional item reflects a provision for a potential tax liability in relation to a Discounted Option Scheme associated with player contributions between 1999 and 2003. A provision for interest of £0.9m has also been included within the interest charge." [Published Accounts]	This treatment in terms of the figures is consistent with a provision for the liability and interest and the accounting treatment is now caught up with events. The desciption in relation to the liability as 'potential' seems inconsistent with established facts. Even accepting payment terms and penalties had yet to be agreed on all sides, the outflow of economic benefit was by now certain and certainly above probable. Under the 'subsequent event' rules this would simply have to be reflected as an 'adjusting' event given that it simply provides more certainty to an event that had already occurred (the non-deduction of PAYE) at the 31 December 2010 date. The Auditors would not have used this description had they been aware of the full extent of the position with HMRC.	YES
02-Apr-11	The RFC chairman, interviewed by J Traynor and K Jackson of the Daily Record following the publication of the accounts on 1 April 2011, is quoted regarding the WTC saying it "has just arisen in the last couple of months.". In a separate article by J Traynor it is reported that "The bill dropped through the Ibrox front door only three weeks ago" [Various Press]	While a clearly misleading statement, it has little impact on the HMRC discussion but serves to present a different public position including to the SFA and auditors. It may be that this is the grounds on which a 'fit and proper' ruling for Mr Johnston is outstanding. It occurs at a vital time between the submission of misleading financial statements and an Auditors statement that doesn't represent the factual situation and the grant of the licence.	YES

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19-Apr-11	The SFA grant Rangers a licence to play UEFA football for the 2011/12 season. The Licensing committee would be Chaired by Rod Petrie and also include Andrew Dickson (who had administered the DOS/EBT schemes on behalf of Rangers) in its members.	The licence is granted by a Committee on which Andrew Dickson (who helped administer the Trust schemes) is a member and still in an active role at Rangers. The conflict of interest alone appears a problem, but if the Licensing Committee was truly unaware of the DOS liability being an agreed liability (provided for given uncertain timing) at this point despite the disclosure in the financial statements as such (even accepting the misleading 'potential' description) and having a person responsible for administering it as a member, it looks very bad for the level of scrutiny actually applied or the honesty of those giving it.	POSSIBLY
05-May-11	David Horne received a demand for £2.8m from HMRC for the 'Wee Tax Case' to be paid within 30 days. When later asked in the trial how HMRC got the side-letters (whether they were given to HMRC or not) Horne replies that they were found by HMRC as a result of the 'Big Tax Case'. He concludes that the £2.8m bill wasn't settled and the meeting with the QC sought sooner because the 'club didn't have the money to pay it at the time'. In this letter the liability is described by HMRC as agreed (with Mr McIntyre) and awaiting signed acceptance but that some grace was being allowed given the expected takeover. It sets a 16 May 2011 deadline for signing the offer before actions to be taken for recovery. [Craig Whyte trial]	HMRC's patience for written acceptance of the payment and settlement terms appears to be wearing thin despite the ongoing takeover negotiations at this time.	No
05-May-11	Seemingly unaware of HMRC's letter to MIH on the same date, Donald McIntyre emails HMRC, seeking to facilitate a meeting with the "new owner" and provide an update on the takeover. HMRC's letter and McIntyre's email reference to "our discussion of 21 March" suggests a lack of correspondence between the parties following the 21 March 2011 meeting and therefore no further agreement by the Bank to pay the liability had been arranged since - consistent with later recovery action taken by HMRC. This would indicate there was no written agreement to extending payment deadline signed prior to the licence cut-off date of 31 March 2011 should the amount be considered a payable at that date	It is clear at this point no written agreement relating to extending payment terms is in place before the 31/3/11 reporting date.	No
06-May-11	Craig Whyte completes his takeover of Rangers [Various Press]. As part of the terms of the Share Purchase Agreement, Wavetower undertook to provide £2,827,801 to satisfy the DOS liability. That sum was to be held by Collyer Bristow (solicitors to Wavetower) on trust for the sole purpose of satisfying that liability. The Club could only call for the money when the debt was due and payable and had to apply it for that purpose. The whole purpose of the arrangement was that the DOS liability would be paid out of sums specifically provided for that purpose. Without the DOS liability owed to HMRC - this would not have been provided to the Club. [HMRC Testimony to Points of Claim 21/3/12]	Appears recognition in the form of an Escrow account that the amount requires to be settled prior to the take-over.	No
09-May-11	Craig Whyte engages financial advisors MCR Business Consulting (who are later taken over by Duff & Phelps) to assist with financial planning and forecasting. David Grier will play a prominent role. A specific piece of work was identified to liaise with HMRC about the DOS tax liability and prepare time to pay proposals. [MCR Engagement]	Appointment appears to be aimed at delaying and deferring actual settlement of tax liabilities. TRFC would by this time begin to stop making regular payments of VAT and PAYE as Whyte set about minimising his own investment in TRFC, which by now was entirely dependent on European results and player trading to remain a going concern.	No
11-May-11	Meeting takes place between HMRC and Rangers. The meeting was attended by Donald McIntyre and Stephen Clancy and David Grier of MCR. HMRC will not allow the position of the £2.8m to drift, and may consider the penalty position if this was to occur. A payment to account would be taken into consideration in assessing the level of penalty loading. [Meeting minute] HMRC would note that this was the first meeting in negotiations with the appointed representatives of the new owners of RFC in an attempt to reach settlement without recourse to issuing a formal assessment. [HMRC Testimony to Points of Claim 21/3/12]	HMRC remain unwilling to let the liability settlement drift and appear wary of the new regime in trying to renegotiate a settled position.	No
16-May-11	Further letter sent to TRFC by HMRC, but contents unknown [referenced in the letter of 20 May 2011 in the Summary Warrant]	Can not comment	No

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20-May-11	HMRC send a letter to TRFC (addressed to Mr McIntyre) including formal determinations under Regulation 80 for tax and Section 8 for NIC relating to failure to operate PAYE relating to de Boer and Flo. It includes the statements: "I have decided to make the assessments as it is my view that the amounts reflected in the assessments arise due to the deliberate failure or fraudulent behaviour of the company"; "Under the side agreements the employer has given the employee an entitlement that crystallises at the dates set out. S202B (1)(b) provides that the emoluments are treated as received when the person becomes entitled to the payments. The employer has then gone on to meet that entitlement by paying the funds through the scheme arrangements. In failing to deduct or remit the tax at the time of entitlement the employer has deliberately failed in its obligations" "There is no suggestion here of a lack of care or an innocent mistake, this was a deliberate attempt to reduce its outgoings and retain the amounts of tax etc. for its own purposes"; and "The existence of the side-letter agreements for the employees involved was specifically denied in Murray Group letter dated 7 April 2005 shortly after the enquiry into the scheme commenced. This was in responce to a specific request for such documents". The date of issue shown in the demands is also 20 May 2011. TRFC or the employees have 30 days in which to appeal. [Summary Warrant] HMRC would later when discussing this letter note that: "It was my view, as expressed in my letter of 20 May 2011, that there was evidence of Fraud or Neglect and so it was appropriate to make these assessments beyond the normal 6 year limit". [HMRC Testimony to Points of Claim 21/3/12]	Letter marks a significant change in circumstances - but appears that SFA were not made aware. This marks the time at which the payment terms are definitively locked in unless appealed with HMRC seemingly unwilling to continue trying to reach settlement terms by negotiation.	YES
26-May-11	SFA notifies UEFA of Scottish Clubs granted UEFA licences	Rangers are granted a UEFA licence	No
31-May-11	David Greer of MCR working on behalf of Rangers, meet with HMRC over "wee tax case" liability.	Ongoing attempts to reach payment terms that TRFC can manage within its limited financial projections	No
06-Jun-11	Grier writes to HMRC acknowledging receipt of the 20 May 2011 letter from HMRC, with a proposal to submit an initial amount of £200,000 to HMRC in respect of the DOS liability and revert to them by 17 June 2011 with a formal proposal in respect of the balance.	Alternate proposal to the fixed demand (still within appeal time) made by TRFC but as liability is already agreed any appeal would seem futile. Meeting the payment demands of TRFC would severely impact the cash flow needs of the club which is dependent upon European Revenues to continue.	No
13-Jun-11	Ken Olverman, Financial Controller at RFC, emails Craig Whyte confirming “I now have access to the UEFA Licensing Template which is a self certification process that we have no overdue Football Payables at the end of June.” It is notable that he mentions “football payables” but not “social tax payables”, but also that the submission is a self certification process, relying on good faith in the submission. Submission is required by 8 July 2011.	Rangers are preparing for the 30 June 2011 by this time and actions at this time have cash flow implications as a key driver, with passing UEFA scrutiny vital to these over the coming months.	No
14-Jun-11	Management accounts up to 31 May 2011 include an update on the tax liability issues. HMRC will not let the Wee Tax Liability 'drift' though MRC (advising Rangers) would prefer to roll it into the EBT payable. At this this point 'very reasonable' prospects of success in the EBT case were anticipated.	There continues to be no dispute that TRFC are liable and negotiations on keeping things going are now key. Renegotiating terms for a bigger accumlating tax bill with the Escrow funds used to make a goodwill payment is a viable means to this.	No
15-Jun-11	Ken Olverman presents the latest Management Accounts to the RFC Board. There are several references to the DOS liability, including the meeting with MCR and HMRC on 11 May, an indication that the £2.8m liability would not be paid before the financial year end (June), that any payment on account might reduce the penalty loading applied by HMRC, and that MCR’s desire was to wrap the DOS Liability in with any liability arising from the Remuneration Trust tribunal	Further evidence that steps were being taken to get a settlement arrangement in place for the upcoming monitoring point and that non-payment may well have been a means to that end.	No
17-Jun-11	Date at which MCR said it would come forward with a plan to settle the remainder of the Wee Tax Case liability in letter of 6 June	Date given to HMRC passes without an agreed plan and the monitoring point approaching.	No
20-Jun-11	HMRC referred the case and assessments issued on 20 May 2011 to their “Collector of Taxes” team, in the absence of any appeal or payment, following the expiry of the permitted 30 day period.	This appears to have been a spanner in the works for TRFC preferred approach of an offer to settle and a significant payment using the Escrow funds.	No
30-Jun-11	Email from Keith Olverman (finance director of Rangers) to Craig Whyte (CC to Claire Rinkes) indicating that the liability would be disclosed to UEFA on the June 30 return, but it would be marked as "postponed 'awaiting scheduling of payments".	As no agreement had been reached on deferring payment it is unclear why this felt appropriate but it is essential to pass the June scrutiny in the current position.	No

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30-Jun-11	2nd Submission date for monitoring period on UEFA licences - This date marks the first of two monitoring points in the UEFA Licencing cycle, where any changes to the status of "overdue payables" or other significant economic factors should be advised to the football authorities. At this point it is unlikely that a previous licence award would be revoked, but is part of the monitoring period and any action found to be necessary would likely affect the following years.	Had the correct disclosure of status been made at this point, any punishment would be for subsequent years (and TRFC folded in the close season). It appears clear though that disclosure was not made and this forms part of the later charges brought by the SFA.	YES
01-Jul-11	HMRC wrote to the RFC Company Secretary, advising that, in the absence of any payment, an appropriate "penalty" was being considered and that HMRC would meet with MCR on 14 July 2011 to discuss the issue.	Suggests that HMRC had expected a payment prior to end of June. From this point out the liability is locked in and interest accumulating without challenge, no plan for payment in place and the focus switches to penalties (HMRC appearing to have decided grace period for new owners is over).	No
14 to 21-Jul-11	Series of communications between TRFC and HMRC relating to player trading while tax remained unpaid	This revolved around seeking payment and complaints that Rangers were spending on players while the tax bills remained unpaid. Whyte was dependent upon European Revenues for TRFC to survive though, and players help that happen while paying tax bills do not.	No
21-Jul-11	David Grier emails Gary Withey to arrange a discussion on whether there might be any possible appeal opportunity of the liability already demanded. No appeal yet lodged at this date. Craig Whyte expresses annoyance at HMRC accusing them of being Celtic supporters. Only penalties can be appealed at this point.	This appears now to be using any delaying tactic available to simply hold off settlement until after the European Qualifiers which will determine if TRFC is a going concern.	No
28-Jul-11	HMRC send letter to Rangers setting out penalties for the Wee Tax Case liability acceptable to them that involves a £1.3m payment within 30 days if the offer is accepted within 14 days otherwise the full computed penalty.	At this point the liability for TRFC is increasing fast through failure to cooperate with HMRC.	No
28-Jul-11	David Grier holds a phone call with HMRC. HMRC confirm that the Wee Tax Case liability was already agreed and that any late appeal at this stage would result in them applying to strike it out. Discussed are: 1. Need for player investment to boost revenue streams 2. HMRC allowing a little time to agree a payment plan 3. That HMRC would consider any out of time appeal at this point vexatious and resist it vigorously 4. That the club had previously accepted the assessment (see Feb/Mar 11) 5. That there is a 14 day window for appealing the penalties (see £1.3m full settlement offer) 6. That the PAYE audit relates to Davis and Papac	All goodwill with HMRC now exhausted and Grier is still trying to negotiate in order to delay the cash flow effect.	No
01-Aug-11	Sheriff Court Application made in Glasgow for recovery of the Wee Tax Liability in Glasgow by HMRC. Now clearly in default.	HMRC now looking to protect its interests given concerns about ability to pay	No
01-Aug-11	Warrant granted against Rangers for the Wee Tax Case liability	Grant of this is the precursor to a very bad week for TRFC	No
03-Aug-11	A defeat to Malmo means Rangers fail to qualify for the Champions League	Cash flow projections take a massive hit and it is now very likely that TRFC is no longer a going concern.	No
04-Aug-11	HMRC holds another conference call with MCR. An email chain, internal to RFC, follows, with MCR's summary of the key points from the meeting. - Cash shortage from September without European income - No provision for £4.2m liability in cash flow forecast - Advised of summary warrant proceedings underway - PAYE Audit to be undertaken	The full extent of the problems is laid bare. What had been a gamble to try and turn things around has been left scrambled and with immediate cash pressure being brought by HMRC.	No
04-Aug-11	Email chain from David Grier shows that as of this date the following was the case: 1. Rangers acknowledged without European revenues they did not have cash to last beyond September 2011 without further investment; 2. There was now a £4.2m liability to HMRC but Rangers were contemplating appealing the penalty element but had not yet done so; 3. HMRC were aggrieved no payment had yet been made towards the liability and expected some before the 22 Aug 2011 planned meeting; and 4. A PAYE audit by HMRC had been scheduled.	At this point further investment into TRFC is in all liklihood throwing good money after bad.	No

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10-Aug-11	When no payment was forthcoming Sheriff's Officers visited Ibrox Stadium to demand payment. Sheriff officers deliver the summary warrant to Amanda Miller, PA to Craig Whyte	The cash flow crisis and tax issues become very pressing in the public domain as this breaks in the news	No
10-Aug-11	An email from Aegis Tax LLP on a proposed strategy for reaching agreement on repayment terms (liability already agreed) shows the seriousness and proposes using former HMRC staff and Rangers fans to help negotiate.	All avenues being considered to try and alleviate the impending cash crisis.	No
12-Aug-11	MCR (David Grier) send an e-mail to HMRC to try and reach an agreement on a payment schedule. The club offers to pay the liability over the next 3 years	A further attempt to try and address the cash crisis enveloping the club.	No
12-Aug-11	Leaked emails from inside Rangers indicate that the warrant had caused some consternation and fraught attempts were underway to limit damage. Somewhat strangely Gary Withey believes no one had seen the 20 May 2011 determinations, though David Grier (to whom the email was addressed) had already confirmed receipt to HMRC	At best it would seem this was considered a means to try and negotiate again. At worst a further attempt to mislead and delay.	No
14-Aug-11	David Grier updates Craig Whyte by email on the terms of the payment of the Wee Tax Liability that has been provided to HMRC. Effectively offering a payment up front of £250K and the rest to be paid over three years with interest and charges suspended.	It would appear (given the Escrow acccount remained unused) that this would allow ongoing payments to hopefully get HMRC to ease up while keeping it out of the operational cash flows.	No
15-Aug-11	HMRC reply to MCR stating: - the payment schedule is not acceptable: - 3 years is too long - too much in the offer is speculative - sight of the cashflow is needed - no reduction or suspension of interest/penalties. It warns: "Given that the club have agreed the liability is in fact due... it is in the club's interests to make immediate payment." It then states: "If the current situation persists, HMRC will give consideration to enforcement for non-payment."	HMRC by this point unwilling to negotiate where the public purse bears all the risk of a business it believes is failing. Larger upfront payments and shorter timeframes would be necessary.	No
16-Aug-11	HMRC write to RFC, formally advising that a penalty of £1,299,347 had been levied on the balance due in respect of the tax liability.	As penalties not appealed the liability now due increases	No
17-Aug-11	Further discussion with HMRC in leaked emails show that HMRC had issued Rangers with acceptable timeframes for a payment plan but that these had not yet been agreed. Terms as set out are: 1. An immediate payment of £1m. 2. A time to pay proposal for no longer than 12 months. Rangers elect to negotiate suggesting: 1. An immediate payment to HMRC of £400k. 2. Monthly repayments of £200k from November 2011 for three months until January 2012. 3. Monthly repayment of £250k from February 2012 until September 2012.	Further attempted negotiation without any payment takes place.	No
22-Aug-11	Meeting between HMRC and Rangers suggests Rangers need to prove they are a viable business before HMRC will consent to defer payments and receive a sizeable up front payment. Suggests that the impending summary warrant expiry end is upcoming which will result in this becoming an insolvency event. HMRC meet again with RFC and MCR. Phil Betts, RFC Director, is unable to answer questions on the club's current position and the failure to address the tax liability. HMRC initiated discussions on the penalty applied and various options that could be taken.	HMRC clearly concerned that Rangers are going to fail and that Rangers are not being upfront about their viability.	No
25-Aug-11	Rangers lose to Maribor and are knocked out the Europa League.	The possibility of Europa revenues that might help the situation now disappears also.	No
26-Aug-11	In an email, Phil Betts of RFC mentions an HMRC comment that they thought what had happened under the previous regime was tantamount to fraud.	Indication of the perceived level of deception that HMRC considers has been evident. No blame on this attributed to the current regime.	YES
26-Aug-11	RFC's attempts to find a way out of their immediate difficulties continue. Gary Withey writes to HMRC stating that their letter with assessments, dated 20 May 2011, was not seen by RFC, as the Financial Controller, Donald McIntyre, had been suspended around that date. Withey was clearly unaware that MCR had acknowledged receipt of that letter in their own letter to HMRC of dated 6 June 2011.	This is clearly untrue, but TRFC simply could not pay now in any case. The accumulated regular VAT, PAYE and NIC liabilities plus the DOS debt dwarfed what was held in Escrow.	No
30/08/2011	HMRC's Head of Enforcement writes to the RFC Company Secretary, stating the arrears position (£3,024,054.52) and that interest was accruing at £163.83 each day. He goes on to comment that "promises to pay so far have not been delivered on" and adds that he had "provided instructions for legal action to commence"	This marks the beginning of the end for TRFC as HMRC pursue collection	No
02-Sep-11	HMRC issue arrestment order to ringfence cash to pay the £2.8m overdue payable in respect of the Wee Tax Case	By freezing the cash, this deepens the cash flow difficulties that TRFC had been dealing with.	No

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09-Sep-11	Rangers ban the Herald from Ibrox and Murray Park, but leaked emails show that it stems from Media House mandated PR control around an embarassing unpaid legal bill and how to spin it. The same day Rangers release a statement: "The remarks in The Court of Session today made by Levy & McRae with regard to their concerns about the Club's solvency are unfounded and unwarranted and these are nothing more than scaremongering tactics. The Club is extremely disappointed and angry that this action was taken when there were categorical assurances from the Club's lawyers that the money was on its way and it is regrettable that those assurances were not deemed sufficient by Levy & McRae."	Indicator of financial problems	No
13-Sep-11	Martin Bain succeeds in having £480K of Rangers Oldco cash frozen as Lord Patrick Hodge said he was satisfied there is a real and substantial risk of the club going into insolvency. Rangers submitted in defence that the tax arrangements which had given rise to the large HMRC claim and alleged liabilities incurred on his watch. By seeking to use the HMRC claim to secure a warrant to arrest on the dependence, Mr Bain was unreasonably taking benefit from his own irregularities.	Indicator of financial problems	No
14-Sep-11	Saffrey Champness, who had taken on the role of tax advisors to RFC, eventually seek leave to appeal the penalty applied by HMRC but significantly out of the 14 day time limit. An appeal was lodged by RFC against penalties, not on the £2.8 million core amount, but that distinction was not made clear to the SFA	At this point any appeal on penalties was well out of time anyway but it would allow TRFC to say that an appeal had been made.	No
19-Sep-11	Keith Sharp at the SFA emails Ken Olverman at RFC confirming "the good news" that UEFA had verbally accepted RFC's submission regarding "overdue payables" as at 30 June, and that no update in respect of Future Financial Forecasts (5 months before Rangers entered administration) was required. However he goes on to ask, in the light of Media comment, what the current situation was with regard to the tax liability, adding: "UEFA will be aware of the situation and a brief statement should satisfy their requirements. There is no indication that this will result in any follow up action from UEFA as the Club Financial Control Panel already has a large number of cases to consider at its next meeting."	Alarmingly little appraisal of the situation appears to have gone into this on the surface of things. The SFA appears to have been in discussions on TRFC's behalf with UEFA regarding these and despite the bank account ringfencing, provision in the accounts, the court cases and all the behind the scenes efforts to keep things going on the face of it.	POSSIBLY
21-Sep-11	Morton Fraser provide a pitch for 'Project Roosevelt' - contingency plan for guiding a football club through a restructurs of debt or alternatively a pre-pack liquidation or administration route	Indicator of financial problems	No
28-Sep-11	Saffrey Champness, seek acceptance to submit a late appeal against the assessments raised on 20 May 2011. This application was rejected by HMRC with full reasons provided by HMRC on 12 October 2011	This served the purpose of doing something to claim it was still being disputed before the end September date.	POSSIBLY
28-Sep-11	Leaked emails show that Rangers were in discussions with the SFA (Ken Sharp) about how best to address the public spat with HMRC re licencing issues A draft response to the SFA's request for a status update on their tax liability, in accordance with UEFA's Article 67, is circulated among RFC officials. The draft claimed that £500,000 had already been paid towards the liability and that discussions on the arrangements to repay the balance were ongoing. Despite the club's claim, there is no evidence of any sum having been paid towards the liability. Neither HMRC nor D&P make reference to any part payment ever having been received in their court submissions, or statutory reports.	This would appear to be an absolute falsehood. The SFA would appear to be facilitating the creation of an impression at this point that either they knew was incorrect or had failed to properly subsantiate the actual position to be able to understand despite the need to publish information to address the situation.	POSSIBLY
30-Sep-11	Final submissions/declarations to UEFA for licence applications	Rangers final submission is made.	No
03-Oct-11	HMRC writes to RFC asking when the sums arrested in the club's Bank of Scotland accounts will be released.	Further pressure for payment by HMRC	No
04-Oct-11	Saffrey Champness hold a conference call with HMRC, after which they email a summary of the discussions to RFC officials.	New agent now attempting to navigate the dispute, presumably to buy more time, in place of MCR	No
12-Oct-11	HMRC write to Saffrey Champness with full reasons for rejecting their request for a late appeal of the determinations dated 20 May 2011. HMRC described the appeal as "vexatious".	Demonstrates that HMRC considered the appeal to be without merit and only for the purposes of facilitating a false impression.	No
19-Oct-11	Saffrey Champness emails RFC officials following a phone call with HMRC, expressing concern that, because the arrested funds had not been released, room to manoeuvre was limited. It was accepted that the funds could be used to satisfy outstanding PAYE and VAT liabilities, but noted that the club hadn't signed the instructions to the bank.	There appears to be no more road to delay by this point on the settlement of the tax liabilities.	No
21-Oct-11	A series of emails from Sandy Bryson (in charge of registrations at the SFA) indicates that there outstanding payables relating to the transfer of Kirk Broadfoot who had joined Rangers back in 2007	It is unclear the exact nature of this but may indicate further irregularities with the filings made on player payables.	POSSIBLY

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22-Nov-11	Ken Olverman emails Craig Whyte outlining the issues faced in preparing their 2012/13 licence application. It refers back to the DOS tax liability in the June submission "which we dealt with". Includes the statement: "Ideally the Going concern aspect of the Large tax case will be resolved by then. Again another tricky area where we need to determine in advance the SFA expected view, given the pressure they will undoubtedly be under regarding issuing a license. As required, I can investigate further with my contact at the SFA, especially on the finer point once we have determined where we think we will be on the various requirements. This matter should also be discussed with Andrew [presumably Dickson - who was on the licencing committee and also involved in the administration of the DOS/EBT schemes] to determine his view and understandings to ensure that consistent with mine."	At this point it seems that an optimistic case was being built for another UEFA licence for the following season and negotiation with the SFA started. It would be given short thrift.	No
24-Nov-11	RFC provides the Bank of Scotland with instructions to release the £2.9M funds arrested in September. The funds were to be applied to the outstanding VAT arrears at the request of RFC. The DOS liabilities therefore remained outstanding. The funds on the Collyer Bristow remained there.	Payment is ultimately made from the arrested funds towards the tax liabilities, but not the one that by now had been outstanding in respect of DOS for over a year.	No
06-Dec-11	Conversation held between Stewart Regan, CEO of the SFA, and Andrew Dickson of Rangers in respect of DOS EBTS, where HMRC were pursuing the non-payment of PAYE. General interest being stirred after HMRC sent Sheriff Officers to Ibroxon 10 August 2011 despite the liability being described as "potential" by the Chairman/interim accounts while it ordinarily takes longer than 4 months to reach overdue collection status.	Rather alarmingly this took place after the September submissions when the information was all known but seemingly not questioned at a time when it might have invited UEFA scrutiny.	POSSIBLY
07-Dec-11	Email chain from Stewart Regan to Ali Russell and Andrew Dickson of Rangers Oldco detailing the statement he wanted to release regarding the disputed nature of the tax bill being discussed by media. The statement contained the terms: "…with the exception of the continuing discussion between the Club and HM Revenue and Customs in relation to a potential liability of £2.8m associated with contributions between 1999 and 2003 into a discounted option scheme.These amounts have been provided for in full within the interim financial statements. Since the potential liability was under discussion by Rangers FC and HM Revenue & Customs as at 31st March 2011, it could not be considered an overdue payable as defined by Article 50. We are satisfied that the evidence from all parties complied with Article 50 and, on that basis, a licence was awarded for season 2011-12". The statement never released as representatives of Rangers, permission from whom to release it was being sought, argued against its release. Craig Whyte -"this is crazy" Ramsey Smith (PR): "only cause issues for themselves as much as Rangers" Ali Russell suggested alternative statement. Finishes with arrangements to meet up with the SFA for dinner at Hotel du Vin private dining rooms for further discussions. Whatever Regan is told in addition to what he and Dickson discussed on 6/7 Dec 2011 about the wee tax liability is not known but Regan's draft never gets published.	It is not common for Football Association Chief Executive Officers to run their press releases past member clubs. The exchange suggests that the SFA had as much to lose from scrutiny of this as TRFC and that it was better left unsaid. Regan never released the statement. It would be clear from the above timeline analysis that the statement was demonstrably untrue in respect of the liability being 'potential' at the original grant, nor this situation updated as it should have been in the two subsequent monitoring periods.	POSSIBLY
20-Dec-11	Dinner at the Glengoyne private dining room of the Hotel du Vin between Craig Whyte (Rangers), Ali Russell (Rangers), Campbell Ogilvie (current SFA President and former Rangers director and EBT recipient) and Stewart Regan (CEO of the SFA)	No detail is known of what was discussed, but the proposed statement is never made by the SFA.	POSSIBLY
14-Feb-12	TRFC enter administration	This marks the end of Whyte's short time involved and the collapse into insolvency of TRFC.	No

APPENDIX 2
FRS 12, Provisions Contingent Liabilities and Contingent Assets.

Overarching:	Where, as a result of past events, there **may** be a transfer of future economic benefits in		
Probability:	there is a present obligation that probably requires a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation that may, but probably will not,require a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation where the likelihood of a transfer of economic benefits in settlement is remote,
Treatment:	a provision is recognised (paragraph 14); and disclosures are required for the provision (paragraphs 89 and 90)	no provision is recognised (paragraph 27); but disclosures are required for the contingent liability (paragraph 91).	no provision is recognised (paragraph 27); and no disclosure is required (paragraph 91).
In English:	Record the liability and associated expenses in the accounts and include disclosures on what it is, the expected timing of payment, what the uncertainties are and the main assumptions made	You don't have to put the figures through the accounts but you do need to include a 'contingent liability' note explaining what it is, the estimated cost and any uncertainties about timing	Do nothing
What Rangers did do:			
Year ended Jun-03			Did nothing
Year ended Jun-04			Did nothing
Year ended Jun-05			Did nothing
Year ended Jun-06			Did nothing
Year ended Jun-07			Did nothing
Year ended Jun-08			Did nothing
Year ended Jun-09			Did nothing
Year ended Jun-10			Did nothing
Interim to Dec-10	Made provision and provided a partial but incomplete and misleading disclosure, omitting the timing of payment and uncertainties / assumptions		

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Probability:	there is a present obligation that probably requires a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation that may, but probably will not,require a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation where the likelihood of a transfer of economic benefits in settlement is remote,
Treatment:	a provision is recognised (paragraph 14); and disclosures are required for the provision (paragraphs 89 and 90)	no provision is recognised (paragraph 27); but disclosures are required for the contingent liability (paragraph 91).	no provision is recognised (paragraph 27); and no disclosure is required (paragraph 91).
In English:	Record the liability and associated expenses in the accounts and include disclosures on what it is, the expected timing of payment, what the uncertainties are and the main assumptions made	You don't have to put the figures through the accounts but you do need to include a 'contingent liability' note explaining what it is, the estimated cost and any uncertainties about timing	Do nothing
What Rangers ought to have done:			
Year ended Jun-03			Do nothing - debatable since HMRC had started enquiries by now, but no clear intent by HMRC to pursue avoided tax
Year ended Jun-04		Contingent liability disclosure - TRFC are aware HMRC have opened an investigation now and are aware that they both are operating a scheme McMillan describes as 'tax avoidance' and has been undermined in potential efficiency by use of side-letters too	
Year ended Jun-05		Contingent liability disclosure - At HMRC side little has changed, but this is largely due to McMillan's efforts in obstructing the HMRC investigation	
Year ended Jun-06		Contingent liability disclosure - At HMRC side little has changed, but this is largely due to McMillan's efforts in obstructing the HMRC investigation and by now it is clear that the auditors are also being mislead and information being withheld from them.	
Year ended Jun-07	Provision - HMRC have issued notices that tax is due, so this would be verging on still a contingent liability as it has neither been accepted nor does HMRC have a test case showing such schemes are taxable. TRFC however know the side-letters make this irrelevant and the prudent thing to do now is provide. The threshold of 'probable' is already crossed - not to do so is banking on dishonesty paying off		
Year ended Jun-08	Provision - Little change from prior year, other than McMillan's defiant 'fantasies' message to HMRC ahead of this year end following the S.20 notices.		

APPENDIX 2
FRS 12, Provisions Contingent Liabilities and Contingent Assets.

Overarching:	Where, as a result of past events, there **may** be a transfer of future economic benefits in		
Probability:	there is a present obligation that probably requires a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation that may, but probably will not,require a transfer of economic benefits in settlement,	there is a possible obligation or a present obligation where the likelihood of a transfer of economic benefits in settlement is remote,
Treatment:	a provision is recognised (paragraph 14); and disclosures are required for the provision (paragraphs 89 and 90)	no provision is recognised (paragraph 27); but disclosures are required for the contingent liability (paragraph 91).	no provision is recognised (paragraph 27); and no disclosure is required (paragraph 91).
In English:	Record the liability and associated expenses in the accounts and include disclosures on what it is, the expected timing of payment, what the uncertainties are and the main assumptions made	You don't have to put the figures through the accounts but you do need to include a 'contingent liability' note explaining what it is, the estimated cost and any uncertainties about timing	Do nothing
Year ended Jun-09	Provision - TRFC would have perceived the situation as similar to prior, as they did not at this time know HMRC now had the side-letters which had been withheld in the past		
Year ended Jun-10	Provision - By now the Aberdeen Asset case is held and with or without the side-letters (which HMRC now have) there is remote liklihood of success in challenging		
Interim to Dec-10	Made provision and provided full disclosure, including the expected timing of payment and uncertainties/assumptions relating to interest/penalties		

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Extracts of UEFA FFP Requirements 2010

Article 2 – *Objectives*

1 These regulations aim:

a) to further promote and continuously improve the standard of all aspects of football in Europe and to give continued priority to the training and care of young players in every club;
b) to ensure that a club has an adequate level of management and organisation;
c) to adapt clubs' sporting infrastructure to provide players, spectators and media representatives with suitable, well-equipped and safe facilities;
d) to protect the integrity and smooth running of the UEFA club competitions;
e) to allow the development of benchmarking for clubs in financial, sporting, legal, personnel, administrative and infrastructure-related criteria throughout Europe.

2 Furthermore, they aim to achieve financial fair play in UEFA club competitions and in particular:

a) to improve the economic and financial capability of the clubs, increasing their transparency and credibility;
b) to place the necessary importance on the protection of creditors by ensuring that clubs settle their liabilities with players, social/tax authorities and other clubs punctually;
c) to introduce more discipline and rationality in club football finances;
d) to encourage clubs to operate on the basis of their own revenues;
e) to encourage responsible spending for the long-term benefit of football;
f) to protect the long-term viability and sustainability of European club football.

Article 47 – *Annual financial statements*

1 Annual financial statements in respect of the statutory closing date prior to the deadline for submission of the application to the licensor and prior to the deadline for submission of the list of licensing decisions to UEFA must be prepared and submitted.

2 Annual financial statements must be audited by an independent auditor as defined in Annex V.

3 The annual financial statements must consist of:

a) a balance sheet;
b) a profit and loss account;
c) a cash flow statement;

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d) notes, comprising a summary of significant accounting policies and other explanatory notes; and
e) a financial review by management.

4 The annual financial statements must meet the minimum disclosure requirements as set out in Annex VI and the accounting principles as set out in Annex VII. Comparative figures in respect of the prior statutory closing date must be provided.

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5 If the minimum requirements for the content and accounting as set out in paragraph 4 above are not met in the annual financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirements that must be assessed by an independent auditor as defined in Annex V.

Article 50 – *No overdue payables towards employees and social/tax authorities*

1 The licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables (as defined in Annex VIII) towards its employees or social and tax authorities as a result of contractual and legal obligations towards its employees that arose prior to the previous 31 December.

2 Payables are those amounts due to employees or social and tax authorities as a result of contractual or legal obligations towards employees. Amounts payable to people who, for various reasons, are no longer employed by the applicant fall within the scope of this criterion and must be settled within the period stipulated in the contract and/or defined by law, regardless of how such payables are accounted for in the financial statements.

3 The term "employees" includes the following persons:

a) All professional players according to the applicable *FIFA Regulations on the Status and Transfer of Players*; and

b) The administrative, technical, medical and security staff specified in Articles 28 to 33 and 35 to 39.

4 The licence applicant must prepare a schedule showing all employees who were employed at any time during the year up to the 31 December preceding the licence season; i.e. not just those who remain at year end. This schedule must be submitted to the licensor.

5 The following information must be given, as a minimum, in respect of each employee:

a) Name of the employee;
b) Position/function of the employee;
c) Start date;
d) End date (if applicable);
e) The balance payable as at 31 December, including the due date for each unpaid element; and
f) Any payable as at 31 March (rolled forward from 31 December), including the due date for each unpaid element, together with explanatory comment.

6 The employees schedule must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licence applicant.

7 The licence applicant must reconcile the total liability as per the employee schedule to the figure in the financial statements balance sheet for 'Accounts payable towards employees' (if applicable) or to the underlying accounting records.

8 The licence applicant must submit to the auditor and/or the licensor the necessary documentary evidence showing the amount payable (if any), as at 31 December of the year preceding the licence season as well as any payable as at 31 March (rolled forward from 31 December), to the competent social/tax authorities as a result of contractual and legal obligations towards its employees.

Article 66 – *No overdue payables towards employees and/or social/tax authorities – Enhanced*

1 The licensee must prove that as at 30 June of the year in which the UEFA club competitions commence it has no overdue payables (as specified in Annex VIII) towards its employees and/or social/tax authorities (as defined in paragraphs 2 and 3 of Article 50) that arose prior to 30 June.

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2 By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of overdue payables towards employees and social/tax authorities.

3 The following information must be given, as a minimum, in respect of each overdue payable towards employees, together with explanatory comment:

a) Name of the employee;
b) Position/function of the employee;
c) Start date;
d) Termination date (if applicable); and
e) Balance overdue as at 30 June, including the due date for each overdue element.

4 The following information must be given, as a minimum, in respect of each overdue payable towards social/tax authorities, together with explanatory comment:

a) Name of the creditor;
b) Balance overdue as at 30 June, including the due date for each overdue element.

5 The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.

6 If the licensee is in breach of indicator 4 as defined in Article 62(3), then it must also prove that, as at the following 30 September, it has no overdue payables (as specified in Annex VIII) towards employees and/or social/tax authorities that arose prior to 30 September. Paragraphs 2 to 5 above apply accordingly.

Article 67 – *Duty to report subsequent events*

1 The licensee must promptly notify the licensor in writing about any significant changes including, but not limited to, subsequent events of major economic importance until at least the end of the licence season.

2 The information prepared by management must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement (with supporting reasons) that such an estimate cannot be made.

Article 71 – *Compliance audits*

1 UEFA and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of the licensor and, in the presence of the latter, of the licence applicant/licensee.

2 Compliance audits aim to ensure that the licensor, as well as the licence applicant/licensee, have fulfilled their obligations and that the licence was correctly awarded at the time of the final decision of the licensor.

3 For the purpose of compliance audits, in the event of any discrepancy in the interpretation of the national club licensing regulations between the UEFA official language version and the official national language version, the UEFA official language version is authoritative.

ANNEX VII: Basis for the preparation of financial statements

A. Principle

1. Financial statements as defined in Articles 47 and 48 must be based on the accounting standards required by local legislation for incorporated companies – either the applicable financial reporting framework of the relevant country, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities – regardless of the legal structure of the licence applicant.

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2. Financial statements must be prepared on the assumption that the licence applicant is a going concern, meaning it will continue in operation for the foreseeable future. It is assumed that the licence applicant has neither the intention nor the necessity to go into liquidation, cease trading or seek protection from creditors pursuant to laws or regulations.
3. The financial reporting framework, suitable as a basis for the preparation of financial statements, must contain certain underlying principles including:
   a) fair presentation;
   b) consistency of presentation;
   c) accrual basis for accounting;
   d) separate presentation of each material class of items;
   e) no offsetting of assets and liabilities or income and expenses unless permitted by national accounting practice.
4. The financial statements must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

B. Consolidation requirements

1. If the licence applicant has control of any subsidiary, then consolidated financial statements must be prepared and submitted to the licensor as if the entities included in the reporting perimeter (as defined in Article 46) were a single company.
2. A subsidiary may be excluded from the reporting perimeter only if:
   a) the subsidiary is immaterial compared with the overall group made by the licence applicant; or
   b) the subsidiary's activity is clearly and exclusively not related to football.
3. If a subsidiary is excluded from the reporting perimeter, the management of the licence applicant must justify its decision to the licensor in detail.
4. If the licence applicant is controlled by a parent which has been included in the reporting perimeter, consolidated financial statements must be prepared and submitted to the licensor as if the entities included in the reporting perimeter were a single company.
5. If the licence applicant is a football company as per Article 12(1b), it must provide the licensor with the financial information of the football company and the registered member (e.g. combined or consolidated financial statements as if they were a single company).

C. Accounting requirements for player registrations

1. Notwithstanding that each licence applicant has to prepare audited annual financial statements under its own national accounting practice for incorporated companies, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities, these regulations include a specific accounting requirement for player registrations carried as intangible fixed assets as set out in Articles 47, 48 and 52.
2. Licence applicants that capitalise the costs of acquiring a player's registration must:
   a) apply certain minimum accounting requirements as described in paragraph 4 of this part C;
   b) prepare a player identification table as described in part D of this annex.
3. If a licence applicant has an accounting policy to expense the costs of acquiring a player's registration rather than capitalise them, and this is permitted under their national accounting practice, there is no requirement for such entities to apply the minimum accounting requirements set out below and they do not have to prepare restated figures.
4. The minimum accounting requirements are described as follows:
   a) In respect of each individual player's registration, the depreciable amount must be allocated on a systematic basis over its useful life. This is achieved by the systematic allocation of the cost of the asset as an expense over the period of the player's contract.

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b) Only direct costs of acquiring a player's registration can be capitalised. For accounting purposes, the carrying value of an individual player must not be re-valued upwards, even though management may believe market value is higher than carrying value. In addition, whilst it is acknowledged that a licence applicant may be able to generate some value from the use and/or transfer of locally trained players, for accounting purposes costs relating to an applicant's own youth sector must not be included in the balance sheet – as only the cost of players purchased is to be capitalised.

c) Amortisation must begin when the player's registration is acquired. Amortisation ceases when the asset is classified as held for sale or when the asset is derecognised (i.e. the registration is transferred to another club), whichever comes first.

d) All capitalised player values must be reviewed individually each year by management for impairment. If the recoverable amount for an individual player is lower than the carrying amount on the balance sheet, the carrying amount must be adjusted to the recoverable amount and the adjustment charged to the profit and loss account as an impairment cost. It is recommended that each licensor requires each of its licence applicants to apply consistent accounting policies in respect of player registration costs.

5. The licence applicant must prepare supplementary information (to be submitted to the licensor) if the accounting requirements described in this annex are not met by the disclosures and accounting treatment in the audited annual financial statements. The supplementary information must include a restated balance sheet, profit and loss account and any associated notes to meet the requirements set out above. There must also be included a note (or notes) reconciling the results and financial position shown in the supplementary information document to those shown in the audited financial statements (that were prepared under the national accounting practice). The restated financial information must be assessed by the auditor by way of agreed-upon procedures.

D. Player identification table

1. As specified under C(2) above, licence applicants that capitalise costs relating to the acquisition of a player's registration must prepare a player identification table.
2. The player identification table must be provided to the auditor. However, the player identification table does not need to be disclosed within the annual financial statements, nor does it have to be submitted to the licensor.
3. The minimum information for the content of the player identification table in respect of each relevant player's registration held up to the closing date of the last set of financial statements is as follows:

   a) Name and date of birth;

   b) Start and end date of contract;

   c) The direct costs of acquiring the player's registration;

   d) Accumulated amortisation brought forward and as at the end of the period;

   e) Expense/amortisation in the period;

   f) Impairment cost in the period;

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g) Disposals (cost and accumulated amortisation);

h) Net book value (carrying amount); and

i) Profit/(loss) from disposal of player's registration.

4. The relevant players about whom details are required in the table are all those players whose registration is held by the licence applicant at any time during the period and in respect of whom some direct acquisition cost has been incurred (at some point in time in the period or prior periods).

5. The following aggregate figures in the player identification table must be reconciled to the relevant figures in the balance sheet and profit and loss account in the audited annual financial statements:

   a) The aggregate of the amortisation of player registrations in the current period as shown in the player identification table must agree with/be reconciled to the 'Amortisation of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);

   b) The aggregate of impairment provisions made in the current period as shown in the player identification table must agree with/be reconciled to the 'Impairment of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);

   c) The aggregate of profit/(loss) on disposal of player registrations in the player identification table must agree with/be reconciled to the 'Profit/(loss) from disposal of player registrations' (disclosed on the face of, or in a note to, the profit and loss account for the period);

   d) The aggregate of the net book value of player registrations in the player identification table must agree with/be reconciled to the figure for 'Intangible assets – players' in the balance sheet (on the face or in the notes thereto) for the period end.

6. For licence applicants who have restated player accounting figures to meet the accounting requirements of these regulations, these aggregate figures from the player identification table must agree with/be reconciled to the restated figures in

ANNEX VIII: Notion of 'overdue payables'

1. Payables are considered as overdue if they are not paid according to the agreed terms.

2. Payables are not considered as overdue, within the meaning of these regulations, if the licence applicant/licensee (i.e. debtor club) is able to prove by 31 March (in respect of Articles 49 and 50) and by 30 June and 30 September (in respect of Articles 65 and 66) respectively that:

   a) it has paid the relevant amount in full; or

   b) it has concluded an agreement which has been accepted in writing by the creditor to extend the deadline for payment beyond the applicable deadline (note: the fact that a creditor may not have requested payment of an amount does not constitute an extension of the deadline); or

   c) it has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payables; however, if the decision-making bodies (licensor and/or Club Financial Control Panel) consider that such claim has been brought or such proceedings have been opened for the sole purpose of avoiding the applicable deadlines set out in these regulations (i.e. in order to buy time), the relevant amount will still be considered as an overdue payable; or

   d) it has contested a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the reasonable satisfaction of the relevant decision-making bodies (licensor and/or Club Financial Control Panel) that the claim which has been brought or the proceedings which have been opened are manifestly unfounded.

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ANNEX IX:Licensor's assessment procedures for the financial criteria and requirements

A. Principle

The assessment processes to check compliance with the financial criteria set out in Article 10 and Article 55 comprise specific assessment steps that must be followed by the licensor as set out below.

B. Assessment of the auditor's report on the annual and interim financial statements

1. In respect of the annual and interim financial statements, the licensor must perform the following minimum assessment procedures:
   a) Assess whether the selected reporting entity/entities is appropriate for club licensing purposes.
   b) Assess the information (annual and interim financial statements that may also include supplementary information) submitted to form a basis for his licensing decision.
   c) Read and consider the annual and interim financial statements and the auditor's report thereon.
   d) Address the consequences of any modifications to the audit and/or review report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements according to paragraph 2 below.
2. Having read the auditor's report on the annual and interim financial statements, the licensor must assess it according to the items below:
   a) If the auditor's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the licence.
   b) If the auditor's report has a disclaimer of opinion or an adverse opinion, the licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or adverse opinion is provided (in relation to another set of financial statements for the same financial year that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion.
   c) If the auditor's report has, in respect of going concern, either an emphasis of matter or a qualified 'except for' opinion, the licence must be refused, unless either:
      i) a subsequent audit opinion without going concern emphasis of matter or qualification is provided, in relation to the same financial year; or
      ii) additional documentary evidence demonstrating the licence applicant's ability to continue as a going concern until at least the end of the licence season has been provided to, and assessed by, the licensor to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in Article 52 (Future financial information).
   d) If the auditor's report has, in respect of a matter other than going concern, either an emphasis of matter or a qualified 'except for' opinion, then the licensor must consider the implications of the modification for club licensing purposes. The licence may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the licensor. The additional evidence that may be requested by the licensor will be dependent on the reason for the modification to the audit report.
3. If the licence applicant provides supplementary information the licensor must additionally assess the auditor's report on the agreed-upon procedures in respect of the supplementary information. The licence may be refused if this includes reference to errors and/or exceptions found.

C. Assessment of overdue payables towards other clubs

1. In respect of the overdue payables towards other clubs, the licensor may decide:
   a) to assess himself the information submitted by the licence applicant, in which

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case he must perform the assessment according to paragraph 2 below; or

b) to have independent auditors carry out the assessment procedures, in which case he must review the auditor's report and, in particular, verify that the sample selected by the auditor is satisfactory, and he may carry out any additional assessment he believes necessary, i.e. extend the sample and/or request additional documentary evidence from the licence applicant.

2. If the assessment is done by the licensor, he must assess the information submitted by the licence applicant, in particular the transfer payables table and corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor the same steps may be performed by the auditor:

a) Agree the total in the transfer payables table with the 'Accounts payable relating to player transfers' amount in the annual or interim financial statements as at 31 December.

b) Check the mathematical accuracy of the transfer payables table.

c) Select a sample of player transfers/loans, compare the corresponding agreements with the information contained in the transfer payables table and highlight the selected transfers/loans.

d) Select a sample of transfer payments, compare them with the information contained in the transfer payables table and highlight the selected payments.

e) If, according to the transfer payables table, there is an amount due as at 31 March, that concerns a transfer that occurred before 31 December of the previous year, examine that by 31 March at the latest:

i) an agreement has been reached as per Annex VIII(2 b); or

ii) a dispute has arisen as per Annex VIII(2 c or d).

f) If applicable: obtain and examine documents, including agreements with the relevant football club(s) and/or correspondence with the competent body, in support of e(i) and/or e(ii) above.

D. Assessment of overdue payables towards employees and social/tax authorities

1. In respect of the overdue payables towards employees and social/tax authorities, the licensor may decide:

a) to assess himself the information submitted by the licence applicant, in which case he must perform the assessment according to paragraph 2 below; or

b) to have independent auditors carry out the assessment procedures, in which case he must review the auditor's report and, in particular, verify that the sample selected by the auditor is satisfactory, and he may carry out any additional assessment he believes necessary, i.e. extend the sample and/or request additional documentary evidence from the licence applicant.

2. The licensor must assess the information submitted by the licence applicant, in particular the list of employees and other corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor the same steps may be performed by the auditor:

a) Obtain the list of employees prepared by management.

b) Agree the total payable in the list of employees with the 'Accounts payable to employees' amount in the annual or interim financial statements as at 31 December.

c) Obtain and inspect a randomly selected sample of employee confirmation letters and compare the information to that contained in the list of employees.

d) If, according to the licensor, there is an amount due as at 31 March that refers to payables in respect of contractual and legal obligations towards its employees that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex VIII(2 b); or

ii) a dispute has arisen as per Annex VIII(2 c or d).

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e) Examine a selection of bank statements in support of payments.

f) If applicable: examine documents, including agreements with the relevant employee(s) and/or correspondence with the competent body, in support of the representations under d(i) and/or d(ii) above.

3. The licensor must assess all supporting documents in respect of payables to social and tax authorities in respect of contractual and legal obligations towards the licence applicant's employees. In particular he must perform the following steps:

a) Agree the recorded balance of payroll taxes as at 31 December to the payroll records of the club.

b) If there is an amount due as at 31 March that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex VIII(2 b); or

ii) a dispute has arisen as per Annex VIII(2 c or d).

c) If applicable: examine documents, including agreements with the tax/social authorities and/or correspondence with the competent body, in support of b(i) and/or b(ii) above.

E. Assessment of the written representation letter

1. In respect of the written representation letter, the licensor must read and consider the information in respect of any event or condition of major economic importance, in combination with the financial statements, future financial information and any additional documentary evidence provided by the licence applicant. The licensor may decide to have this assessment carried out by an auditor.

2. The licensor must assess the club's ability to continue as a going concern until at least the end of the licence season. The licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season.

F. Assessment of the future financial information

1. In respect of the future financial information the licensor must assess whether or not an indicator as defined in Article 52 has been breached. If any indicator has been breached, the licensor must assess the future financial information as defined in paragraph 2 below.

2. The assessment procedures, which may be carried out by an auditor, must include, as a minimum, the following:

a) Check whether the future financial information is arithmetically accurate;

b) Through discussion with management and review of the future financial information, and determination of whether the future financial information has been prepared using the disclosed assumptions and risks;

c) Check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding audited annual financial statements or reviewed interim financial statements (if such interim statements have been submitted); and

d) Check that the future financial information has been formally approved by the executive body of the licence applicant.

3. The licensor must assess the club's ability to continue as a going concern until at least the end of the licence season (i.e. the licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season).

G. Assessment of break-even information

1. In respect of the break-even information the licensor must assess whether or not the financial information submitted by the licensee corresponds to the information in respect of the same reporting entity/entities submitted for club licensing purposes.

2. The assessment procedures, which may be carried out by an auditor, must

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2. The assessment procedures, which may be carried out by an auditor, must include, as a minimum, the following:

   a) check whether the break-even information is arithmetically accurate;

   b) check that the balances contained within the break-even information are consistent with the balances contained in the audited financial statements, supplementary information or underlying accounting records;

   c) check that the break-even information has been formally approved by the executive body of the licensee.

3. The licensor must confirm to the Club Financial Control Panel the results of the above assessment procedures.

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APPENDIX 4
Extracts of CAS Hearing Re: Giannina

Arbitration CAS 2013/A/3233 PAE Giannina 1966 v. Union des Associations Européennes de Football (UEFA), award of 9 December 2013 (operative part of 16 July 2013)

Panel: Mr Olivier Carrard (Switzerland), President; Mr Efraim Barak (Israel); Prof. Luigi Fumagalli (Italy)

Football
Financial Fair Play
Overdue payables
Purposes of deadlines to fulfil the material requirements
Proportionality

9. As to the payables towards tax authorities, the report states: *"As at 31 March 2013, the licensee has an overdue payable due to the Greek tax authorities for the amount of €1,290,000 (the total amount less VAT) due to obligations that arose prior to 31 December 2012. It was identified that the licensee entered into an agreement on 28 May 2013 with the Greek tax authorities to defer the payment of this tax".*

10. With respect to the Appellant financial statements, the report states the following: *"HFF has identified six "private agreements" between employees and the licensee which were not declared in the financial statements submitted by the licensee to HFF. […] As a result of the above, it appears that the licensee has provided inaccurate financial statements to HFF and has submitted inaccurate management representations regarding the completeness and accuracy of its financial statements submission".*

13. The Investigatory Chamber recommended the Adjudicatory Chamber to refuse admission of the Appellant to the UEFA 2013/2014 Europa League. According to the findings of the Investigatory Chamber, the Appellant had failed to disclose the full amount of its personal debts. In addition to the contracts registered with the HFF, the Appellant had apparently "private agreements" with at least three of its employees during the reporting period under investigation. The Investigatory Chamber considered that these agreements should have been recognized in the annual financial statements of the Club, in accordance with the "fair presentation" requirement set forth in Annex VII A (3) of the UEFA Club Licensing and Financial Fair Play Regulations (edition 2012) ("the CL&FFP Regulations"). As a result, it was held that the Appellant had breached Article 47 of the CL&FFP Regulations. In addition, the Investigatory Chamber held that, as at 31 March 2012, the Appellant had overdue payables towards social/tax authorities for a total amount of EUR 1,290,000. In this regard, the Investigatory Chamber noted that, on 28 May 2013, the Appellant had reached a written agreement with the relevant authorities in order to reschedule and pay its overdue payable in 48 instalments. However, given the fact that this agreement was concluded two months after the applicable deadline, it considered that a violation of Article 50 of the CL&FFP Regulations was established.

c) Misapplication of Article 50 of the CL&FFP Regulations

32. In the Appellant's opinion, the Appealed Decision has to be set aside because no overdue payables existed towards social/tax authorities, justifying a denial of the licence under Article 50 of the CL&FFP Regulations. More exactly, *"there was not a real debt on or before the 31/3/2013"*; in the alternative the exception provided in Annex I of the CL&FFP Regulations should apply.

33. In that context, contrary to the Appealed Decision statement that the amount of EUR 1,290,000 was due on 31 March 2013, the Appellant contends that:

- *"[it] started on time all necessary actions in order to settle and pay off the aforesaid amount"*;
- *"the completion of the settlement process of [its] debts to the tax office was outside the "realm of [its] responsibility"*;
- *"the process of approving a debt settlement to the public sector is not an easy case"*, given the current situation in Greece.

c) Misapplication of Article 50 of the CL&FFP Regulations

39. UEFA points out that it is not disputed that the Appellant owed EUR 1,290,000 to the social/tax authorities as a result from contractual and legal obligations towards employees that had arisen before 31 December 2012, and that this amount had not been paid by 31 March 2013. It is also not disputed that as of 31 March 2013, no written agreement existed with the Greek Tax Authorities in order to extend the deadline for payment beyond the applicable deadline. UEFA also underlines that the application made by the Appellant has been accepted on 28 May 2013, i.e. almost two months after the expiry of the deadline, and that CAS jurisprudence has *"consistently recognised that deadlines for this kind of procedure are fundamental for the smooth running of competitions and must be applied consistently"*. The mere existence of overdue payables is sufficient to declare the Appellant ineligible to the UEFA 2013/2014 Europa League.

d) Misapplication of Article 47 of the CL&FFP Regulations

40. UEFA affirms that the annual financial statements of the Appellant did not contain the total amounts which had been effectively paid to its employees. It further explains: *"Whether the "unofficial" part of their salary has been paid or is irrelevant: if that part has been paid – but the corresponding payments are not mentioned in the accounts – the audited financial statements are inaccurate; and if that "unofficial" part has remained unpaid – but the corresponding debts are not mentioned in the account - the audited financial statements are also inaccurate"*. Accordingly, the annual financial statements of the

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73. The question is the following: did the Appellant prove that as of 31 March 2013 it had no overdue payables towards its employees as well as social/tax authorities as a result of contractual and legal obligations towards its employees that had arisen prior to 31 December 2012?

74. The Panel notes that it is not disputed that, as of 31 March 2013, the Appellant owed EUR 1,290,000 to the social/tax authorities as a result from contractual and legal obligations towards employees that had arisen before 31 December 2012.

75. Against this background, the Panel further notes that, according to Annex VII(2)(b) of the CL&FFP Regulations, payables are not considered as overdue, within the meaning of these regulations, if the licence applicant/licensee (i.e. debtor club) is able to prove by 31 March that *"it has concluded an agreement which has been accepted in writing by the creditor to extend the deadline for payment beyond the applicable deadline"*.

76. In the case at hand, the Panel finds that there was no written agreement as of 31 March 2013 confirming that the Greek Tax Authorities had accepted to extend the deadline for payment beyond the applicable deadline.

APPENDIX 5
Extracts of Champions League Regulations 2011/12

Admission procedure

2.08 The UEFA General Secretary communicates the decision on admission to the competition to the clubs in writing, through their association. Such decisions are final.

2.09 If there is any doubt as to whether a club fulfils the admission criteria, the UEFA General Secretary refers the case to the UEFA Organs for the Administration of Justice, which decide without delay upon the admission in accordance with the procedure defined in the *UEFA Disciplinary Regulations* for urgent cases.

2.10 A club which is not admitted to the competition is replaced by the next best-placed club in the top domestic league championship of the same association, provided it fulfils the admission criteria. In this case, the access list for the UEFA club competitions (Annex Ia) is adjusted accordingly.

2.11 UEFA may carry out spot checks and/or investigations with clubs at any time after they have been admitted to the competition to ensure that the admission criteria continue to be met for as long as they remain in the competition. If such a spot check and/or investigation reveals that admission criteria were not fulfilled at the time a club entered the competition or are no longer being met in the course of the competition, the club concerned is liable to disciplinary measures in accordance with the *UEFA Disciplinary Regulations*.

APPENDIX 6
Extracts of Draft 'Project Charlotte' Report Feb 2011

7.11 Contingent liabilities

- We are aware that there are contingent liabilities in respect of the PAYE surrounding the RFC Remuneration Trust and EBT schemes. This is discussed in more detail in Section 8, however we note that these were not disclosed in the statutory financial statements.
- We have discussed and suggested warranties for contingent liabilities and assets in relation to player registration in section 7.3.2.
- [We have requested a breakdown of contingent liabilities in respect of player purchases]

APPENDIX 7
Summary Gyori ETO v UEFA (8/5/12)

In February 2009 Györi ETO ("Györi"), a Hungarian professional football club, entered into an agreement with Estonian club FC Flora Tallin ("Flora") for the transfer of the player Jarmo Ahjupera. Flora agreed to transfer the Player to the Appellant in exchange for a fee of EUR 100,000 to be paid in two installments "according to the Transferring Club's invoices and transferred by bank transfer …" (at §7 of the CAS decision).

Following an agreed extension in relation to the first invoice and further delay, the Estonian Football Association ("EFA") asked FIFA to intervene on Flora's behalf. EFA could not agree with the Hungarian Football Federation ("HFF") whether any part of the UEFA Club Licensing Regulations 2008 had been breached ("the 2008 Regulations").4 FIFA Subsequently informed UEFA that the transfer fee due from Györi had not been paid (at §18).
Györi stated that on receiving the first invoice dated 17 February 2009 the debt was recorded in its accounts and included in its 2010/12 license application as an overdue payable. The application included an overdue payable in the amount of 13,542,000 Hungarian Forint, equivalent to EUR 50,000. Györi was granted a UEFA club competition license and took part in the Europa league 2010-11 receiving EUR 360,000 from UEFA as participation fee.
On 31 March 2010, Györi paid Flora the sum of EUR 50,000 as a first installment. Flora acknowledged the payment but informed the HFF of the amount outstanding, including interest, which was contested by Györi (at §25). The second installment of EUR 50,000 was paid in stages between 20 September 2010 and 17 November 2010. On 18 May 2011, the CFCP issued its report into the matter. The CFCP found that Györi had failed to meet a number of criteria in the 2008 Regulations and opened disciplinary proceedings with the CDB.

The decision of the CDB
The CDB found both Györi and the HFF guilty of violating the 2008 Regulations and issued the following sanctions (at §34):
(1) The HFF was fined EUR 100,000, half of which was suspended for a probationary period of two years; and
(2) Györi was disqualified from taking part in the next UEFA competition for which it qualified for the next three seasons, 2011-14.

The decision was based on the following grounds (at §34):
(1) Györi had failed to prove that it had no overdue payables on 31 December of the year preceding the season to be licensed.
(2) Györi had committed a serious offence. The absence of any previous infringement was not a decisive factor. The importance of the UEFA club licensing system, which aimed at protecting the integrity of UEFA club competitions, had to be taken into account.
(3) The fact that Györi had received EUR 360,000 from UEFA for taking part in the 2010-2011 UEFA Europa League and the fact that its participation was based on a license given on the basis of misleading documents were relevant considerations.
(4) The HFF was liable for failing to undertake due diligence, and for granting Györi a license despite the latter's failure to meet the criteria.
The decision of the UEFA Appeals Body
The HFF and Györi each appealed against the decision of the CDB. On 29 November 2011, the UEFA Appeals Body upheld the appeals in part, holding that:

(1) The suspension decision should be replaced. Győri was to be suspended from the UEFA club competition for the 2011-2012 and 2012-2013 seasons, in the event that it qualified. The 2013-14 disqualification was to be suspended for a probationary period. The original sanctions would be reactivated if Győri committed a further offence during the licensing procedure for the 2012-2013 season.
(2) The fine of EUR 50,000 was upheld.
(3) Győri and the HFF were jointly and severally liable for the legal costs related to the UEFA appeal proceedings EUR 6,000.

The decision of the Appeals Body was based, among other things, on the following grounds:
(1) The original disqualification was excessively harsh because Győri had trusted the HFF, which, despite being informed of the existence of the overdue payment did not bother to seek Győri's explanation.
(2) Pursuant to Article 14.1 of the UEFA Disciplinary Regulations, a disciplinary body has wide discretion to impose fines ranging between EU 100 and EUR 1,000,000. Given the fact that Győri had unduly received EUR 360,000 in participation fees, the fine imposed by the UEFA Disciplinary Decision was appropriate.

Győri subsequently sought to challenge the Appeals Body decision before CAS. Győri claimed, among other things, that since the transferring club had not issued a proper and original invoice in compliance with the EC VAT rules, they could not have paid the invoice without facing criminal sanctions in Hungary.

Győri further argued that the sanctions imposed were disproportionate and inconsistent with UEFA's approach in the cases of PAOK6 and Bursaspor.
UEFA alleged that the club had given false information in its application. It had indicated that an amount of EUR 50,000 only was due in relation to the player's transfer and made no mention of the total EUR 100,000 due.

The CAS judgment

CAS found that the club was required to disclose the relevant payables which were certain and enforceable irrespective of the potential threat of criminal sanction on payment (at §§145-146).
CAS noted that in assessing the sanctions, reference had to be made to Article 56 of the UEFA Club Licensing Regulations: "[a]ny breach of these regulations may be penalised by UEFA in accordance with the UEFA Disciplinary Regulations."
Article 17.5 of the Disciplinary Regulations provides that:
'[i]f the party charged has committed multiple disciplinary offences, the disciplinary body assesses the sanction according to the most serious offence and increases it accordingly.'
Noting that the Disciplinary Regulations permitted the imposition of a fine of between EUR 100 and EUR 1,000,000, CAS held that the decision-making body had a wide measure of discretion when issuing sanctions (at §154). On the facts of the case it could not be said that the fine of EUR 50,000 was disproportionate.

CAS noted that the club had failed to act with transparency and diligence by (1) playing in the Europa League 2010-11 having failed to disclose its correct and true overdue payables; (2) having known that it had financial problems, not disclosing them; and (3) having paid the second instalment of the transfer fee only after the relevant deadline. It further noted that the lightest non-monetary sanction available was a warning with the most severe being the withdrawal of a license (at §158).

The cases of Bursaspor and PAOK were distinguished on their facts. Győri had committed two breaches: (1) it had overdue payables; and (2) it had failed to disclose those payables (at §159). Furthermore, the Bursaspor case was, at the time, awaiting determination by the UEFA Appeals Body.

Accordingly, it had not been established that the imposition of the sanctions was inconsistent or disproportionate (at §§159-161).

APPENDIX 8
Walkthrough of FFP requirements

Licensor (Art 3)
Body that operates the club licensing system, grants licences and undertakes certain tasks in respect of the club monitoring process.

SFA

Licensee (Art 3)
Licence applicant that has been granted a licence by its licensor.

Rangers (post-19 May 2011)

Licence applicant (Art 3)
Legal entity fully and solely responsible for the football team participating in national and international club competitions which applies for a licence

Rangers (pre-19 May 2011)

Auditor (ANNEX V)
1. The auditor must be independent in compliance with the International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants (see Articles 47 and 48).
2. The auditor must be a member of one of the relevant IFAC member bodies. If there is no member of the IFAC within a licence applicant's territory, the licence applicant is required to use an independent auditor who is permitted by national law to carry out audit work

Grant Thornton

Licensor responsibilities (Art 5)

In particular the licensor must:
a) establish an appropriate licensing administration as defined in Article 6;
b) establish at least two decision-making bodies as defined in Article 7;
c) set up a catalogue of sanctions as defined in Article 8;
d) define the core process as defined in Article 9;
e) assess the documentation submitted by the clubs, consider whether this is appropriate and determine whether each criterion has been met and what further information, if any, is needed in accordance with Article 10;
f) ensure equal treatment of all clubs applying for a licence and guarantee the clubs full confidentiality with regard to all information provided during the licensing process as defined in Article 11;
g) determine whether a licence can be granted.

SFA is responsible for determining whether a licence can be granted under part (g) but also for making sure its procedures for doing this are appropriate.

Licensing administration (Art 6)

1. The tasks of the licensing administration include:
a) preparing, implementing and further developing the club licensing system;
b) providing administrative support to the decision-making bodies;
c) assisting, advising and monitoring the licensees during the season;
d) informing UEFA of any event occurring after the licensing decision that constitutes a significant change to the information previously submitted to the licensor;
e) serving as the contact point for and sharing expertise with the licensing departments of other UEFA member associations and with UEFA itself.
2. At least one staff member or an external financial adviser must have a financial background and a diploma in accountancy/auditing recognised by the appropriate national body (e.g. national trade association), or must have several years' experience in the above matters (a "recognition of competence").

Chairman: Rod Petrie
Vice Chairman: Ewen Cameron
Members: Michael Johnston, Alan McIntosh, Andrew Dickson, Andrew Waddell and Lachlan Cameron

Core Process (Art 9)

1. The licensor must define the core process for the verification of the criteria and thus control the issuing of licences.
2. The core process starts at a time defined by the licensor and ends on submission of the list of licensing decisions to the UEFA administration by the deadline communicated by the latter.
3. The core process consists of the following minimum key steps:
a) Submission of the licensing documentation to the licence applicants;
b) Return of the licensing documentation to the licensor;
c) **Assessment of the documentation by the licensing administration;**
d) **Submission of the written representation letter to the licensor;**
e) **Assessment and decision by the decision-making bodies;**
f) **Submission of the list of licensing decisions to the UEFA administration.**
4. The deadlines for the above key process steps must be clearly defined and communicated to the clubs concerned in a timely manner by the licensor.

c) Set out in Annex IX
d) Set out in Article 51
e) Set out in Art 55
f) Not specifically set out, but SFA to report to UEFA

Licence (Art 14)

1. Clubs which qualify for the UEFA club competitions on sporting merit or through the UEFA fair play rankings must obtain a licence issued by their licensor according to the national licensing regulations, except where Article 15 applies.
2. A licence expires without prior notice at the end of the season for which it was issued.
3. A licence cannot be transferred.
4. A licence may be withdrawn by the licensor's decision-making bodies if:
a) for any reason a licensee becomes insolvent and enters liquidation, as determined by the applicable national law (where a licensee becomes insolvent but enters administration during the season, for so long as the purpose of the administration is to rescue the club and its business, the licence should not be withdrawn);
b) any of the conditions for the issuing of a licence are no longer satisfied; or
c) the licensee violates any of its obligations under the national club licensing regulations.
5. As soon as a licence withdrawal is envisaged, the UEFA member association must inform the UEFA administration accordingly.

4a) Insolvency would be after European campaign but same season.
4b) Technically might apply but in monitoring period had certain matters been reported then, but punishments are usually effective the next season to avoid chaos in the competitions.

Annual Financial Statements (Art 47)

1. Annual financial statements in respect of the statutory closing date prior to the deadline for submission of the application to the licensor and prior to the deadline for submission of the list of licensing decisions to UEFA must be prepared and submitted.
2. Annual financial statements must be audited by an independent auditor as defined in Annex V.
3. The annual financial statements must consist of:
a) a balance sheet;
b) a profit and loss account;
c) a cash flow statement;
d) notes, comprising a summary of significant accounting policies and other explanatory notes; and e) a financial review by management.
4. The annual financial statements must meet the minimum disclosure requirements as set out in Annex VI and the accounting principles as set out in Annex VII. Comparative figures in respect of the prior statutory closing date must be provided.
5. If the minimum requirements for the content and accounting as set out in paragraph 4 above are not met in the annual financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirements that must be assessed by an independent auditor as defined in Annex V.

1. Annual accounts to 30 June 2010 submitted
2. Grant Thornton audited
3. No issues on format (note content covered seperately)
4. **Potential issue with this, covered in the Annex VI section**
5. **Potential issue with this if not remedying the issues identified in 4**

Financial statements for the interim period (Art 48)

1. If the statutory closing date of the licence applicant is more than six months before the deadline for submission of the list of licensing decisions to UEFA, then additional financial statements covering the interim period must be prepared and submitted.
2. The interim period starts the day immediately after the statutory closing date and ends on a date within the six months preceding the deadline for submission of the list of licensing decisions to UEFA.
3. Interim financial statements must be reviewed or audited by an independent auditor as defined in Annex V.
4. The interim financial statements must consist of:
a) a balance sheet as of the end of the interim period and a comparative balance sheet as of the end of the immediately preceding full financial year;
b) a profit and loss account for the interim period, with comparative profit and loss accounts for the comparable interim period of the immediately preceding financial year;
c) a cash flow statement for the interim period, with a comparative statement for the comparable interim period of the immediately preceding financial year;
d) specific explanatory notes.
5. If the licence applicant did not have to prepare interim financial statements for the comparable interim period of the immediately preceding financial year, comparative figures may refer to the figures from the financial statements of the immediately preceding full financial year.
6. The interim financial statements must meet the minimum disclosure requirements as set out in Annex VI. Additional line items or notes must be included if their omission would make the interim financial statements misleading.
7. The interim financial statements must follow the same accounting policies as those followed for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent full annual financial statements that are to be reflected in the next annual financial statements – in which case details must be disclosed in the interim financial statements.
8. If the minimum requirements for the content and accounting as set out in paragraphs 6 and 7 above are not met in the interim financial statements, then the licence applicant must prepare supplementary information in order to meet the minimum information requirements that must be assessed by an independent auditor as defined in Annex V.

1. Six month interims to December 2010 submitted
2. Within parameters
3. GT did the interim review
4. No issues on format (note content covered seperately)
5. No issue
6. ** Potential issue with this, covered in the Annex VI section**
7. Issues relating to provision relevant but not a change in accounting policy
8. **Potential issue with this if not remedying the issues identified in 6**

No overdue payables towards employees and social/tax authorities (Art 50)

1. The licence applicant must prove that as at 31 March preceding the licence season it has no overdue payables (as defined in Annex VIII) towards its employees or social and tax authorities as a result of contractual and legal obligations towards its employees that arose prior to the previous 31 December.
2. Payables are those amounts due to employees or social and tax authorities as a result of contractual or legal obligations towards employees. Amounts payable to people who, for various reasons, are no longer employed by the applicant fall within the scope of this criterion and must be settled within the period stipulated in the contract and/or defined by law, regardless of how such payables are accounted for in the financial statements.
...
8. The licence applicant must submit to the auditor and/or the licensor the necessary documentary evidence showing the amount payable (if any), as at 31 December of the year preceding the licence season as well as any payable as at 31 March (rolled forward from 31 December), to the competent social/tax authorities as a result of contractual and legal obligations towards its employees.

1. **Onus is on "licence applicant to prove" no overdue payables. This was indeed one of the CDB Findings against Gyori that it had failed to prove no overdue payables**
2. All amounts due to social and tax authorities are 'payables' under this criteria but not necessarily 'overdue'
8. **In the December accounts the DOS liability was shown as a payable, yet the auditors appeared to have believed this was still under dispute and 'potential' despite the evidence suggesting it had been agreed by 31 March. This appears to have also been included in the auditors submissions to the SFA according to Stewart Regan's aborted press release. Giannina had findings against them for breaching the fair presentation rules, while Gyori was found to have failed to act with transparency and diligence by having failed to disclose its correct and true overdue payables**

Written representations prior to the licensing decision (Art 51)

1. Within the seven days prior to the start of the period in which the licensing decision is to be made by the First Instance Body, the licence applicant must make written representations to the licensor.
2. The written representations must state whether or not any events or conditions of major economic importance have occurred that may have an adverse impact on the licence applicant's financial position since the balance sheet date of the preceding audited annual financial statements or reviewed interim financial statements (if applicable).
3. If any events or conditions of major economic importance have occurred, the management representations letter must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement that such an estimate cannot be made.
4. Approval by management must be evidenced by way of a signature on behalf of the executive body of the licence applicant

1. No known issue with delivering a letter
2. **Clearly the crystalisation of a tax debt relating to 2000-2003 would fit this criteria - if reported it would be difficult to see how the SFA could agree to grant the licence or at least seek clarification from UEFA. Additionally Rangers appear to have been under significant financial stress at this time - penalties had been applied 16/8/11, an arrestment re DOS happened on 2/8/11, Bain had cash frozen through risk 13/8/11 and Rangers had stopped paying VAT, PAYE and NIC altogether - all of which ought to be considered reportable matters given materiality to licence grant. One of the findings of CAS against Gyori was having known it had financial problems and not disclosing them**
3. **The relevance explained above **
4. No known issue with approval, just expected content

Future financial information (Art 52)

1. The licence applicant must prepare and submit future financial information in order to demonstrate to the licensor its ability to continue as a going concern until the end of the licence season if it has breached any of the indicators defined in paragraph 2 below.
2. If a licence applicant exhibits any of the conditions described by indicator 1 or 2, it is considered in breach of the indicator:
a) Indicator 1: Going concern
The auditor's report in respect of the annual or interim financial statements submitted in accordance with Articles 47 and 48 includes an emphasis of matter or a qualified opinion/conclusion in respect of going concern.
b) Indicator 2: Negative equity
The annual financial statements (including, where required, the supplementary information) submitted in accordance with Article 47 disclose a net liabilities position that has deteriorated relative to the comparative figure contained in the previous year's annual financial statements, or the interim financial statements submitted in accordance with Article 48 (including, where required, the supplementary information) disclose a net liabilities position that has deteriorated relative to the comparative figure at the preceding statutory closing date.
3. Future financial information must cover the period commencing immediately after the later of the statutory closing date of the annual financial statements or, if applicable, the balance sheet date of the interim financial statements, and it must cover at least the entire licence season.
4. Future financial information consists of:
a) a budgeted profit and loss account, with comparative figures for the immediately preceding financial year and interim period (if applicable);
b) a budgeted cash flow, with comparative figures for the immediately preceding financial year and interim period (if applicable);
c) explanatory notes, including a brief description of each of the significant assumptions (with reference to the relevant aspects of historic financial and other information) that have been used to prepare the budgeted profit and loss account and cash flow statement, as well as of the key risks that may affect the future financial results.
5. Future financial information must be prepared, as a minimum, on a quarterly basis.
6. Future financial information must be prepared on a consistent basis with the audited annual financial statements and follow the same accounting policies as those applied for the preparation of the annual financial statements, except for accounting policy changes made after the date of the most recent annual financial statements that are to be reflected in the next annual financial statements – in which case details must be disclosed.
7. Future financial information must meet the minimum disclosure requirements as set out in Annex VI. Additional line items or notes must be included if they provide clarification or if their omission would make the future financial information misleading.
8. Future financial information with the assumptions upon which they are based must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.

1. N/A
2. Despite hitting insolvency within a year and some clear financial distress, no such qualification existed so this requirement was not active

Responsibilities of the Club Financial Control Panel (Art 53)

1. The Club Financial Control Panel:
a) selects, conducts and/or decides on compliance audits as defined in Article 71;
b) governs the club monitoring process as defined in Article 54 and in particular assesses the information prepared by the licensee and submitted by the licensor, considers whether this is appropriate and determines whether each monitoring requirement has been met and what further information, if any, is needed;
c) carries out all other tasks as specified in the relevant articles of the UEFA Organisational Regulations.
2. In carrying out these responsibilities, the Club Financial Control Panel ensures equal treatment of all licensees and guarantees full confidentiality of all information provided.
3. The Club Financial Control Panel will at all times bear in mind the overall objectives of these regulations, in particular to defeat any attempt to circumvent these objectives.

1. **One avenue under which remedy can be sought if the SFA approach is considered insufficient**
2. Would seem to be more likely to undertake a compliance audit with club support if it was one disadvantaged
3. **Seems very relevant that the rules are there to prevent reckless gambling on finances for sporting success and club involved became insolvent directly afterwards, while the Licensor escapes scrutiny**

Monitoring process (Art 54)

1. The monitoring process starts on submission by the licensor of the list of licensing decisions to the UEFA administration and ends at the end of the licence season.
2. It consists of the following minimum key steps:
a) issuing of the monitoring documentation to the licensor and licensee;
b) return of the required completed monitoring documentation by the licensee to the licensor;
c) assessment and confirmation of the completeness of each licensee's documents by the licensor;
d) submission of the validated documentation by the licensor to the Club Financial Control Panel;
e) assessment of the documentation by the Club Financial Control Panel;
f) if appropriate, request for additional information by the Club Financial Control Panel;
g) decision by the Club Financial Control Panel as specified in the relevant provisions of the UEFA Organisational Regulations.
3. The deadlines for the above monitoring process steps are communicated to the licensors in a timely manner by the UEFA administration.

At this point responsibility does pass from the SFA. UEFA responsibility for the monitoring period starts after 26th May 2011 when the SFA submitted its licencing decisions to UEFA. The subsequent event notification requirements continue throughout.
By this time the liability had been agreed and despite the requirements to report significant subsequent events (Art 67) no further information had been reported ahead of the licence grant

Responsibilities of the licensor (Art 55)

1. The licensor must:
a) communicate the deadlines of the monitoring process to the licensee;
b) cooperate with the Club Financial Control Panel in respect of its requests and enquiries;
c) as a minimum and in accordance with Annex IX G, ensure and confirm to the Club Financial Control Panel that in respect of the break-even information, all information submitted by the licensee is complete and corresponds to the information previously submitted for club licensing purposes;
d) assess and confirm to the Club Financial Control Panel that the selected reporting entity/entities is/are the same as those that fulfilled the club licensing criteria and is/are appropriate for club monitoring purposes;
e) inform the Club Financial Control Panel of any relevant information submitted by the licensee in respect of club monitoring requirements and any event occurring after the licensing decision that constitutes a significant change to the information previously submitted by the licensee.
2. In carrying out these responsibilities, the licensor ensures equal treatment and guarantees full confidentiality of all information provided.

1. No issue
2. No known issue

Responsibilities of the licensee (Art 56)

The licensee must:
a) cooperate with the licensor and the Club Financial Control Panel in respect of their requests and enquiries;
b) provide the licensor and the Club Financial Control Panel with all necessary information and/or relevant documents to fully demonstrate that the monitoring requirements are fulfilled, as well as any other document requested and deemed to be relevant for club monitoring decision-making (the reporting entity or combination of entities in respect of which information is required to be provided must be the same as for club licensing);
c) promptly notify the licensor in writing about any subsequent events that constitute a significant change to the information previously submitted to the licensor.

a) CFCP did not get involved but arguably should have done
b) **Failure to notify that there was an overdue payable, of which demand for payment had been received 20/5/11 and on which any possible appeal period expired 30 days later - a significant change in circumstances reportable under Art 67**
c) **As above, but also the deteriorating financial state including the accruing other tax bills which were now financing the continuing operation of the club which had become dependant on UEFA revenues, which FFP was designed to prevent**

Scope of application and exemption (Art 57)

1. All licensees that have qualified for a UEFA club competition must comply with the monitoring requirements, i.e. with the break-even requirement (Articles 58 to 63) and with the other monitoring requirements (Articles 64 to 68).
2. The following clubs are exempt from the break-even requirement:
a) a club that qualifies for a UEFA club competition on sporting merit and is granted special permission as defined in Article 15;
b) a licensee that demonstrates it has relevant income and relevant expenses (as defined in Article 58) below EUR 5 million in respect of each of the two reporting periods ending in the two years before commencement of the UEFA club competitions. Such an exemption decision is taken by the Club Financial Control Panel and is final.
3. If a licensee's annual financial statements are denominated in a currency other than euros, then to determine whether it should be exempt or not from the break-even requirement, the relevant figures must be converted into euros at the average exchange rate of the reporting period, as published by the European Central Bank. 4If the reporting period for the annual financial statements is greater or less than 12 months, then the threshold of EUR 5m (relevant income/relevant expenses) is adjusted up or down according to the length of the reporting period. The flexed threshold level is then compared to the licensee's relevant income and relevant expenses as appropriate.

No exemption applies

Future financial information – Enhanced (Art 64)

1. By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit enhanced future financial information that consists of:
a) an update of the future financial information already submitted to the licensor according to Article 52, if it has breached indicator 1 and/or 2 as defined in Articles 52(2) and 62(3);
b) new future financial information, if it has breached indicator 3 and/or 4 as defined in Article 62(3).
2. Enhanced future financial information must cover the 12 month period commencing immediately after the statutory closing date of the reporting period T (hereinafter: reporting period T+1). 3Enhanced future financial information must consist of:
a) a budgeted profit and loss account, with comparative annual figures for the reporting period T (if applicable);
b) a budgeted cash flow, with comparative annual figures for the reporting period T (if applicable);
c) a budgeted balance sheet, with comparative annual figures for the reporting period T (if applicable);
d) explanatory notes, including assumptions that are not unreasonable, risks and a comparison of budget and actual figures; and
e) a plan for compliance including the break-even calculation for the reporting period T+1 based on the budgeted profit and loss account and including adjustments to calculate relevant income and expenses as appropriate.
4. In addition, the provisions of Articles 52(4) to 52(7) apply by analogy to the enhanced future financial information.

No reported breach

No overdue payables towards employees and/or social/tax authorities – Enhanced (Art 66)

1. The licensee must prove that as at 30 June of the year in which the UEFA club competitions commence it has no overdue payables (as specified in Annex VIII) towards its employees and/or social/tax authorities (as defined in paragraphs 2 and 3 of Article 50) that arose prior to 30 June.
2. By the deadline and in the form communicated by the UEFA administration, the licensee must prepare and submit a declaration confirming the absence or existence of overdue payables towards employees and social/tax authorities.
3. The following information must be given, as a minimum, in respect of each overdue payable towards employees, together with explanatory comment:
a) Name of the employee;
b) Position/function of the employee;
c) Start date;
d) Termination date (if applicable); and
e) Balance overdue as at 30 June, including the due date for each overdue element.
4. The following information must be given, as a minimum, in respect of each overdue payable towards social/tax authorities, together with explanatory comment:
a) Name of the creditor;
b) Balance overdue as at 30 June, including the due date for each overdue element.
5. The declaration must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the licensee.
6. If the licensee is in breach of indicator 4 as defined in Article 62(3), then it must also prove that, as at the following 30 September, it has no overdue payables (as specified in Annex VIII) towards employees and/or social/tax authorities that arose prior to 30 September. Paragraphs 2 to 5 above apply accordingly.

1. **There are issues regarding the onus to 'prove' as previously discussed**
2. No issues
3. **This information ought to have been given as the liability had been agreed. It would not be submitted to UEFA though, if a view had been taken that the tax debt becomes overdue when payment is requested (covered later). If this is mistaken it ought to have been. If there was any doubt it should have been discussed with the SFA and if necessary submitted to the CFCP for a ruling**

Duty to report subsequent events (Art 67)

1. The licensee must promptly notify the licensor in writing about any significant changes including, but not limited to, subsequent events of major economic importance until at least the end of the licence season.
2. The information prepared by management must include a description of the nature of the event or condition and an estimate of its financial effect, or a statement (with supporting reasons) that such an estimate cannot be made.

1. **Issues relating to mounting tax debts and issues of going concern do not appear to have been reported and the former appears to be the basis for the judicial charges later brought**
2. **If disclosure was missing, so was this**

Common provision (Art 68)

If one of the other monitoring requirements as defined in Articles 64 to 67 is not fulfilled, then the Club Financial Control Panel may refer the case to the Organs for Administration of Justice, which will take the appropriate measure(s) without delay in accordance with the procedure defined in the UEFA Disciplinary Regulations for urgent cases.

This ought to have been the default position to resolve any issues had they been raised.

Compliance audits (Art 71)

1. UEFA and/or its nominated bodies/agencies reserve the right to, at any time, conduct compliance audits of the licensor and, in the presence of the latter, of the licence applicant/licensee.
2. Compliance audits aim to ensure that the licensor, as well as the licence applicant/licensee, have fulfilled their obligations and that the licence was correctly awarded at the time of the final decision of the licensor.
3. For the purpose of compliance audits, in the event of any discrepancy in the interpretation of the national club licensing regulations between the UEFA official language version and the official national language version, the UEFA official language version is authoritative.

1. ** Relevant because it is the mechanism through which the SFA role in this can be examined by UEFA**
2. **Allows UEFA to examine both the SFA and Rangers role in this, while the SFA have a self-interest in handling any charges brought domestically**
3. **SFA Rules do not supercede these rules as written and interpreted in case law**

Disciplinary procedures (Art 72)

Any breach of these regulations may be penalised by UEFA in accordance with the UEFA Disciplinary Regulations.

Means of redress for breaches

3. The auditor must assess supplementary information, if any. The auditor's report of factual findings must:
a) include a statement confirming that the assessment was conducted by way of agreed-upon procedures according to the International Standard on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; and
b) be submitted to the licensor together with the supplementary information to form a basis for his licensing decision.
4. Financial information other than the financial statements may be assessed by an auditor. In this case, the auditor's report of factual findings must:
a) include a statement confirming that the assessment was conducted by way of agreed-upon procedures according to the International Standard on Related Services (ISRS) 4400 or relevant national standards or practices where these comply with, as a minimum, the requirements of ISRS 4400; and
b) be submitted to the licensor together with the relevant documentation to form a basis for his licensing decision.

3. No issues
4. as noted in part (b) the auditors report informs the SFA but the SFA still forms the opinion

Minimum disclosure requirements (ANNEX VI)

A. Principle
1. Notwithstanding the requirements of national accounting practice, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities, the financial criteria of these regulations require licence applicants/licensees to present a specific minimum level of financial information to the licensor as set out in Articles 47, 48, 52 and 64.
...

E. Notes to the financial statements
1. Notes to the annual financial statements must be presented in a systematic manner. Each item on the face of the balance sheet, profit and loss account and cash flow statement must be cross-referenced to any related information in the notes. The minimum requirements for disclosure in notes are as follows:
...

g) Provisions
Provisions must be disclosed in separate classes. In determining which provisions may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar to be combined in a statement of a single amount.
For each class of provision, the carrying amount at the beginning and end of the period, the amount utilised and any amount released, or credited, in the period must be disclosed.
...

g) **As noted the provision was not made in the 30 June 2010 accounts but should have been under the requirements of FRS 12, resulting in a failure of 'fair presentation' and a breach of this specific requirement.**

k) Contingent liabilities
Unless the possibility of any outflow in settlement is remote, the reporting entity must disclose for each class of contingent liability at the statutory closing date a brief description of the nature of the contingent liability and, where practicable:
i) an estimate of its financial effect;
ii) an indication of the uncertainties relating to the amount or timing of any outflow; and
iii) the possibility of any reimbursement.
l) Events after the balance sheet date Material non-adjusting events after the balance sheet date must be disclosed (the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made). Examples of such events are:
i) fixed-term borrowing approaching maturity without realistic prospects of renewal or repayment;
ii) substantial operating losses;
iii) discovery of material fraud or errors that show the financial statements are incorrect;
iv) management determining that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to so do;
v) player transactions where the amounts paid or received are significant;
vi) transactions relating to property – for example, in relation to the club's stadium.
...

k) **not directly relevant as there ought to have been a provision for the DOS debt, but even if had reached a conclusion that it was not 'probable' that a payment would be due, it was certainly not remote and the inclusion of such a note would have made clear that this 'potential' liability as disclosed was not a new item and had been under appeal already for a number of years. That the auditors appear to have been misled on this is a matter of record in the FTT**

2. Notes to the interim financial statements consist of:
a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change; and
b) disclosure of any events or transactions that are material to an understanding of the current interim period.

2b) ** As noted, even allowing for the inclusion of a provision in the interim accounts, the disclosure given did not amount to a 'fair presentation' under the accounting standards and regardless of those, disclosure would have been required to provide an understanding of this material item under FFP requirements. If this was remedied by additional disclosure to the SFA (covered seperately) this would only draw further enquiry of why they would accept this had the full proper situation been known**

Basis for the preparation of financial statements (Annex VII)

A. Principle
1. Financial statements as defined in Articles 47 and 48 must be based on the accounting standards required by local legislation for incorporated companies – either the applicable financial reporting framework of the relevant country, the International Financial Reporting Standards or the International Financial Reporting Standard for Small and Medium-sized Entities – regardless of the legal structure of the licence applicant.
2. Financial statements must be prepared on the assumption that the licence applicant is a going concern, meaning it will continue in operation for the foreseeable future. It is assumed that the licence applicant has neither the intention nor the necessity to go into liquidation, cease trading or seek protection from creditors pursuant to laws or regulations.
3. The financial reporting framework, suitable as a basis for the preparation of financial statements, must contain certain underlying principles including:
a) fair presentation;
b) consistency of presentation;
c) accrual basis for accounting;
d) separate presentation of each material class of items;
e) no offsetting of assets and liabilities or income and expenses unless permitted by national accounting practice.
4. The financial statements must be approved by management and this must be evidenced by way of a brief statement and signature on behalf of the executive body of the reporting entity.
...

1. UK GAAP used
2. Given the severe financial situation and that Rangers hit insolvency the same season, it is somewhat surprising that there was not even a 'emphasis of matter' in the audit report, though it is not known what information was provided to the auditors in this respect.
3. **Under part (a) of this 'fair presentation' is required which entails applying the accounting standards as intended. This did not happen as explained. Furthermore, accrual accounting is required by part (c) which would (as also described) necessitate the inclusion of liabilities in the period they arise. The DOS liability arose through transactions in 2000-2003, though only later the circumstances were clarified leading to this being an adjusting entry at least by the time the Aberdeen Asset Management case was final. The June 2010 accounts were therefore materially misstated as they failed to accrue for this.**

Notion of 'overdue payables' (Annex VIII)

1. Payables are considered as overdue if they are not paid according to the agreed terms.
2. Payables are not considered as overdue, within the meaning of these regulations, if the licence applicant/licensee (i.e. debtor club) is able to prove by 31 March (in respect of Articles 49 and 50) and by 30 June and 30 September (in respect of Articles 65 and 66) respectively that:
a) it has paid the relevant amount in full; or
b) it has concluded an agreement which has been accepted in writing by the creditor to extend the deadline for payment beyond the applicable deadline (note: the fact that a creditor may not have requested payment of an amount does not constitute an extension of the deadline); or
c) it has brought a legal claim which has been deemed admissible by the competent authority under national law or has opened proceedings with the national or international football authorities or relevant arbitration tribunal contesting liability in relation to the overdue payables; however, if the decision-making bodies (licensor and/or Club Financial Control Panel) consider that such claim has been brought or such proceedings have been opened for the sole purpose of avoiding the applicable deadlines set out in these regulations (i.e. in order to buy time), the relevant amount will still be considered as an overdue payable; or
d) it has contested a claim which has been brought or proceedings which have been opened against it by a creditor in respect of overdue payables and is able to demonstrate to the reasonable satisfaction of the relevant decision-making bodies (licensor and/or Club Financial Control Panel) that the claim which has been brought or the proceedings which have been opened are manifestly unfounded.

1. **The agreed terms ought to have been the application of the PAYE and NIC regime in the period incurred given that was the final settlement terms. It is understandable however that it is only when agreement that this is what ought to have happened is reached, they become overdue. This would appear to be 21 March 2011 based on evidence viewed**

2. **Despite part 1 indicating an 'overdue payable' these exceptions must be considered. In relation to (a) the liability was never paid so not relevant. In relation to (b) had Rangers signed an agreement on settlement in February 2011 it would have met this at the grant date, but it did not. The 'note' is particularly important - NOT REQUESTING PAYMENT OF AN AMOUNT DOES NOT CONSTITUTE EXTENSION OF THE DEADLINE. In relation to this item, interest had been accruing and added to the liability since the 2000-2003 dates at which it ought to have been paid and since the liability had by then been accepted it was very long overdue. In relation to (c) there had been no appeal or claim to even consider of the revised and agreed computation of 21st March 2011 - if it is not disputed, it is payable - and (d) is not relevant.**

Licensor's assessment procedures for the financial criteria and requirements (ANNEX IX)

A. Principle

The assessment processes to check compliance with the financial criteria set out in Article 10 and Article 55 comprise specific assessment steps that must be followed by the licensor as set out below.

B. Assessment of the auditor's report on the annual and interim financial statements

1. In respect of the annual and interim financial statements, the licensor must perform the following minimum assessment procedures:

a) Assess whether the selected reporting entity/entities is appropriate for club licensing purposes.

b) Assess the information (annual and interim financial statements that may also include supplementary information) submitted to form a basis for his licensing decision.

c) Read and consider the annual and interim financial statements and the auditor's report thereon.

d) Address the consequences of any modifications to the audit and/or review report (compared to the normal form of unqualified report) and/or deficiencies compared to the minimum disclosure and accounting requirements according to paragraph 2 below.

2. Having read the auditor's report on the annual and interim financial statements, the licensor must assess it according to the items below:

a) If the auditor's report has an unqualified opinion, without any modification, this provides a satisfactory basis for granting the licence.

b) If the auditor's report has a disclaimer of opinion or an adverse opinion, the licence must be refused, unless a subsequent audit opinion without disclaimer of opinion or adverse opinion is provided (in relation to another set of financial statements for the same financial year that meet the minimum requirements) and the licensor is satisfied with the subsequent audit opinion.

c) If the auditor's report has, in respect of going concern, either an emphasis of matter or a qualified 'except for' opinion, the licence must be refused, unless either:

i) a subsequent audit opinion without going concern emphasis of matter or qualification is provided, in relation to the same financial year; or

ii) additional documentary evidence demonstrating the licence applicant's ability to continue as a going concern until at least the end of the licence season has been provided to, and assessed by, the licensor to his satisfaction. The additional documentary evidence includes, but is not necessarily limited to, the information described in Article 52 (Future financial information).

d) If the auditor's report has, in respect of a matter other than going concern, either an emphasis of matter or a qualified 'except for' opinion, then the licensor must consider the implications of the modification for club licensing purposes. The licence may be refused unless additional documentary evidence is provided and assessed to the satisfaction of the licensor. The additional evidence that may be requested by the licensor will be dependent on the reason for the modification to the audit report. 3. If the licence applicant provides supplementary information the licensor must additionally assess the auditor's report on the agreed-upon procedures in respect of the supplementary information. The licence may be refused if this includes reference to errors and/or exceptions found.

...

1a and b and 2) ** As noted re 'fair presentation' and the fact provision was made in December accounts for DOS the liability ought to have been included in the June accounts and full disclosure made in December but were not. It is possible that additional disclosure was made in the submission under (b) that allowed a proper consideration to be given. This would not however explain Stewart Regan's later intended comments re the licence grant. It would raise questions of whether the information presented was accurate when the evidence viewed seems to contradict such a conclusion. It would lead to greater scrutiny of the role the SFA played in sending submissions to UEFA that may have been misleading or accusations (as in the case of Gyori that it failed to apply due diligence)**

1c and d) The accounts passed this given no qualification to the audit report, which itself is a little surprising especially given the imminent insolvency, but at grant date a takeover was envisaged though it is difficult to understand how that would not have itself been an emphasis of matter if continuing was reliant on it going through as planned.

D. Assessment of overdue payables towards employees and social/tax authorities

1. In respect of the overdue payables towards employees and social/tax authorities, the licensor may decide:

a) to assess himself the information submitted by the licence applicant, in which case he must perform the assessment according to paragraph 2 below; or

b) to have independent auditors carry out the assessment procedures, in which case he must review the auditor's report and, in particular, verify that the sample selected by the auditor is satisfactory, and he may carry out any additional assessment he believes necessary, i.e. extend the sample and/or request additional documentary evidence from the licence applicant.

2. The licensor must assess the information submitted by the licence applicant, in particular the list of employees and other corresponding supporting documents, as detailed below. If the assessment is carried out by an auditor the same steps may be performed by the auditor:

a) Obtain the list of employees prepared by management.

b) Agree the total payable in the list of employees with the 'Accounts payable to employees' amount in the annual or interim financial statements as at 31 December.

c) Obtain and inspect a randomly selected sample of employee confirmation letters and compare the information to that contained in the list of employees.

d) If, according to the licensor, there is an amount due as at 31 March that refers to payables in respect of contractual and legal obligations towards its employees that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex VIII(2 b); or

ii) a dispute has arisen as per Annex VIII(2 c or d).

e) Examine a selection of bank statements in support of payments.

f) If applicable: examine documents, including agreements with the relevant employee(s) and/or correspondence with the competent body, in support of the representations under d(i) and/or d(ii) above.

3. The licensor must assess all supporting documents in respect of payables to social and tax authorities in respect of contractual and legal obligations towards the licence applicant's employees. In particular he must perform the following steps:

a) Agree the recorded balance of payroll taxes as at 31 December to the payroll records of the club.

b) If there is an amount due as at 31 March that arose before the previous 31 December, examine that, by 31 March at the latest:

i) an agreement has been reached as per Annex VIII(2 b); or

ii) a dispute has arisen as per Annex VIII(2 c or d).

c) If applicable: examine documents, including agreements with the tax/social authorities and/or correspondence with the competent body, in support of b(i) and/or b(ii) above.

1. The SFA can elect to do this testing, or have the auditors do it. In either case they bear responsibility and as noted in the Gyori case can be held accountable for failures.
2. No issues
3. **Specific testing is required in relation to the tax liabilities. It appears (from Regan's aborted statement) that this testing was done by Grant Thornton and the SFA would later seek to rely on that despite continuing to bear responsibility even if the testing is delegated. It is difficult to understand how the auditors could consider the liability 'potential' had they been provided with explanations by the directors of the discussions in the 21st March meeting and were aware though Director representations relating to when the liability arose and was agreed. Representations would be sought as evidence (its an FFP requirement as well as auditing good practice) and the Directors themselves would later say it was agreed in principle before the submission date of 31 March 2011. There was no agreement and no dispute ongoing. The penalties would later be questioned but 'vexatiously' according to HMRC in what appears to have been an attempt to subvert monitoring period requirements. In any case item (c) makes it clear they are required to view all the relevant documentation relating to this issue and serious questions exist as to how they could have reached this conclusion, which the SFA ratified, had the evidence viewed been made available**

E. Assessment of the written representation letter

1. In respect of the written representation letter, the licensor must read and consider the information in respect of any event or condition of major economic importance, in combination with the financial statements, future financial information and any additional documentary evidence provided by the licence applicant. The licensor may decide to have this assessment carried out by an auditor.
2. The licensor must assess the club's ability to continue as a going concern until at least the end of the licence season. The licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season.

Specific representations are required. Rangers are responsible for providing this to the SFA/Auditors who must consider the contents. If there was any doubts whatsoever about going concern, the SFA may refuse the licence - remembering this is at the submission point. There is certainly evidence that Andrew Dickson (a member of the licencing committee) may very well know of how precarious the financial situation was given his role. Rangers certainly did, the directors (according to testimony in the Craig Whyte trial) having already considered insolvency events. Later, an email from David Grier of 4 August 2011 suggests without CL revenue there was not enough cash to last beyond September 2011 without further investment. On 10 Aug 2011 Sheriff's Officers arrived. In September Keith Sharp at the SFA will appraise Rangers of the 'good news' that UEFA had verbally accepted RFC's submission regarding 'overdue payables' indicating that SFA had close involvement with what was submitted during the monitoring period and that no update in respect of future financial forecasts would be required (just 5 months before Rangers go into administration). All of this, while circumstantial, points strongly to a lack of candour and due diligence in the application of the FFP requirements on the part of the SFA. All of this happened in the monitoring period and beyond. The SFA (not UEFA) is responsible for consideration though at the grant point and appears to have been satisfied, then assisted Rangers in their later dealings with UEFA on the subject in an area where they would seem to have a vested interest in avoiding scrutiny and would later bring charges against Rangers

F. Assessment of the future financial information

1. In respect of the future financial information the licensor must assess whether or not an indicator as defined in Article 52 has been breached. If any indicator has been breached, the licensor must assess the future financial information as defined in paragraph 2 below.

2. The assessment procedures, which may be carried out by an auditor, must include, as a minimum, the following:

a) Check whether the future financial information is arithmetically accurate;

b) Through discussion with management and review of the future financial information, and determination of whether the future financial information has been prepared using the disclosed assumptions and risks;

c) Check that the opening balances contained within the future financial information are consistent with the balance sheet shown in the immediately preceding audited annual financial statements or reviewed interim financial statements (if such interim statements have been submitted); and

d) Check that the future financial information has been formally approved by the executive body of the licence applicant.

3. The licensor must assess the club's ability to continue as a going concern until at least the end of the licence season (i.e. the licence must be refused if, based on the financial information that the licensor has assessed, in the licensor's judgement, the licence applicant may not be able to continue as a going concern until at least the end of the licence season).

...

As noted scrutiny of forecasts was avoided

APPENDIX 9
Materiality and Aberdeen Asset Management

In order to properly reflect and consider the relevance of the disclosures discussed in Appendix 2, it is necessary to reflect on both materiality and the Aberdeen Asset Management case on which the Rangers DOS liability was deferred.

MATERIALITY

The 2006 companies Act includes a requirement that the directors of a company must not approve the accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.
The UEFA FFP transposes this requirement into its FFP rules under 'fair presentation'. It requires clubs to comply with the relevant accounting standards and have a proper audit conducted that applies the standards being discussed.

In considering whether a 'true and fair' view is given, the concept of materiality is applied. Put simply this is the threshold over which it could be considered to affect the economic decisions of the users of the accounts. If the accounts are 'materially' misstated they are considered to not give a true and fair view.

DEFINITIONS

There are three definitions of materiality relevant in this particular case:

From the UEFA FFP of 2010:

Omissions or misstatements of items or information are material if they could individually or collectively influence the decisions of users taken on the basis of the information submitted by the club. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances or context. The size or nature of the item or information, or a combination of both, could be the determining factor.

From Auditing Standards:

The auditor's determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial information needs of users of the financial statements. In this context, it is reasonable for the auditor to assume that users:
(a) Have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information in the financial statements with reasonable diligence;
(b) Understand that financial statements are prepared, presented and audited to levels of materiality;
(c) Recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment and the consideration of future events; and
(d) Make reasonable economic decisions on the basis of the information in the financial statements.
The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.
Note:

When auditing the financial statements auditors will often use a 'performance materiality'. This is normally an amount lower than the full materiality figure which is used to make sure that the aggregate of individually immaterial misstatements does not exceed materiality. In actual testing therefore a figure lower than materiality will be used to identify misstatements.

From 'Framework for the Preparation and Presentation of Financial Statements' - a precursor to the Conceptual Framework under modern UK GAAP:

The relevance of information is affected by its nature and materiality. In some cases, the nature of information alone is sufficient to determine its relevance. For example, the reporting of a new segment may affect the assessment of the risks and opportunities facing the entity irrespective of the materiality of the results achieved by the new segment in the reporting period. In other cases, both the nature and materiality are important, for example, the amounts of inventories held in each of the main categories that are appropriate to the business.

Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful.

APPLYING

Regardless of which of the above you are applying - and there is a degree of interchangability since all are aimed at what is considered important for particular purposes - it is hopefully clear that it is a judgement call on what level is important to the users.

The users themselves are diverse - it would include shareholders, potential investors, football associations, other clubs, creditors and UEFA. All are using the financial statements for some purposes.
It is hopefully clear also that while a monetary materiality expressed as a figure is necessary to have a basis for making decisions about relative importance - some things are material regardless of the number attached.

Examples of this often cited are going concen, related party transactions (because what's material to the individual in terms of money may be way less than that which matters to the company) but it expressly includes other matters which could have a significant bearing on the decisions of the users. In this case since the accounts are being used for SFA and UEFA licencing purposes the auditors would scope into this any matters that will be specifically looked at as considered important by those bodies. This is consistent with how materiality is covered in regulated business.
In this sense going concern, overdue payables or information related to the break-even requirements would be factors that would be considered material given the relative importance. This is often referred to as being 'material by nature'.
In terms of 'quantative' materiality these are most often based on percentages of certain key figures, but exactly what differs between audit firms. Usually these are based on a range of percentages of certain key figures. Where in the range they are set usually depends upon the associated risks. Some common examples for trading businesses would include ranges such as:
- 0.5% to 2% of turnover
- 3-5% of Profit before tax

Example of materiality to AAM (based on those often used in practice):
30 September 2013: £5m legal provision (Note 27)
Revenue 1% @ £1,315m = £13.15m
PBT 4% @ £482.7m = £19.31m
30 September 2012: £5m legal provision (Note 27)
Revenue 1% @ £1,049m = £10.49m
PBT 4% @ £347.8m = £13.91m

Example of materiality to RFC (based on those often used in practice):
30 June 2010: £nil legal provision
Revenue 1% @ £56.3m = £0.56m
PBT 4% @ £4.2m = £0.2m (probably not used as often loss making)
30 September 2012: £nil legal provision
Revenue 1% @ £39.7m = £0.4m
PBT 4% @ [N/A loss making]

It can hopefully be seen from this that the effect of the legal case on DOS is unlikely to be material to AAM but certainly by any normal measure of quantative materiality would be to RFC. Notwithstanding this, the nature of it is such that UEFA and the SFA have a particular interest in it, therefore it would likely be material by nature in any case.

DISCLOSURE
In the case of AAM there was no contingent liability in the financial statements in relation to the DOS liability, but as of their 31 September 2012 accounts a provision of £5m was made which itself is not a material figure to them.
The reason it was not included in the financial statements until this point despite the 2010 outcome being in favour of HMRC is that there was an appeal in relation to certain matters relating to their case. While it was not disputed that PAYE and NIC ought to have been applied, they felt that the liability belonged to the employees and therefore ought not to be borne by AAM. As of 31 January 2012 this was dismissed and the provision was made.

It could be justifiably argued that a contingent liability ought to have been made since around 2007 when the case was proceeding. However, given the quantums involved were not material, there is little doubt that the auditors would not have insisted upon the disclosures being made given it is immaterial.

As of 2012, it is still immaterial but a provision needs to be made and was. Full disclosure was not made of the details at this time but again - as the amount is immaterial this would not be a red line for the auditors. Even in between 2010 and 2012 it is likely that the threshold of 'probable' in relation to this liability had been crossed and AAM ought to have provided for it then. The reason they didn't is most likely one often used (and Rangers recent accounts are a good example of this) in that often full disclosure can damage your case if it is still to be heard by making it clear even while you defend it, that you consider it probable you will lose.
With the amount being immaterial this ought to have been flagged up as an unadjusted misstatement in the auditors Key Issues Memorandum but would not on its own cause the financial statements to not give a 'true and fair' view because the misstatement is not material.

FINDINGS IN THE APPEAL
Essentially the appeal determined that the PAYE ought to have been applied when money was paid into the scheme as at that point it was known that the option was not going to be exercised so long as the employee stayed with the company.

APPLICABILITY IN RELATION TO RANGERS

The principles examined in the 2010 case involving AAM were the terms under which settlement was offered to Rangers and - according to Mr McIntyre accepted in October 2010. The principle being the same as had been held in that case and - even though the above aspects were later appealed by AAM - also the end outcome in that case.

When Rangers accepted the liability was due, they were accepting that PAYE and NIC ought to have been deducted at source when the money was paid in to the DOS money-boxes. Final agreement to the quantums was in March 2011 but related to an agreement that they were long overdue to settle the tax in relation to earnings on which it should have been deducted at source in 2000-2003. On agreeing the liability and its quantum only the interest due for late payment (which depends in its total on when it is settled) and any appropriate penalties for not paying when it was due were left to be resolved. It appears according the eventual agreed figures of 21st March 2011 that HMRC were willing to waive penalties at this time.

In respect of the particular relevance to UEFA FFP Requirements, Appendix VIII sets out the requirements relating to 'Overdue Payables'. In particular part 2(b) makes it clear that the creditor (in this case HMRC) does not have to have requested payment for the liability to make it 'payable' - there is in fact a different definition of what constitutes a 'payable' in Article 50(2) [it can be found in Appendix 3] relating to whether or not it was paid when it was due according to the contract or legal obligations. In this case this would be - as on the AAM case - when the PAYE regime ought to have been applied on the original payments under the PAYE and NIC laws that they were agreeing ought to have been applied. Since no alternative written agreement on settlement terms was reached, the amount becomes by default overdue unless it meets one of the 'exemption' criteria in Appendix VIII(2). In respect of this no exemption applied as Rangers had not:
(a) paid the liability;
(b) signed terms allowing for extention of the due date despite HMRC's seeming willingness to help them achieve this;
(c) Raised a non-spurious action against the creditor (HMRC); or
(d) Disputed the liability by contesting the claim

The original liability was raised in 2007 but put on hold with HMRC's agreement meaning it fit the exemptions under part (d) above until such time as the AAM case was resolved. When it was in October 2010 HMRC had contacted Rangers again to arrange settlement and the matter was live again marking the end of the contesting as of November 2010. This continued to be the position as at 31 December 2010, when the interim accounts show the amount provided for. They describe it however as 'potential' despite a demand being extant and no dispute having been raised. It is possible a challenge was still being discussed at that time. By 31 March however this was certainly not the case. The amounts are material and the item is material by nature as it is essential to the UEFA licence and fundamental to going concern.

On 10th January 2011 is the first indications that the amounts raised in the previous assessment may need to be recalculated. On 21st March 2011 a revised calculation is agreed on a 'without prejudice' basis. Under this agreement time to pay did not have to be 30 days but could be as high as 90 so long as a written agreement in place. Rangers agree in principle but are dependant on the bank permitting payment. If Rangers sign a written agreement at this point before 31 March 2011 they are compliant with Appendix VIII(2) exceptions, but if not the September 2007 demand is still extant as no revised settlement agreements have been made. The evidence indicates this was never signed and Rangers cross the 31 March 2011 unable to comply with Appendix VIII(2) exceptions and a payable arising in 2000-2003 still requiring payment.

Things went a little quiet during April as the takeover progressed until 5 May when HMRC send through another settlement offer. If agreed this would supercede the 2007 assessment and provide a written agreement (albeit later than the licence grant cut off) to defer the payment at least ahead of the 30 June monitoring period cut-off. It asks for it to be signed and delivered before 16 May to avoid collection action.

On 20 May 2011 with no signed agreement having been received, HMRC issue revised formal assessments replacing those that had been in effect since September 2007 (though they had been on hold up until November 2011). In this letter HMRC spells out that the liability originated through not applying the PAYE to the sums in the affected tax years. It calls this "a deliberate attempt to withold taxes and NIC", says that there is "no suggestion here of a lack of care or an innocent mistake" and justifies going beyong the normal 6 year time limits on recovery due to "evidence of Fraud or Neglect".
The above would certainly require to be notified to the SFA under Article 67 of UEFA FFP - who had at this time not yet submitted its licensing decisions to UEFA as this would happen on 26 May 2011 under Article 54(1) of the UEFA FFP. It therefore also falls within the scope of the SFA's period of responsibility and scrutiny.
In any case no appeal was made against these assessments and the appeal window closed 30 days later on 19 June 2011. This would mean that the revised assessments would replace the amounts previously requested by HMRC in September 2007 as the relevant amounts of the liability by the 30 June 2011 monitoring date submissions.