

Company Registration No. 53703

**THE READING FOOTBALL
CLUB LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

30TH JUNE 2004



THE READING FOOTBALL CLUB LIMITED

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THE READING FOOTBALL CLUB LIMITED

OFFICERS AND ADVISERS

Directors John Madejski OBE, DL (Chairman)
Ian Wood-Smith

Company Secretary Bryan Stabler

Registered Office The Reading Football Club Limited,
Madejski Stadium,
Junction 11, M4,
Reading,
Berkshire,
RG2 0FL

Auditors Myers Clark,
Woodford House,
Woodford Road,
Watford, Herts.,
WD17 1DL

Principal Bankers HSBC Bank plc,
26 Broad Street,
Reading,
Berkshire,
RG1 2BU

Solicitors Field Seymour Parkes,
The Old Coroners Court,
No. 1 London Street,
P.O. Box 174,
Reading,
Berkshire,
RG1 4QW

THE READING FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2004

The Directors present herewith the audited financial statements of the Company for the year ended 30th June 2004.

Review of Activities and Future Developments

The principal activity of the Company continues to be that of a professional Football League Club. Following the Company's expansion of its facilities in recent years, the Company now provides sports venue and conference facilities.

The profit and loss account is set out on page 5.

Market Value of Land and Buildings

In the opinion of the Directors the market value of the freehold property exceeds the amount at which it is stated in the financial statements.

Dividends

The Directors do not recommend payment of a dividend for the year ended 30th June 2004.

Directors

The Directors of the Company at 30th June 2004 and who have served throughout the year were as follows:

John Madejski OBE, DL (Chairman)
Ian Wood-Smith

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 2004 in the shares of the Company, were as follows:

	Ordinary Shares of 50p each	
	30 th June 2004	30 th June 2003
John Madejski OBE, DL	-	-
Ian Wood-Smith	-	-

In addition, at 30th June 2004 John Madejski OBE,DL and Ian Wood-Smith held 4,399,709 and 3 ordinary shares of 50p each respectively in the holding company, The Reading Football Club (Holdings) PLC.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements 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 financial statements the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements 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 financial statements 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.

THE READING FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2004

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.

Employees

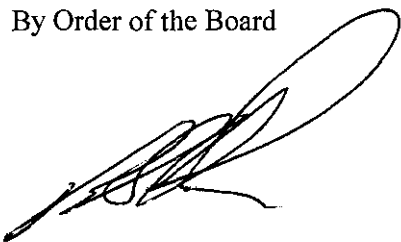
The Company recognises the importance of good employee relations and communications. Employees are regularly kept informed of and express their views on activities which are of concern to them or which are likely to affect their interests.

Disabled persons are given full and fair consideration in all applications for employment. Equal consideration is also given for training, career development and opportunities for promotion.

Auditors

In accordance with Section 385(2) of the Companies Act 1985 a resolution will be submitted at the forthcoming Annual General Meeting that Myers Clark, Chartered Accountants, be re-appointed as auditors.

By Order of the Board



BRYAN STABLER
Secretary

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

13 November 2004

THE READING FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE READING FOOTBALL CLUB LIMITED

We have audited the financial statements of The Reading Football Club Limited on pages 5 to 17 for the year ended 30th June 2004. These financial statements have been prepared in accordance with the historical cost convention and the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

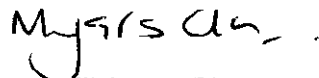
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2004 and of its loss 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.,
WD17 1DL


MYERS CLARK,
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITOR

17 November 2004

THE READING FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2004

	Notes	Operations excluding player trading £	Player trading £	2004 Total £	2003 Total £
Turnover	2	10,500,022	-	10,500,022	10,187,359
Operating expenses	3	(12,306,619)	(1,010,338)	(13,316,957)	(12,343,790)
Other operating income		721,318	-	721,318	732,470
Operating loss		(1,085,279)	(1,010,338)	(2,095,617)	(1,423,961)
Profit / (loss) on disposal of players' registrations		-	240,625	240,625	(13,333)
Loss before interest and taxation		(1,085,279)	(769,713)	(1,854,992)	(1,437,294)
Interest receivable				113	685
Interest payable and similar charges	4			(382,890)	(395,176)
Loss on ordinary activities before taxation	5			(2,237,769)	(1,831,785)
Taxation	7			-	-
Loss for the financial year				<u>(2,237,769)</u>	<u>(1,831,785)</u>

All the Company's activities are classed as continuing.

The Company had no recognised gains or losses other than the loss for the year.

The notes on pages 7 to 17 form part of these financial statements.

THE READING FOOTBALL CLUB LIMITED

BALANCE SHEET AS AT 30TH JUNE 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	8	1,026,569	1,325,826
Tangible assets	9	29,633,943	29,490,304
Investments	10	2	2
		<u>30,660,514</u>	<u>30,816,132</u>
Current assets			
Stocks	11	161,560	170,028
Debtors	12	5,956,359	5,682,664
Cash at bank and in hand		2,636	2,940
		<u>6,120,555</u>	<u>5,855,632</u>
Creditors: amounts falling due within one year	13	17,740,460	15,586,584
Net current liabilities		<u>(11,619,905)</u>	<u>(9,730,952)</u>
Total assets less current liabilities		<u>19,040,609</u>	<u>21,085,180</u>
Creditors: amounts falling due after one year	14	29,945,935	29,752,737
		<u>(10,905,326)</u>	<u>(8,667,557)</u>
Capital and reserves			
Called up share capital	15	750,000	750,000
Share premium account	16	6,525,000	6,525,000
Profit and loss account	16	(18,180,326)	(15,942,557)
Equity shareholders' funds	17	<u>(10,905,326)</u>	<u>(8,667,557)</u>

These financial statements were approved by the Board on 13 November 2004

JOHN MADEJSKI OBE, DL

) 
)
) DIRECTORS
)
)

IAN WOOD-SMITH



The notes on pages 7 to 17 form part of these financial statements.

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2004

1. Accounting policies

1.1 Basis of accounting

The financial information is prepared under the historical cost convention and in accordance with applicable accounting standards. The financial information has been drawn up on the basis that the Company is a going concern. The validity of the going concern basis of accounting depends on the continuing support of the Chairman (see note 13) and The Reading Football Club (Holdings) plc. The Reading Football Club (Holdings) plc have confirmed that they will not seek repayment of their loan to the company unless the company's cashflow permits repayment to be made without jeopardising the company's position.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of The Reading Football Club (Holdings) Plc.

1.2 Consolidation

The financial statements contain information about The Reading Football Club Limited as an individual undertaking and not about its group.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements on the grounds that the company and its subsidiary are included in the financial statements of The Reading Football Club (Holdings) Plc. Copies of these financial statements can be obtained from The Company Secretary, The Reading Football Club (Holdings) Plc, Madejski Stadium, Junction 11 M4, Reading, Berks., RG2 0FL.

1.3 Intangible assets

Transfer fees payable for the acquisition of players' registrations, including transfer fee levies and other direct costs, are capitalised as intangible fixed assets. These costs are amortised, in equal annual instalments, fully over the contract period. In the event that the initial contract is renegotiated prior to expiry, the written down value at the date of renegotiation is amortised over the extended 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.

1.4 Depreciation

Depreciation is calculated so as to write off the cost of all tangible fixed assets over their expected useful economic lives on a straight line basis, except for the motor vehicles, which are written off on a reducing balance 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	-
Indoor Training Centre	-	10
Freehold buildings	-	2

1.5 Stocks

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

1.6 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.

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

1. Accounting policies (continued)

1.7 Players' signing on fees

Players' contracts of employment may include a signing on fee payable in equal instalments over the period of the contract. The company's policy is to charge such fees evenly to the profit and loss account over the period of the player's contract. Where a player's registration is transferred any signing on fees payable in respect of future periods are charged against the profit/loss on disposal of players' registrations in the period in which the disposal is recognised.

1.8 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS 19 – deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

1.9 Finance leases, hire purchase contracts and operating leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of change on the net obligation in each period.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease term.

1.10 Grants

Capital grants received are included in the balance sheet as liabilities. Where grants are not repayable they are released to the profit and loss account over the useful life of the applicable asset.

1.11 Pensions

The pension costs charged in the financial statements represents the contributions paid into the Football League Limited Pension and Life Assurance Scheme (Defined Benefit section) in the year. This includes payments for deficits that are spread over the working lives of the players.

2. Turnover

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

	2004	2003
	£	£
Broadcasting and internet income	737,654	863,288
Match day income	4,846,763	5,044,863
Commercial income	3,741,917	3,439,652
Commission from rugby matches	533,324	612,111
Other income	640,364	227,445
	<u>10,500,022</u>	<u>10,187,359</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

3. Operating expenses

	2004	2003
£	£	£
Staff costs (Note 6)	7,536,819	7,049,863
Depreciation	844,066	921,285
Amortisation of players registrations	1,010,338	1,036,660
Depreciation and other amounts written off tangible and intangible fixed assets	1,854,404	1,957,945
Other operating charges	3,925,734	3,335,982
Operating expenses	13,316,957	12,343,790

4. Interest payable and similar charges

	2004	2003
£	£	£
Bank loans and overdrafts wholly repayable within five years	246,712	210,719
Other loans repayable	126,379	122,358
Charges on finance leases and hire purchase contracts	9,799	25,435
Other interest	-	36,664
	382,890	395,176

5. Loss on ordinary activities before taxation

	2004	2003
£	£	£
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Auditors' remuneration - audit	11,500	11,500
- non-audit	3,100	10,800
Directors' emoluments (note 6)	-	-
Operating lease rentals	62,906	62,421
Depreciation	844,066	921,285
Amortisation of intangible fixed assets	1,010,338	1,036,660
Loss on disposal of tangible fixed assets	-	174
(Profit) / loss on disposal of intangible fixed assets	(240,625)	13,333

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

6. Staff numbers and costs

	2004	2003
	Number	Number
The average number of persons employed by the company, including Directors, was as follows:		
Players	24	29
Football management and coaching staff	51	52
Administrative staff	55	57
Staff employed under government training schemes	23	21
Matchday staff	137	149
	<u>290</u>	<u>308</u>
	£	£
The aggregate payroll costs of these persons were as follows:		
Gross wages and salaries	6,714,588	6,352,065
Social security costs	766,188	667,390
Pension costs	56,043	30,408
	<u>7,536,819</u>	<u>7,049,863</u>
Directors' remuneration (including pension contributions) was as follows:		
Directors' emoluments:		
Remuneration as executives	-	-
	<u>-</u>	<u>-</u>

7. Taxation

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

Deferred tax has not been disclosed in the financial statements because the amount is unlikely to crystallise in the foreseeable future. The potential deferred tax amount is an asset comprising carried forward tax losses in excess of accelerated capital allowances. The Directors do not expect the Company to make sufficient profits in the foreseeable future to realise these losses. Consequently, no deferred tax asset has been included in these financial statements.

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

8. Intangible fixed assets

	Players' transfer fees £
Cost	
At 1 st July 2003	3,871,637
Additions	1,300,456
Disposals	(1,863,266)
At 30 th June 2004	3,308,827
Amortisation	
At 1 st July 2003	2,545,811
Charge for the year	1,010,338
Disposals	(1,273,891)
At 30 th June 2004	2,282,258
Net Book Value	
At 30 th June 2004	1,026,569
At 30 th June 2003	1,325,826

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

9. Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
At 1 st July 2003	32,108,199	1,295,606	25,325	33,429,130
Additions	549,250	438,455	-	987,705
At 30 th June 2004	32,657,449	1,734,061	25,325	34,416,835
Depreciation				
At 1 st July 2003	2,880,227	1,038,366	20,233	3,938,826
Provided in year	717,484	125,309	1,273	844,066
At 30 th June 2004	3,597,711	1,163,675	21,506	4,782,892
Net book value				
At 30 th June 2004	29,059,738	570,386	3,819	29,633,943
At 30 th June 2003	29,227,972	257,240	5,092	29,490,304

Assets held under finance lease and hire purchase contracts at 30th June 2004 originally cost £317,287 (2003: £338,874) and have a net book value of £299,030 (2003: £13,334). Depreciation charged for the year was £6,992 (2003: £67,775).

10. Fixed asset investments

	2004 £	2003 £
Shares in group undertakings	2	2

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

	Country of Incorporation	Nature of Business
Madejski Stadium Hotel Limited	United Kingdom	Hotel and leisure

11. Stocks

	2004 £	2003 £
Goods for resale	161,560	170,028

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

12. Debtors

	2004	2003
	£	£
Trade debtors	863,465	977,895
Amounts owed by group undertakings	4,065,076	4,047,492
Other debtors	106,048	62,379
Prepayments and accrued income	921,770	594,898
	<u>5,956,359</u>	<u>5,682,664</u>

13. Creditors: amounts falling due within one year

	2004	2003
	£	£
Bank loan and overdraft	7,980,975	6,039,842
Chairman's loan	4,381,517	4,346,684
Obligations under finance lease and hire purchase contracts	64,291	25,761
Trade creditors	1,296,046	737,757
Other creditors	150,974	308,116
Other taxes and social security costs	411,667	415,175
Accruals	1,046,176	999,664
Deferred income	2,408,814	2,713,585
	<u>17,740,460</u>	<u>15,586,584</u>

The bank loan and overdraft is secured by a first legal charge over the assets of the company.

The Chairman's loan is repayable on demand, interest bearing at 1% below HSBC Bank base rate. The Chairman confirms that it is not his intention to withdraw his support for the Company in the foreseeable future.

14. Creditors: amounts falling due after one year

	2004	2003
	£	£
Bank loan (see note below)	722,505	697,946
Amounts owed to group undertakings	14,617,699	14,606,699
Other creditors (see note below)	425,466	142,916
Obligations under finance leases and hire purchase contracts	200,112	2,405
Deferred contributions (see note below)	13,980,153	14,302,771
	<u>29,945,935</u>	<u>29,752,737</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

14. Creditors: amounts falling due after one year (continued)

Deferred contributions

Pursuant to an agreement between the Company, Salmon Harvester Properties Limited (SHP) and Reading Borough Council dated 4th March 1997 (as subsequently amended) the company became entitled to contributions from SHP towards the capital cost of the stadium.

Additionally the company has received contributions towards the capital cost from the Football Trust. In the event of the Club ceasing to use Madejski Stadium, the grant is repayable, although this is at the discretion of the Football Trust.

The deferred contributions are released to the profit and loss account over the stadium's expected useful life, being 50 years, in accordance with the depreciation policy for the asset to which the contributions relate.

Bank loan

	2004	2003
	£	£
Amounts repayable between one and two years	190,809	95,459
Amounts repayable between two and five years	531,696	556,378
Amounts repayable after five years	-	46,109
	<u>722,505</u>	<u>697,946</u>
Amounts repayable within one year	127,242	95,459
	<u>849,747</u>	<u>793,405</u>

Other creditors

Included in other creditors is a loan from Scottish and Newcastle plc. The loan is repayable in equal monthly instalments over 10 years commencing September 2004. Interest is payable at 3.75% below base rate, or nil where base rate is below 3.75%. The loan is secured by a legal charge over the Madejski Stadium.

	2004	2003
	£	£
Amounts repayable between one and two years	89,933	35,000
Amounts repayable between two and five years	269,800	105,000
Amounts repayable after five years	65,733	2,916
	<u>425,466</u>	<u>142,916</u>
Amounts repayable within one year	67,450	35,000
	<u>492,916</u>	<u>177,916</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

14. Creditors: amounts falling due after one year (continued)

Obligations under finance lease and hire purchase contracts

	2004	2003
	£	£
Amounts repayable between two and five years	138,141	-
Amounts repayable between one and two years	61,971	2,405
	<u>200,112</u>	<u>2,405</u>
Amounts repayable within one year	64,291	25,761
	<u>264,403</u>	<u>28,166</u>

15. Share capital

	2004	2003
	£	£
Authorised:		
1,500,000 ordinary shares of 50p each	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
Allotted, called up and fully paid:		
1,500,000 ordinary shares of 50p each	750,000	750,000
	<u>750,000</u>	<u>750,000</u>

16. Reserves

	Profit and loss account	Share premium
	£	£
At 1 st July 2003	(15,942,557)	6,525,000
Loss for the year	(2,237,769)	-
	<u>(18,180,326)</u>	<u>6,525,000</u>
At 30 th June 2004		

17. Reconciliation of movements in shareholders funds

	2004	2003
Loss for the financial year	(2,237,769)	(1,831,785)
Opening shareholders' funds	(8,667,557)	(6,835,772)
	<u>(10,905,326)</u>	<u>(8,667,557)</u>
Closing shareholders' funds		

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

18. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2004	2003
	£	£
Other		
Expiring within one year	6,218	8,545
Expiring in the second to fifth years	54,615	42,813
	<u>60,833</u>	<u>51,358</u>

19. Contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations future payments may be due, dependent on the future success of the team and/or future team selection of individual players. The maximum unprovided liability, which may arise in respect of this at 30th June 2004, is £905,500 (2003 - £482,500). In addition, under the terms attached to the purchase of certain players' registrations, an amount may become payable to the previous club on any subsequent sale of the players' registration. This is normally expressed as a percentage of the subsequent transfer fee received in excess of the original transfer fee paid. Due to its unpredictable nature the amount in respect of these cannot be quantified.

The company, together with The Reading Football Club (Holdings) plc and Madejski Stadium Hotel Limited, is a member of a VAT group under which all members are jointly and severally liable.

The company is party to a cross-guarantee for the bank borrowings of The Reading Football Club (Holdings) Plc and Madejski Stadium Hotel Limited. At 30 June 2004, these were £nil and £nil respectively.

20. Pension Commitments

The latest actuarial valuation of the Football League Limited Pension and Life Assurance Scheme (Defined Benefit section) revealed that there was a deficit in the Scheme as at 31st August 2002. The Reading Football Club Limited's share of the deficit at 1st April 2003 was £26,171. This will be repaid by increased contributions in the years to 2006. On the basis that pension costs are spread over the working lives of the employees and the pension contributions vary in accordance with the actuarial valuation, no provision has been made for this in these financial statements.

21. Capital Commitments

At 30th June 2004, the company had capital commitments of £830,000 (2003: £700,000).

22. Transactions with directors

During the year, interest of £126,379 (2003 - £122,358) accrued on the loan from J. Madejski. Included in accruals is £891,450 (2003: £765,071) in respect of accrued interest on the loan from J. Madejski.

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2004

23. Related party transactions

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

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

	2004	2003
	£	£
General, legal and professional advice	63,530	20,937

J. Madejski is a director of Reading Broadcasting Company Limited. During the year, the company made sales on normal commercial terms of £60,152 (2003: £40,817) to Reading Broadcasting Company Limited. Included in trade debtors at 30 June 2004 is an amount owing of £3,451 (2003: £2,924) by Reading Broadcasting Company Limited.

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

24. Post balance sheet events

Since the year end, the company has acquired players' registrations at a cost of £825,391.

25. Holding company

The company's holding company is The Reading Football Club (Holdings) Plc, and the ultimate controlling party is J. Madejski OBE,DL.