

Company Registration No. 53703

**THE READING FOOTBALL  
CLUB LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**30 JUNE 2009**

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# **THE READING FOOTBALL CLUB LIMITED**

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# **THE READING FOOTBALL CLUB LIMITED**

## **OFFICERS AND ADVISERS**

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**Directors** Sir R. J. Madejski OBE, DL (Chairman)  
I. Wood-Smith

**Company Secretary** B. Stabler

**Registered Office** Madejski Stadium,  
Junction 11, M4,  
Reading,  
Berkshire,  
RG2 0FL

**Auditors** Myers Clark,  
Iveco House,  
Station Road,  
Watford,  
Hertfordshire,  
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 30 JUNE 2009**

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The directors present herewith the audited financial statements of the company for the year ended 30 June 2009.

### **Principal activities and review of business**

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 and event venue and conference facilities.

The Board has considered the risks and uncertainties the Football Club faces which are principally related to the costs and revenues involved in maintaining a playing squad and trading in players, and maintaining, if not improving, its league position. The Board acknowledges this and recognises that to remain competitive within this league and to achieve promotion to the Premiership, it needs to continue to invest in players, whilst managing the costs associated with this within the financial constraints the company faces.

The Board have recognised the need to develop income streams that are not reliant on the club having Premiership status and are continually researching ways to improve non-football income. This commitment is proving successful as the Club's turnover for 2006, the last season the club was in the Championship, amounted to £12,324,377 before player trading. This year the turnover, excluding the Premier League parachute payment and before player trading amounted to £13,243,977 an increase of over 7.5% despite the current economic downturn.

The company is dependent upon the continued financial support of the Chairman, in particular the company benefiting from an extremely low rate of interest being paid on the Chairman's loan to the company. Whilst the company should be able to raise finance to repay the loan if required, it is unlikely that a similar rate of interest could be achieved.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend payment of a dividend for the year ended 30 June 2009.

### **Market value of land and buildings**

In the opinion of the directors the market value of the land and buildings exceed the current net book value.

### **Future developments**

It is the Board's aim to achieve promotion to the Premiership, however the Board will not jeopardise the future of the Club in its attempts to gain promotion.

### **Directors**

The directors of the company at 30 June 2009 and who have served throughout the year were as follows:

Sir R. J. Madejski OBE, DL (Chairman)  
I. Wood-Smith

### **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. At the year end the company's creditor days were 53 days (2008: 54 days).

### **Statement of directors' responsibilities**

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

# **THE READING FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

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### **Statement of directors' responsibilities (continued)**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

### **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.

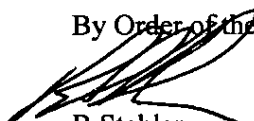
### **Auditors**

The auditors, Myers Clark, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to the auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



B Stabler  
Secretary

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

16 November 2009

# **THE READING FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE READING FOOTBALL CLUB LIMITED**

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We have audited the financial statements of The Reading Football Club Limited on pages 6 to 21 for the year ended 30 June 2009. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **THE READING FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THE READING FOOTBALL CLUB LIMITED**

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### **Matters on which we are required to report by exception**

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

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



**Paul Windmill (Senior Statutory Auditor)  
for and on behalf of Myers Clark**

25 November 2009

**Chartered Accountants  
Statutory Auditor**

Iveco House  
Station Road  
Watford  
Hertfordshire  
WD17 1DL

# THE READING FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Operations excluding player trading £	Player trading £	2009  Total £	2008  Total £
Turnover	2	25,716,994	-	25,716,994	51,574,819
Operating expenses	3	(34,119,540)	(4,039,107)	(38,158,647)	(44,823,229)
Other operating income		322,619	-	322,619	324,819
<b>Operating (loss) / profit</b>		<b>(8,079,927)</b>	<b>(4,039,107)</b>	<b>(12,119,034)</b>	<b>7,076,409</b>
Profit on disposal of players' registrations		-	16,270,801	16,270,801	392,857
<b>Profit / (loss) before interest and taxation</b>		<b>(8,079,927)</b>	<b>12,231,694</b>	<b>4,151,767</b>	<b>7,469,266</b>
Interest receivable				4,965	18,038
Interest payable and similar charges	4			(412,670)	(655,542)
<b>Profit on ordinary activities before taxation</b>	5			<b>3,744,062</b>	<b>6,831,762</b>
Taxation	7			-	-
<b>Profit for the financial year</b>				<b>3,744,062</b>	<b>6,831,762</b>

All the Company's activities are classed as continuing.

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

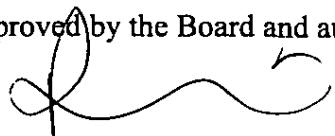
The notes on pages 8 to 21 form part of these financial statements.

# THE READING FOOTBALL CLUB LIMITED

## BALANCE SHEET AS AT 30 JUNE 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Intangible assets	8	5,548,996	8,880,273
Tangible assets	9	33,725,310	35,136,526
Investments	10	2	2
		<u>39,274,308</u>	<u>44,016,801</u>
<b>Current assets</b>			
Stocks	11	329,092	331,891
Debtors: Due in one year	12	12,202,480	4,490,206
Due after one year	12	41,212	557,125
Cash at bank and in hand		3,625	4,000
		<u>12,576,409</u>	<u>5,383,222</u>
<b>Creditors: amounts falling due within one year</b>	13	(30,257,325)	(30,557,117)
<b>Net current liabilities</b>		<u>(17,680,916)</u>	<u>(25,173,895)</u>
<b>Total assets less current liabilities</b>		<u>21,593,392</u>	<u>18,842,906</u>
<b>Creditors: amounts falling due after one year</b>	14	(27,598,642)	(28,592,218)
		<u>(6,005,250)</u>	<u>(9,749,312)</u>
<b>Capital and reserves</b>			
Called up share capital	15	750,000	750,000
Share premium account	16	6,525,000	6,525,000
Profit and loss account	16	(13,280,250)	(17,024,312)
<b>Shareholders' funds</b>	17	<u>(6,005,250)</u>	<u>(9,749,312)</u>

Approved by the Board and authorised for issue on 16 November 2009

  
Sir R J Madejski OBE, DL  
Director  
Company Registration No. 53703

  
I Wood-Smith  
Director

The notes on pages 8 to 21 form part of these financial statements.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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### 1. Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements have 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 Chairman confirms that it is not his intention to withdraw his support for the Company in the foreseeable future. The Reading Football Club (Holdings) plc has confirmed that it will not seek repayment of its 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 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Reading Football Club (Holdings) Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

#### 1.4 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.

#### 1.5 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. The principal annual rates used for this purpose, are as follows:

	% of cost
Fixtures, fittings and equipment	20
Indoor Training Centre	10
Freehold buildings	2

#### 1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. The cost of each stock line is calculated on a first in first out (FIFO) basis. Any damaged stock is returned and removed from stock as it is detected. The company provides against merchandise that relates to the previous football season.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

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### 1. Accounting policies (continued)

#### 1.7 Turnover and income recognition

Turnover, which excludes value added tax, represents receipts and all other income associated with the company's principal activity, excluding fees receivable from other football clubs on the transfer of players' registrations.

Broadcasting fees are recognised over the course of the season as the games are played. The fixed element of broadcasting income is recognised over the course of the playing season.

Match day receipts are stated after deducting the percentage based payments to The Football Association, The Football League and visiting clubs. This revenue is recognised over the course of the football season as the games are played.

Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

#### 1.8 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.

#### 1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. A deferred tax asset is only recognised where there is sufficient evidence that the asset will be recovered.

#### 1.10 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.

#### 1.11 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.

#### 1.12 Pensions

The pension costs charged in the financial statements include 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.

The pension costs charged in the financial statements also include the contributions payable by the company into a defined contribution pension scheme.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 2. Turnover

Turnover, all of which originates in the United Kingdom, is attributable to one class of business, that of a professional football club, and may be analysed as follows:

	2009	2008
	£	£
Media and broadcasting	14,591,940	33,705,171
Matchday income	7,056,879	11,119,117
Commercial income	3,309,311	5,947,934
Commission from rugby matches	601,579	638,099
Other income	157,285	164,498
	<u>25,716,994</u>	<u>51,574,819</u>

### 3. Operating expenses

	2009	2008
	£	£
Staff costs (note 6)	25,517,404	31,094,381
Depreciation	1,835,634	1,183,665
Loss on sale of fixed assets	59,228	-
Amortisation of players registrations	4,039,107	4,968,826
Depreciation and other amounts written off tangible and intangible fixed assets	<u>5,933,969</u>	<u>6,152,491</u>
Other operating charges	6,707,274	7,576,357
Operating expenses	<u>38,158,647</u>	<u>44,823,229</u>

### 4. Interest payable and similar charges

	2009	2008
	£	£
Bank loans and overdrafts wholly repayable within five years	229,460	204,914
Bank loans not wholly repayable within five years	13,106	29,526
Other loans repayable	153,247	391,230
Charges on finance leases and hire purchase contracts	16,857	29,872
	<u>412,670</u>	<u>655,542</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 5. Profit on ordinary activities before taxation

	2009	2008
	£	£
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Directors' emoluments (note 6)	-	-
Operating lease rentals	92,996	102,563
Depreciation	1,835,634	1,183,665
Amortisation of intangible fixed assets	4,039,058	4,968,826
Loss on disposal of tangible fixed assets	59,228	-
Profit on disposal of intangible fixed assets	(16,270,801)	(392,857)
	<u>          </u>	<u>          </u>

### Auditor's Remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	33,000	28,000
Remuneration of auditors for accounting and taxation services	3,550	2,500
	<u>36,550</u>	<u>30,500</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 6. Staff numbers and costs

	2009 Number	2008 Number
The average number of persons employed by the company, including Directors, was as follows:		
Players	42	42
Football management and coaching staff	56	57
Administrative staff	68	73
Staff employed under government training schemes	22	20
Matchday staff	195	217
	<u>383</u>	<u>409</u>
	£	£
The aggregate payroll costs of these persons were as follows:		
Gross wages and salaries	22,596,248	27,297,090
Social security costs	2,764,729	3,556,457
Pension costs	156,427	240,834
	<u>25,517,404</u>	<u>31,094,381</u>
Directors' remuneration (including pension contributions) was as follows:		
Directors' emoluments:		
Remuneration as executives	-	-

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 7. Taxation

	2009	2008
	£	£
<b>Current tax charge</b>	-	-
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	3,744,062	6,831,762
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28%	1,048,337	2,049,528
Effects of:		
Non deductible expenses	(25,240)	24,849
Depreciation	499,362	355,100
Tax losses utilised	(1,521,069)	(2,423,994)
Group loss relief claimed	(1,390)	(5,483)
	(1,048,337)	(2,049,528)
<b>Current tax charge</b>	-	-
	2009	2008
Losses carried forward	15,618,316	21,050,706

On the basis of these financial statements no provision has been made for corporation tax.

A deferred tax asset has not been recognised in respect of the net timing differences relating to tax trading losses and accelerated capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £4,595,956. The asset would be recovered if sufficient taxable trading profits arose in the future.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 8. Intangible fixed assets

	Players' transfer fees £
<b>Cost</b>	
At 1 July 2008	17,924,443
Additions	2,869,999
Disposals	(9,260,446)
At 30 June 2009	11,533,996
<b>Amortisation</b>	
At 1 July 2008	9,044,170
Charge for the year	4,039,107
Disposals	(7,098,277)
At 30 June 2009	5,985,000
<b>Net book value</b>	
At 30 June 2009	5,548,996
At 30 June 2008	8,880,273

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

9.	Tangible fixed assets	Freehold land and buildings	Fixtures, fittings and equipment	Total
		£	£	£
	<b>Cost</b>			
	At 1 July 2008	41,309,673	2,901,835	44,211,508
	Additions	264,523	219,123	483,646
	Disposals	(59,228)	-	(59,228)
	At 30 June 2009	41,514,968	3,120,958	44,635,926
	<b>Depreciation</b>			
	At 1 July 2008	6,936,345	2,138,637	9,074,982
	Provided in year	1,473,109	362,525	1,835,634
	At 30 June 2009	8,409,454	2,501,162	10,910,616
	<b>Net book value</b>			
	At 30 June 2009	33,105,514	619,796	33,725,310
	At 30 June 2008	34,373,328	763,198	35,136,526

Assets held under finance lease and hire purchase contracts at 30 June 2009 originally cost £417,882 (2008: £281,250) and have a net book value of £84,444 (2008: £56,250). Depreciation charged for the year was £108,438 (2008: £56,250). Included in freehold land and buildings are the total costs capitalised to date of £1,334,793 for the stadium extension project. These have not been depreciated as the project is still active but not yet completed.

## 10. Fixed asset investments

	2009	2008
	£	£
Shares in group undertakings	2	2

The above investments are unlisted and represent shares in the following wholly owned subsidiary companies. The aggregate amount of capital and reserves and the results of the undertakings for the year are as follows:

	Country of Incorporation	Nature of Business	Capital & Reserves £	Profit/(loss) For the year £
Madejski Stadium Hotel Limited	United Kingdom	Hotel and leisure	1,563,836	(663,513)
Reading FC Community Trust	United Kingdom	Community Trust	79,136	54,673

Reading FC Community Trust is a company limited by guarantee. The Reading Football Club Limited is its sole member and able to exercise control through its power to appoint and remove Trustees of the Trust.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 11. Stocks

	2009	2008
	£	£
Goods for resale	329,092	331,891

### 12. Debtors

	2009	2008
	£	£
Trade debtors	11,328,024	2,930,493
Amounts owed by group undertakings	48,294	152,519
Other debtors	81,445	27,356
Prepayments and accrued income	785,929	1,936,963
	12,243,692	5,047,331

Of which the following amounts fall due after one year:

Trade debtors	-	500,000
Prepayments	41,212	57,125
	41,212	557,125

### 13. Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loan and overdraft	6,263,162	7,643,550
Chairman's loan	8,768,609	8,760,649
Obligations under finance lease and hire purchase contracts	52,197	38,921
Trade creditors	2,091,984	2,130,115
Other creditors	3,130,833	140,142
Other taxes and social security costs	2,116,771	2,380,155
Other loans	89,933	89,933
Accruals	3,668,766	4,794,670
Deferred income	4,075,070	4,578,982
	30,257,325	30,557,117

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.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

13. **Creditors: amounts falling due within one year (continued)**  
Included in other creditors are loans of £2,047,456 and £1,000,000 which are secured on future distributions from The Premier League and a debtor due later in the year respectively.

14. **Creditors: amounts falling due after one year**

	2009	2008
	£	£
Bank loan (see note below)	217,633	325,777
Amounts owed to group undertakings	14,617,949	14,617,949
Other loans (see note below)	368,883	458,816
Obligations under finance leases and hire purchase contracts	27,120	-
Trade creditors	-	500,000
Deferred contributions (see note below)	12,367,057	12,689,676
	<u>27,598,642</u>	<u>28,592,218</u>

### Deferred contributions

Pursuant to an agreement between the Company, Salmon Harvester Properties Limited (SHP) and Reading Borough Council dated 4 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

	2009	2008
	£	£
Wholly repayable within five years by instalments	325,777	476,585
	<u>325,777</u>	<u>476,585</u>
Included in current liabilities	(108,144)	(150,808)
	<u>217,633</u>	<u>325,777</u>

### Loan maturity analysis

In more than one year but not more than two years	95,349	135,873
In more than two year but not more than five years	122,284	189,904
	<u>217,633</u>	<u>325,777</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

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

#### Other loans

Other loan 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 and a floating debenture over the assets of the company.

Other loan analysis	2009	2008
	£	£
Not wholly repayable within five years by instalments	458,816	548,749
	<u>458,816</u>	<u>548,749</u>
Included in current liabilities	(89,933)	(89,933)
	<u>368,883</u>	<u>458,816</u>
Instalments not due within five years	<u>9,151</u>	<u>99,084</u>
 <b>Loan maturity analysis</b>		
In more than one year but not more than two years	89,933	89,933
In more than two year but not more than five years	269,799	269,799
In more than five years	<u>9,151</u>	<u>99,084</u>
 <b>Obligations under finance lease and hire purchase contracts</b>		
	2009	2008
	£	£
Amounts repayable within one year	52,197	38,921
Amounts repayable between one and two years	27,120	-
	<u>79,317</u>	<u>38,921</u>
Included in current liabilities	(52,197)	(38,921)
	<u>27,120</u>	<u>-</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 15. Share capital

	2009	2008
	£	£
<b>Authorised:</b>		
1,500,000 ordinary shares of 50p each	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
<b>Allotted, called up and fully paid:</b>		
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 July 2008	(17,024,312)	6,525,000
Profit for the year	3,744,062	-
	<u>3,744,062</u>	<u>-</u>
At 30 June 2009	(13,280,250)	6,525,000
	<u>(13,280,250)</u>	<u>6,525,000</u>

### 17. Reconciliation of movements in shareholders funds

	2009	2008
Profit for the financial year	3,744,062	6,831,762
Opening shareholders' funds	(9,749,312)	(16,581,074)
	<u>(9,749,312)</u>	<u>(16,581,074)</u>
Closing shareholders' funds	(6,005,250)	(9,749,312)
	<u>(6,005,250)</u>	<u>(9,749,312)</u>

### 18. Financial commitments

At 30 June 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2010:

	2009	2008
	£	£
<b>Land and Buildings</b>		
Operating leases expiring after five years	18,000	18,000
	<u>18,000</u>	<u>18,000</u>
<b>Other</b>		
Operating leases expiring within one year	10,207	12,976
Operating leases expiring in two to five years	48,071	110,959
	<u>58,278</u>	<u>123,935</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

### 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 30 June 2009, is £1,452,237 (2008: £1,520,242). 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 Madejski Stadium Hotel Limited. At 30 June 2009, these amounted to £8,883,191 (2008: £8,651,745).

### 20. Pension costs

#### Defined benefit scheme

The company contributes into the Football League Limited Pension and Life Assurance Scheme (Defined Benefit section) for certain players. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

#### Defined contribution scheme

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

	2009	2008
	£	£
Defined benefit scheme	85,301	170,600
Defined contribution scheme	71,126	70,238
	<u>156,427</u>	<u>240,838</u>

### 21. 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 31 August 2005. The Reading Football Club Limited's share of the deficit at 1 April 2006 was £16,603. This is being repaid by increased contributions in the years to 2016. 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.

### 22. Capital Commitments

At 30 June 2009, the company had capital commitments of £23,100 (2008: £65,000).

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

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### 23. Transactions with directors

Included within creditors at 30 June 2009 is an amount of £8,768,609 (2008: £8,760,649) owing to Sir R. J. Madejski.

During the year, interest of £153,247 (2008: £391,230) accrued on the loan from Sir R. J. Madejski. Included in accruals is £2,262,826 (2008: £2,109,579) in respect of accrued interest on the loan from Sir R. J. Madejski.

The company also paid rent for the training ground of £18,000 (2008: £18,000) to Sir R. J. Madejski.

### 24. Related party transactions

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

The company was invoiced by Field Seymour Parkes, a firm of Solicitors in which I. Wood-Smith is a partner, the amount of £24,954 (2008: £35,421) for legal and professional advice given during the year.

In addition the company also made sales on normal commercial terms of £11,460 (2008: £10,618) to Field Seymour Parkes. Included in creditors at the year end was a balance of £9,077 (2008: £8,830) owing to Field Seymour Parkes and included in debtors at the year end was a balance of nil (2008: £11,280) owing from Field Seymour Parkes.

Sir R. J. Madejski is a director of Reading Broadcasting Company Limited. During the year, the company made sales on normal commercial terms of £7,417 (2008: £68,103) to Reading Broadcasting Company Limited, and purchases of £24,211 (2008: £17,361). Included in trade debtors at 30 June 2009 is an amount owing of £71,980 (2008: £91,105).

Sir R. J. Madejski is a director of Ark Hotels Limited. During the year, the company charged Ark Hotels Limited a management fee of £50,000 (2008: £50,000). Included in other debtors at 30 June 2009 is an amount owing of £43,438 (2008: £15,566).

The company charged Ark Management Ltd, a company in which Sir R. J. Madejski is a director, a management fee of £20,000.

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.

### 25. Post balance sheet events

Since the year end, the company has acquired players' registrations at a cost of £3,231,500 (2008: £556,250). The company has also sold players registrations for proceeds of £5,295,000.

### 26. Control

The company's holding company is The Reading Football Club (Holdings) Plc, and the ultimate controlling party is Sir R. J. Madejski OBE, DL by virtue of his majority shareholding.