

Registered Number: 53703

**REGISTRAR**

**THE READING FOOTBALL CLUB PLC**

**REPORT AND ACCOUNTS**

**30TH JUNE 1999**



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**MYERS CLARK**  
**CHARTERED ACCOUNTANTS**

# **READING FOOTBALL CLUB PLC**

## **REPORT AND ACCOUNTS**

**30TH JUNE 1999**

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# **READING FOOTBALL CLUB PLC**

## **OFFICERS AND ADVISERS**

<b>Directors</b>	John Madejski Ian Wood-Smith
<b>Company Secretary</b>	Bryan Stabler
<b>Registered Office</b>	The Reading Football Club PLC, Madejski Stadium, Junction 11, M4, Reading, Berkshire, RG2 0FL
<b>Auditors</b>	Myers Clark, Woodford House, Woodford Road, Watford, Herts., WD1 1DL
<b>Principal Bankers</b>	HSBC Bank plc, 26 Broad Street, Reading, Berkshire, RG1 2BU
<b>Solicitors</b>	Field Seymour Parkes, The Old Coroners Court, No. 1 London Street, P.O. Box 174, Reading, Berkshire, RG1 4QW

**CHAIRMAN'S STATEMENT**

Dear Shareholder,

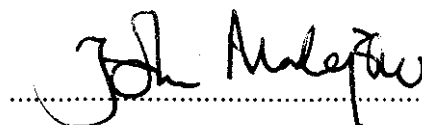
The last twelve months have been a memorable and historic period for Reading Football Club as we completed a relocation from Elm Park, our home of more than a century, to a new Stadium that has quickly become recognised as one of the very best in the country.

Relocating a business as big and high-profile as a Football Club is bound to be a very difficult matter, and I am very grateful to the hard work carried out by chief executive Nigel Howe and his staff. As ever, I am also grateful to fellow director Ian Wood-Smith for his hard work and dedication. There were inevitably teething problems when the Stadium first opened, but these have gradually been ironed out and everybody is now settling into life at the new Stadium.

Relegation from Division One at the end of the 1997/98 season has without doubt made a substantial impact on our profitability, and it is very important we achieve a return to First Division status as soon as possible. Although we have enjoyed improved attendances at the new Stadium, this has been more than outweighed by the vastly higher operating costs. Promotion back to the First Division would see a significant increase in revenue generated from both ticket sales and hospitality, an area which has particularly benefited from the relocation.

We are grateful to the local community for the generous level of support they have given us throughout this transitional period. In addition to vastly improved hospitality facilities, the new Stadium has also allowed us to develop the highly successful Royal Berkshire Conference Centre, while the Hotel is another exciting project which will benefit to the whole Football Club when it opens in Spring 2000.

Despite dropping to the Second Division, we have maintained a First Division playing squad as we keep our sights firmly set on the future. Unfortunately Tommy Burns' tenure in the management position was an unsuccessful one, and his time at the Club proved that a 'big name' manager is no guarantee of success. I am very confident that the new management team of Alan Pardew and John Gorman will prove to be successful, and that they will lead the team and the Club forward as we approach the new Millennium.

A handwritten signature in black ink, appearing to read 'John Malespin', written over a horizontal dotted line.

CHAIRMAN

# READING FOOTBALL CLUB PLC

## DIRECTORS' REPORT

The Directors present herewith the audited accounts of the Group for the year ended 30th June 1999.

### Review of Activities and Future Developments

The profit and loss account is set out on page 6.

The principal activity of the Group continues to be that of a professional Football League Club.

The directors consider the level of activity and the year-end financial position satisfactory, given the assets and available facilities, and look forward to an improvement in trading performance in the year ended 30th June 2000.

### Market Value of Land and Buildings

In the opinion of the directors the market value of the freehold property for alternative uses exceeds the amount at which it is stated in the accounts.

### Dividends

The directors do not recommend payment of a dividend for the year ended 30th June 1999.

### Directors

The directors of the company at 30th June 1999 and who have served throughout the year were as follows:

John Madejski (Chairman)  
Ian Wood-Smith

### Changes in Fixed Assets

The movements in fixed assets during the period are set out in note 10 on page 17.

### Directors' Interests in Shares of the Company

According to the share register required to be kept under the provisions of Section 325 of the Companies Act 1985, the interests of the directors holding office at 30th June 1999 in the shares of the Company, were as follows:

	Ordinary Shares of 50p each	
	30th June 1999	30th June 1998
John Madejski	1,465,367	88,565
Ian Wood-Smith	1	1

### Payment of Creditors

It is the company's policy to settle terms of payment with its suppliers when agreeing the terms of each business transaction, and ensuring that they abide by them and that each supplier is aware of these agreed terms.

# **READING FOOTBALL CLUB PLC**

## **DIRECTORS' REPORT (continued)**

### **Year 2000 Compliance**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks

### **Statement of Directors' Responsibilities**

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those accounts the Directors are required to select suitable accounting policies and then apply them consistently, make judgments and estimates that are reasonable and prudent and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The Group's auditors are Myers Clark, Chartered Accountants.

By Order of the Board



**BRYAN STABLER**  
Secretary

Madejski Stadium,  
Junction 11, M4,  
Reading,  
Berkshire,  
RG2 0FL.

19th November 1999

# **READING FOOTBALL CLUB PLC**

## **AUDITORS' REPORT TO THE DIRECTORS OF READING FOOTBALL CLUB PLC**

We have audited the accounts of the Group on pages 6 to 24 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies as set out on pages 13 and 14.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

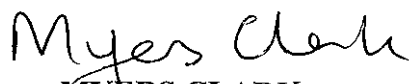
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 30th June 1999 and of the loss and cash flow of the Group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Woodford House,  
Woodford Road,  
Watford,  
Herts., WD1 1DL

  
**MYERS CLARK**  
**CHARTERED ACCOUNTANTS AND**  
**REGISTERED AUDITOR**

19th November 1999

# READING FOOTBALL CLUB PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1999

	Notes	1999	As restated 1998
Turnover	2	5,043,337	3,966,039
Players and staff costs	6	(5,328,608)	(3,849,751)
Match, ground and administrative expenses		(3,573,205)	(1,711,429)
Other operating income		591,620	355,151
<b>Loss on trading</b>		<b>(3,266,856)</b>	<b>(1,239,990)</b>
Net transfer fees payable	3	(1,790,178)	(831,656)
<b>Operating loss</b>		<b>(5,057,034)</b>	<b>(2,071,646)</b>
Interest receivable		7,635	7,578
Interest payable and similar charges	4	154,226	(464,508)
Profit on disposal of tangible fixed assets		674,343	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	<b>(4,220,830)</b>	<b>(2,528,576)</b>
Taxation	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	8	<b>£(4,220,830)</b>	<b>£(2,528,576)</b>

All the Group's activities are classed as continuing.

The notes on pages 13 to 24 form part of these accounts.



# READING FOOTBALL CLUB PLC

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30TH JUNE 1999

	1999	As restated 1998
Loss for the financial year	(4,220,830)	(2,528,576)
Prior year adjustment (see note 19)	2,332,267	-
	<hr/>	<hr/>
Total recognised gains and losses relating to the year and recognised since last annual report	£(1,888,563)	£(2,528,576)
	<hr/>	<hr/>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 30TH JUNE 1999

	1999	As restated 1998
Reported loss on ordinary activities before taxation	(4,220,830)	(2,528,576)
Realisation of property revaluation gains of previous years	2,727,566	-
	<hr/>	<hr/>
Historical cost loss on ordinary activities before taxation	£(1,493,264)	£(2,528,576)
	<hr/>	<hr/>

The notes on pages 13 to 24 form part of these accounts.

# READING FOOTBALL CLUB PLC

## CONSOLIDATED BALANCE SHEET AT 30TH JUNE 1999

As restated  
1998

	Notes	1999	
<b>FIXED ASSETS</b>			
Intangible assets	9	2,972,350	2,332,267
Tangible assets	10	35,084,993	27,334,135
		<u>38,057,343</u>	<u>29,666,402</u>
<b>CURRENT ASSETS</b>			
Stocks	12	62,742	38,060
Debtors	13	1,498,689	1,763,825
Cash at bank and in hand		195,480	2,001
		<u>1,756,911</u>	<u>1,803,886</u>
<b>CREDITORS:</b> amounts falling due within one year	14	22,092,684	17,002,052
<b>NET CURRENT LIABILITIES</b>		(20,335,773)	(15,198,166)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>17,721,570</u>	<u>14,468,236</u>
<b>CREDITORS:</b> amounts falling due after one year	15	16,175,758	15,701,594
		<u>£ 1,545,812</u>	<u>£(1,233,358)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	750,000	50,000
Share premium account	17	6,525,000	225,000
Revaluation reserve	17	-	2,727,566
Profit and loss account	17	(5,729,188)	(4,235,924)
<b>EQUITY SHAREHOLDERS FUNDS</b>	18	<u>£ 1,545,812</u>	<u>£(1,233,358)</u>

These accounts were approved by the Board on 19th November 1999

JOHN MADEJSKI )

IAN WOOD-SMITH )

) DIRECTORS

The notes on pages 13 to 24 form part of these accounts.

# READING FOOTBALL CLUB PLC

## COMPANY BALANCE SHEET AT 30TH JUNE 1999

As restated  
1998

	Notes	1999	
<b>FIXED ASSETS</b>			
Intangible assets	9	2,972,350	2,332,267
Tangible assets	10	30,520,448	27,334,135
Investments	11	2	-
		<u>33,492,800</u>	<u>29,666,402</u>
<b>CURRENT ASSETS</b>			
Stocks	12	62,742	38,060
Debtors	13	5,977,054	1,763,825
Cash at bank and in hand		151,350	2,001
		<u>6,191,146</u>	<u>1,803,886</u>
<b>CREDITORS: amounts falling due within one year</b>			
	14	21,962,184	17,002,052
<b>NET CURRENT LIABILITIES</b>			
		(15,771,038)	(15,198,166)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>17,721,762</u>	<u>14,468,236</u>
<b>CREDITORS: amounts falling due after one year</b>			
	15	16,175,758	15,701,594
		<u>£1,546,004</u>	<u>£(1,233,358)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	750,000	50,000
Share premium account	17	6,525,000	225,000
Revaluation reserve	17	-	2,727,566
Profit and loss account		(5,728,996)	(4,235,924)
<b>EQUITY SHAREHOLDERS FUNDS</b>			
		<u>£1,546,004</u>	<u>£(1,233,358)</u>

These accounts were approved by the Board on 19th November 1999

JOHN MADEJSKI )

IAN WOOD-SMITH )

) DIRECTORS

The notes on pages 13 to 24 form part of these accounts.

# READING FOOTBALL CLUB PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 1999

	Notes	1999	As restated 1998
Net cash outflow from operating activities	1	(1,334,410)	15,837,544
Returns on investments and servicing of finance	2	161,861	(259,100)
Capital expenditure	2	(9,966,863)	(24,990,467)
Acquisitions and disposals	2	-	-
Financing	2	18,856,919	3,213,037
<b>Increase in cash</b>		<b>£ 7,717,507</b>	<b>£(6,198,986)</b>

## RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	Notes	1999	1998
<b>Increase in cash for the year</b>		<b>7,717,507</b>	<b>(6,198,986)</b>
Issue of loan notes	(11,650,635)	(3,250,187)	
Bank loan repayments	57,769	37,150	
Capital advances under hire purchase contracts	(320,200)	-	
Capital repayments under hire purchase contract	56,147	-	
		<b>(11,856,919)</b>	<b>(3,213,037)</b>
<b>Change in net debt</b>		<b>(4,139,412)</b>	<b>(9,412,023)</b>
Net debt at 1st July 1998	3	(12,787,489)	(3,375,466)
<b>Net debt at 30th June 1999</b>	<b>3</b>	<b>£(16,926,901)</b>	<b>£(12,787,489)</b>

The notes on pages 11 and 12 form part of this cash flow statement

# READING FOOTBALL CLUB PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 1999

### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1999	As restated 1998
Operating loss	(5,057,034)	(2,071,646)
Depreciation charges	564,348	12,691
Loss on disposal of tangible fixed assets	-	446
Increase in stocks	(24,682)	28,368
Increase in debtors	265,136	(1,572,097)
Increase in creditors	1,231,905	18,476,910
Amortisation charges	1,487,143	1,132,872
Loss/(profit) on sale of intangible fixed assets	198,774	(170,000)
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>£(1,334,410)</b>	<b>£15,837,544</b>
	<hr/>	<hr/>

### 2. GROSS CASH FLOWS

	1999	1998
<b>Returns on investments and servicing of finance</b>		
Interest received	7,635	7,578
Interest paid	154,226	(266,678)
	<hr/>	<hr/>
	£161,861	£(259,100)
	<hr/>	<hr/>
<b>Capital expenditure</b>		
Payments to acquire intangible fixed assets	(2,860,500)	(2,700,000)
Payments to acquire tangible fixed assets	(11,656,238)	(22,510,067)
Receipts from sales of intangible fixed assets	534,500	170,000
Receipts from sales of tangible fixed assets	4,015,375	49,600
	<hr/>	<hr/>
	£(9,966,863)	£(24,990,467)
	<hr/>	<hr/>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking ( note 4)	(2)	-
Cash acquired on purchase of subsidiary (note 4)	2	-
	<hr/>	<hr/>
	£ -	£ -
	<hr/>	<hr/>

# READING FOOTBALL CLUB PLC

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 1999 (continued)

### 2. GROSS CASH FLOWS (continued)

	1999	1998
<b>FINANCING</b>		
Issue of ordinary share capital	7,000,000	-
Issue of loan notes	11,650,635	3,250,187
Bank loan repayments	(57,769)	(37,150)
Capital advanced under hire purchase contracts	320,200	-
Capital repayments under hire purchase contracts	(56,147)	-
	<hr/>	<hr/>
	£18,856,919	£3,213,037
	<hr/>	<hr/>

### 3. ANALYSIS OF CHANGES IN NET DEBT

	At 1st July 1998	Cash Flows	At 30th June 1999
Cash at bank and in hand	2,001	193,479	195,480
Overdrafts	(7,524,028)	7,524,028	-
	<hr/>	<hr/>	<hr/>
	(7,522,027)	7,717,507	195,480
Debt due within one year	(4,756,111)	(11,783,760)	(16,539,871)
Debt due after one year	(509,351)	(73,159)	(582,510)
	<hr/>	<hr/>	<hr/>
<b>Total</b>	£(12,787,489)	£(4,139,412)	£(16,926,901)
	<hr/>	<hr/>	<hr/>

### 4. PURCHASE OF SUBSIDIARY

#### Net assets acquired

Cash at bank	£ 2
	<hr/>

#### Satisfied By:

Cash	£ 2
	<hr/>

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999

### 1. ACCOUNTING POLICIES

#### **Basis of Accounting**

The financial information is prepared under the historical cost convention, as modified by the revaluation of certain land and buildings and in accordance with applicable accounting standards. The financial information has been drawn up on the basis that the Group is a going concern. The validity of the going concern basis of accounting depends on the Chairman's continuing support (see note 14).

#### **Consolidation**

The consolidated accounts of the group incorporate the accounts of the Company and all of its subsidiaries. Intra-group transactions are eliminated in full on consolidation. The accounts of all group companies are made up to 30th June annually. A separate profit and loss account dealing with the results of the company only is not presented, as the exemption conferred by Section 230 Companies Act 1985 applies.

#### **Intangible assets**

Transfer fees payable for the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are amortised, in equal annual instalments, fully over the contract period. Permanent diminutions in value below the amortised value, such as through injury or loss of form, are provided for when management become aware that the diminution is permanent.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of all tangible fixed assets over their expected useful economic lives on a reducing balance basis, except for the freehold buildings, which are written off on a straight line basis. The principal annual rates used for this purpose, are as follows:

	% of written down value	% of cost
Fixtures, fittings and equipment	-	20
Motor vehicles	25	-
Freehold buildings	-	2

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

#### **Turnover**

Turnover, which excludes value added tax, represents match receipts and all other income associated with running a professional football club, excluding fees receivable from other football clubs on the transfer of players' registrations.

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 ( continued)

### 1. ACCOUNTING POLICIES (continued)

#### Players' transfers

Associated costs payable or receivable in respect of players' transfers, are recognised in the profit and loss account in the period in which the transfer occurs. Associated costs include the football league levy payable net of any rebates received.

#### Taxation

Taxation is based on the results for the year as adjusted for disallowable items, and for timing differences to the extent that they are unlikely to result in an actual liability in the foreseeable future. The tax effect of other timing differences as reduced by the benefit of any accumulated losses is treated as a deferred tax liability. Where accumulated losses exceed the liability to deferred taxation the potential deferred tax asset is not recognised in the accounts.

#### Finance and operating leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised and the related lease and hire purchase obligations are shown as liabilities. The finance costs are allocated to the profit and loss account at a constant rate of charge on the remaining balance of the lease or hire purchase obligation.

Rentals under operating leases are charged to the profit and loss account as incurred.

### 2. TURNOVER

Turnover is attributable to one class of business, that of a professional football club, and may be analysed as follows:

	1999	1998
Match receipts	2,081,236	1,823,701
Commission on rugby match receipts	373,444	-
Catering, conference and banqueting commission	335,624	-
Other income	2,253,033	2,142,338
	<u>£5,043,337</u>	<u>£3,966,039</u>

### 3. NET TRANSFER FEES RECEIVABLE/(PAYABLE)

	1999	As restated 1998
(Loss)/profit on sale	(198,774)	170,000
Net levies (payable)/ receivable	(104,261)	131,216
Amortisation of transfer fees	(1,487,143)	(1,132,872)
Net transfer fees payable	<u>£ (1,790,178)</u>	<u>£(831,656)</u>



# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
Bank loans, overdrafts and other loans wholly repayable within five years	636,292	458,124
Other loans not wholly repayable within five years	8,397	6,384
Charges on finance leases and hire purchase contracts	16,084	-
Interest on chairman's loan notes written off	(814,999)	-
	<u>£(154,226)</u>	<u>£464,508</u>

### 5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £'s	As restated 1998 £'s
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	8,000	6,500
Directors' emoluments	-	-
Depreciation	564,348	12,691
Amortisation of intangible fixed assets	1,487,143	1,132,872
(Profit)/loss on disposal of tangible fixed assets	(674,343)	446
Loss/(profit) on disposal of intangible fixed assets	198,774	(170,000)
	<u></u>	<u></u>

### 6. STAFF NUMBERS AND COSTS

	1999 Number	1998 Number
The average number of persons employed by the company		
Including directors but excluding matchday staff was as follows:		
Players	28	30
Administrative staff	58	49
Staff employed under government training schemes	18	19
	<u>104</u>	<u>98</u>
The aggregate payroll costs of these persons were as follows:		
Gross wages and salaries	4,875,260	3,538,374
Social security costs	453,348	311,377
	<u>£5,328,608</u>	<u>£3,849,751</u>
Directors' remuneration (including pension contributions) was as follows:		
Directors' emoluments:		
Remuneration as executives	£ -	£ -
	<u></u>	<u></u>

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 7. TAXATION

It is anticipated there will be no corporation tax liability due to losses incurred and the availability of losses brought forward.

### 8. LOSS FOR THE FINANCIAL YEAR

	1999	1998
Dealt with in the accounts of the company	(4,220,638)	(2,528,576)
Retained by subsidiaries	(192)	-
	<u>£(4,220,830)</u>	<u>£(2,528,576)</u>

### 9. INTANGIBLE FIXED ASSETS

#### Group and Company

	Players' Transfer Fees
<b>Cost</b>	
At 1st July 1998	3,790,000
Additions	2,860,500
Disposals	(1,202,500)
At 30th June 1999	<u>5,448,000</u>
<b>Amortisation</b>	
At 1st July 1998	1,457,733
Charge for the year	1,487,143
Disposals	(469,226)
At 30th June 1999	<u>2,475,650</u>
<b>Net Book Value</b>	
At 30th June 1999	<u>£2,972,350</u>
At 30th June 1998	<u>£2,332,267</u>

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 10. TANGIBLE FIXED ASSETS

#### GROUP

Cost/Valuation	Freehold land and buildings	Investment properties	Assets in the course of construction	Fixtures, fittings and equipment	Motor vehicles	Total
At 1st July 1998	3,492,355	52,071	23,984,782	124,970	30,725	27,684,903
Additions	-	-	10,864,292	791,946	-	11,656,238
Reclassification	30,284,529	-	(30,284,529)	-	-	-
Disposals	(3,492,355)	(52,071)	-	(124,970)	(5,200)	(3,674,596)
At 30th June 1999	<u>30,284,529</u>	<u>-</u>	<u>4,564,545</u>	<u>791,946</u>	<u>25,525</u>	<u>35,666,545</u>
<b>Depreciation</b>						
At 1st July 1998	199,986	5,207	-	124,970	20,605	350,768
Disposals	403,790	-	-	158,389	2,169	564,348
Provided in year	(199,986)	(5,207)	-	(124,970)	(3,401)	(333,564)
At 30th June 1999	<u>403,790</u>	<u>-</u>	<u>-</u>	<u>158,389</u>	<u>19,373</u>	<u>581,552</u>
<b>Net Book Value</b>						
At 30th June 1999	<u>£29,880,739</u>	<u>£ -</u>	<u>£4,564,545</u>	<u>£633,557</u>	<u>£6,152</u>	<u>£35,084,993</u>
At 30th June 1998	<u>£3,292,369</u>	<u>£46,864</u>	<u>£23,984,782</u>	<u>£ -</u>	<u>£10,120</u>	<u>£27,334,135</u>

Included within fixed assets are assets held under finance lease and hire purchase contracts at 30th June 1999 was £256,160 (30th June 1998 £Nil)

# READING FOOTBALL CLUB PLC

Assets in the course of construction are not depreciated.

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 10. TANGIBLE FIXED ASSETS (continued)

COMPANY	Freehold land and buildings	Investment properties	Assets in the course of construction	Fixtures, fittings and equipment	Motor vehicles	Total
<b>Cost/Valuation</b>						
At 1st July 1998	3,492,355	52,071	23,984,782	124,970	30,725	27,684,903
Additions	-	-	6,299,747	791,946	-	7,091,693
Reclassification	30,284,529	-	(30,284,529)	-	-	-
Disposals	(3,492,355)	(52,071)	-	(124,970)	(5,200)	(3,674,596)
At 30th June 1999	<u>30,284,529</u>	<u>-</u>	<u>-</u>	<u>791,946</u>	<u>25,525</u>	<u>31,102,000</u>
<b>Depreciation</b>						
At 1st July 1998	199,986	5,207	-	124,970	20,605	350,768
Provided in year	403,790	-	-	158,389	2,169	564,348
Disposals	(199,986)	(5,207)	-	(124,970)	(3,401)	(333,564)
At 30th June 1999	<u>403,790</u>	<u>-</u>	<u>-</u>	<u>158,389</u>	<u>19,373</u>	<u>581,552</u>
<b>Net Book Value</b>						
At 30th June 1999	<u>£29,880,739</u>	<u>£ -</u>	<u>£ -</u>	<u>£633,557</u>	<u>£6,152</u>	<u>£30,520,448</u>
At 30th June 1998	<u>£3,292,369</u>	<u>£46,864</u>	<u>£23,984,782</u>	<u>£ -</u>	<u>£10,120</u>	<u>£27,334,135</u>

Included within fixed assets are assets held under finance lease and hire purchase contracts at 30th June 1999 was £256,160 (30th June 1998 - £Nil)

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 11. FIXED ASSET INVESTMENTS

	<b>Company</b>	
	<b>1999</b>	<b>1998</b>
Shares in group undertakings	£ 2	£ -
	<u>          </u>	<u>          </u>

The above investments are unlisted and represent shares in the following wholly owned subsidiary company.

	<b>Country of Incorporation</b>	<b>Nature of Business</b>
Madejski Stadium Hotel Limited	United Kingdom	Hotel and leisure

### 12. STOCKS

	<b>Group and Company</b>	
	<b>1999</b>	<b>1998</b>
Goods for resale	£62,742	£38,060
	<u>          </u>	<u>          </u>

### 13. DEBTORS

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
Trade debtors	814,022	162,875	814,022	162,875
Amounts owed by group undertakings	-	-	4,478,365	-
Other debtors	373,717	1,482,776	373,717	1,482,776
Prepayments and accrued income	310,950	118,174	310,950	118,174
	<u>£1,498,689</u>	<u>£1,763,825</u>	<u>£5,977,054</u>	<u>£1,763,825</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 14. CREDITORS

#### Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
Bank loans and overdrafts	-	7,529,952	-	7,529,952
Directors' loan notes	-	3,763,759	-	3,763,759
Directors' loans	16,400,822	1,750,187	16,400,822	1,750,187
Obligations under finance lease and hire purchase contracts	64,053	-	64,053	-
Trade creditors	3,566,607	2,877,703	3,436,107	2,877,703
Other creditors	157,959	152,012	157,959	152,012
Current corporation tax	-	-	-	-
Other taxes and social security costs	161,842	150,393	161,842	150,393
Accruals and deferred income	1,741,401	778,046	1,741,401	778,046
	<u>£22,092,684</u>	<u>£17,002,052</u>	<u>£21,962,184</u>	<u>£17,002,052</u>

The bank loans and overdraft are secured by a first legal charge on the football ground.

The balance due to the director in respect of loan notes is as follows: -

	Group		Company	
	1999	1998	1999	1998
Loan notes	-	3,000,000	-	3,000,000
Interest accrued	-	763,759	-	763,759
	<u>£ -</u>	<u>£3,763,759</u>	<u>£ -</u>	<u>£3,763,759</u>

The loan notes are repayable on demand, interest bearing at 1% below Midland Bank base rate and secured by a mortgage debenture on all assets of the company ranking after Lloyds Bank. The Chairman confirms that it is not his intention to withdraw his support for the Group in the foreseeable future.

Included in accruals is £265,877 in respect of accrued interest on the directors' loan.

### 15. CREDITORS

#### Amounts falling due after one year

	Group		Company	
	1999	1998	1999	1998
Bank loans	-	51,845	-	51,845
Other creditors	382,510	457,506	382,510	457,506
Obligations under finance leases and hire purchase contracts	200,000	-	200,000	-
Deferred contributions (see note below)	15,593,248	15,192,243	15,593,248	15,192,243
	<u>£16,175,758</u>	<u>£15,701,594</u>	<u>£16,175,758</u>	<u>£15,701,594</u>

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 15. CREDITORS (continued)

#### Amounts falling due after one year

Pursuant to an agreement between the Group, Salmon Harvester Properties Limited (SHP) and Reading Borough Council dated 4<sup>th</sup> March 1997 ( as subsequently amended) the group became entitled to contributions from SHP towards the capital cost of the stadium. Additionally the group has received contributions towards the capital cost from the Football Trust.

Bank loans	Group		Company	
	1999	1998	1999	1998
Amounts repayable between one and two years	-	3,300	-	51,845
Amounts repayable between two and five years	-	9,900	-	457,506
Amounts repayable after five years	-	38,645	-	
	-	51,845	-	51,845
Amounts repayable within one year	-	5,925	-	5,925
	£ -	£57,770	£ -	£57,770

Included in other creditors is a loan of £320,833 from Scottish and Newcastle Plc. The loan is repayable in equal monthly instalments over 10 years commencing September 1998. Interest is payable at 5.75% below base rate. The loan is secured by a legal charge over the Madejski Stadium.

Other creditors	Group		Company	
	1999	1998	1999	1998
Amounts repayable between one and two years	35,000	35,000	35,000	35,000
Amounts repayable between two and five years	105,000	105,000	105,000	105,000
Amounts repayable after five years	145,833	180,833	145,833	180,833
	285,833	320,833	285,833	320,833
Amounts repayable within one year	35,000	29,167	35,000	29,167
	£320,833	£350,000	£320,833	£350,000

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 15. CREDITORS (continued)

#### Obligations under finance lease and hire purchase contracts

	Group		Company	
	1999	1998	1999	1998
Amounts repayable between one and two years	60,000	-	60,000	-
Amounts repayable between two and five years	140,000	-	140,000	-
	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Amounts repayable within one year	64,053	-	64,053	-
	<u>£264,053</u>	<u>£ -</u>	<u>£264,053</u>	<u>£ -</u>

### 16. SHARE CAPITAL

	1999	1998
<b>Authorised</b>		
1,500,000 ordinary shares of 50p each	<u>£750,000</u>	<u>£50,000</u>
<b>Allotted, Called up and Fully Paid:</b>		
1,500,000 ordinary shares of 50p each	<u>£750,000</u>	<u>£50,000</u>

### 17. RESERVES

	Revaluation reserve	Profit and loss account	Share premium
At 1 <sup>st</sup> July 1998 as previously stated	2,727,566	(6,568,191)	225,000
Prior year adjustment (see note 19)	-	2,332,267	-
At 1 <sup>st</sup> July 1998 as restated	<u>2,727,566</u>	<u>(4,235,924)</u>	<u>225,000</u>
Premium on issue of shares ( nominal value £700,000)	-	-	6,300,000
Transfer of realised profits on disposal of fixed assets	(2,727,566)	2,727,566	-
Loss for the year	-	(4,220,830)	-
	<u>£ -</u>	<u>£(5,729,188)</u>	<u>£6,525,000</u>



# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS	1999	As restated 1998
Loss for the financial year	(4,220,830)	(2,528,576)
Share capital issued ( nominal value £700,000)	7,000,000	-
Net addition to shareholders' funds	2,779,170	(2,528,576)
Opening shareholders' funds (originally £(3,565,625) before adding prior year adjustment of £2,332,267)	(1,233,358)	1,295,218
Closing shareholders' funds	£1,545,812	£(1,233,358)

## 19. PRIOR YEAR ADJUSTMENT

The amount stated as a prior year adjustment is composed of the following:

	Group and Company
Capitalisation of players transfer fees for players purchased in previous years still under original contract	3,790,000
Accumulated amortisation of players transfer fees	(1,457,733)
	<u>£2,332,267</u>

## 20. COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Group		Company	
	1999	1998	1999	1998
<b>Other</b>				
Expiring within one year	12,319	13,896	12,319	13,896
Expiring in the second to fifth years	46,008	36,420	46,008	36,420
	<u>£58,327</u>	<u>£50,316</u>	<u>£58,327</u>	<u>£50,316</u>
<b>Capital commitments</b>				
	1999	1998	1999	1998
Contracted, but not provided	£8,275,000	£5,000,000	£ -	£5,000,000

### Contingent liabilities

Under the terms of certain contracts for the signing of players, additional amounts may become payable to other football clubs. The maximum unprovided liability which may arise in respect of this at 30th June 1999 is £380,000 ( 30th June 1998 - £500,000 ).

The company, together with Madejski Stadium Hotel Limited, is a member of a VAT group under which both members are jointly and severally liable.

# READING FOOTBALL CLUB PLC

## NOTES TO THE ACCOUNTS

AT 30TH JUNE 1999 (continued)

### 21. RELATED PARTY TRANSACTIONS

Transactions have taken place during the year with businesses in which serving directors have an interest as follows:

The group received sponsorship income of £100,000 (30th June 1998 - £100,000) from Auto Trader, a business in which the chairman has a controlling interest.

The group paid sums to Field Seymour Parkes, a firm of Solicitors in which Mr. I.M. Wood-Smith is a partner as follows:

	1999	1998
	£'s	£'s
Legal advice regarding new stadium development	46,761	39,652
General, legal and professional advice	39,362	9,028
	<hr/>	<hr/>