

Company Registration No. 00053703

**THE READING FOOTBALL  
CLUB LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**30 JUNE 2014**

THURSDAY



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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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<b>Directors</b>	Mr Narin Niruttinanon – appointed 22.09.2014 Mr Sumrith Thanakarnjanasuth – appointed 22.09.2014 Mrs K.Y. Sasima Srivikorn – appointed 22.09.2014 Mr Taweasuk Srisumrid – appointed 22.09.2014 Mr Theekharoj Piamphongsarn – appointed 22.09.2014 Sir John Madejski OBE, DL Mr Ian Wood-Smith Mr Nigel Howe
<b>Company Secretary</b>	Mr Bryan Stabler
<b>Registered Office</b>	Madejski Stadium, Junction 11, M4, Reading, Berkshire, RG2 0FL
<b>Auditors</b>	Myers Clark, Iveco House, Station Road, Watford, Hertfordshire, WD17 1DL
<b>Principal Bankers</b>	Barclays Bank plc, 273 Basingstoke Road, Reading, Berkshire, RG2 0HY
<b>Solicitors</b>	Field Seymour Parkes, The Old Coroners Court, No. 1 London Street, P.O. Box 174, Reading, Berkshire, RG1 4QW

# THE READING FOOTBALL CLUB LIMITED

## CHAIRMAN'S STATEMENT

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Reading Football Club have gone through enormous upheaval during the last year and we all welcome our new partners from the Thai Consortium led by Khunying Sasima Srivikorn and her directors Khun Narin Niruttinanon and Khun Sumrith Thanakarnjanasuth. Culturally we seem in harmony and they certainly share everybody's ambition to progress to the top flight of English football.

I would like to take this opportunity to thank our Chief Executive Nigel Howe, Financial Director Bryan Stabler and everybody on the administrative side of the club who have worked tirelessly to make sure the transition has run smoothly. I also thank everybody for the personal support I have been shown during this period and look forward to seeing the club progress on a more stable footing.

In spite of a somewhat turbulent 12 months we have, as ever, enjoyed some great success throughout the club. After gaining Category One status in 2013 our Academy has gone from strength to strength, earning a place in the semi-finals of the FA Youth Cup for the first time in our history, whilst also lifting the Under 21 Premier League Cup with a wonderful victory over Manchester City. It is very pleasing for all of us that the Academy has come to the fore; within just four games of the present campaign we had set a club record for the number of Academy graduates to make their first team debuts in a single season and I have no doubt there will be many more to come under the tutelage of Eamonn Dolan.

As ever we strive for long lasting success both on and off the field. Nigel Adkins continues to inspire us with his confidence and positivity and we look forward to a very exciting future.

Very best wishes,



**Sir John Madejski OBE, DL**  
**Chairman of Reading Football Club**

# THE READING FOOTBALL CLUB LIMITED

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014**

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The directors present herewith the audited financial statements of the company for the year ended 30 June 2014.

### **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.

During the year, Thames Sports Investments Limited failed to complete the acquisition of The Reading Football Club Limited ("RFC") and therefore, under the terms of the agreement, the share capital and outstanding loans were acquired by The Reading Football Club (Holdings) Plc ("Holdings"). Subsequent to the year end, Holdings has completed the sale of the entire share capital of RFC to a consortium of business people from Thailand.

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 it needs to continue to invest in players, whilst managing the costs associated with this within the financial constraints the company faces.

The Board has continued to manage a significant shortfall in working capital requirements in a prudent, long term manner. Through the sale of specific players, the Board has been able to support the costs of running the Club's playing squad with the aim of promotion to the FA Premier League.

The company is dependent upon the continued financial support of its owners, in particular the company benefits from an extremely low rate of interest on their 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 8.

The directors do not recommend payment of a dividend for the year ended 30 June 2014.

### **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 gain promotion to the Premier League without jeopardising the future of the Club.

### **Directors**

The directors of the company at 30 June 2014 and who have served throughout the year were as follows:

Sir John Madejski OBE, DL  
Mr Ian Wood-Smith  
Mr Nigel Howe  
Mr Anton Zingarevich – resigned 27.02.2014  
Mr Andrew Obolensky – resigned 02.06.2014  
Mr Chris Samuelson – resigned 02.06.2014

# THE READING FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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### Creditor payment policy

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.

### Statement of directors' responsibilities

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

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 irregularities.

### Employees

The company recognises the importance of good employee relations and communications. Employee participation practices are appropriate to the company's needs. 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 the company's articles, a resolution proposing that Myers Clark be re-appointed as auditors of the company will be put at the Annual General Meeting.

# **THE READING FOOTBALL CLUB LIMITED**

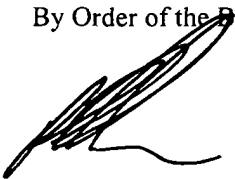
## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014 (continued)**

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### **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



Bryan Stabler  
**Secretary**

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

17 November 2014

# **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 for the year ended 30 June 2014 set out on pages 8 to 29. 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 Chapter 3 of Part 16 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 page 4, 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 2014 and of the company's loss 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**

Date 24 November 2014.

**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 2014

	Notes	Operations excluding player trading £	Player trading £	2014 Total £	2013 Total £
<b>Turnover</b>	2	38,082,311	-	38,082,311	59,265,980
Operating expenses	3	(45,085,166)	(4,169,036)	(49,254,202)	(62,487,643)
Other operating income		322,619	-	322,619	322,619
<b>Operating loss</b>		(6,680,236)	(4,169,036)	(10,849,272)	(2,899,044)
Profit on disposal of players' registrations		-	4,981,832	4,981,832	1,148,754
<b>Loss before interest and taxation</b>	5	(6,680,236)	812,796	(5,867,440)	(1,750,290)
Interest receivable				-	545
Interest payable and similar charges	4			(1,424,029)	(589,087)
<b>Loss on ordinary activities before taxation</b>				(7,291,469)	(2,338,832)
Taxation	7			-	-
<b>Loss for the financial year</b>				<u>(7,291,469)</u>	<u>(2,338,832)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 14 to 29 form part of these financial statements.

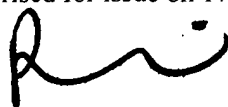
# THE READING FOOTBALL CLUB LIMITED

## BALANCE SHEET AS AT 30 JUNE 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Intangible assets	8	4,323,245	8,454,688
Tangible assets	9	30,002,955	31,739,857
Investments	10	2	1
		<u>34,326,202</u>	<u>40,194,546</u>
<b>Current assets</b>			
Stocks	11	266,889	144,086
Debtors	12	4,574,762	2,595,511
Cash at bank and in hand		700,227	722,690
		<u>5,541,878</u>	<u>3,462,287</u>
<b>Creditors: amounts falling due within one year</b>	13	(59,235,156)	(26,092,459)
<b>Net current liabilities</b>		<u>(53,693,278)</u>	<u>(22,630,172)</u>
<b>Total assets less current liabilities</b>		<u>(19,367,076)</u>	<u>17,564,374</u>
<b>Creditors: amounts falling due after one year</b>	14	(393,504)	(29,710,866)
<b>Deferred contributions</b>	15	(10,753,962)	(11,076,581)
		<u>(30,514,542)</u>	<u>(23,223,073)</u>
<b>Capital and reserves</b>			
Called up share capital	16	750,000	750,000
Share premium account	17	6,525,000	6,525,000
Profit and loss account	17	(37,789,542)	(30,498,073)
<b>Shareholders' funds</b>	18	<u>(30,514,542)</u>	<u>(23,223,073)</u>

Approved by the Board and authorised for issue on 17 November 2014

Sir John Madejski OBE, DL  
Director



Nigel Howe  
Director



Company Registration No. 00053703

The notes on pages 14 to 29 form part of these financial statements.

# THE READING FOOTBALL CLUB LIMITED

## CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 £	2013 £
Net cash in/outflow from operating activities	1	(9,552,087)	2,819,080
Returns on investments and servicing of finance	2	(1,424,029)	(588,542)
Capital expenditure	2	1,972,802	(9,045,970)
Net cash in/outflow before management of liquid resources and financing		(9,003,314)	(6,815,432)
Financing	2	10,835,199	(1,526,045)
<b>(Decrease)/increase in cash</b>		<u>1,831,885</u>	<u>(8,341,477)</u>

The notes on pages 12 and 13 form part of this cash flow statement

# THE READING FOOTBALL CLUB LIMITED

## CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

### RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	Notes	2014	2013
		£	£
<b>(Decrease)/increase in cash for the year</b>		<b>1,831,885</b>	<b>(8,341,477)</b>
Cash (inflow)/outflow from (increase)/decrease in bank loans	1,750,000	(1,723,066)	
Cash outflow/(inflow) from (increase)/decrease in other loans	(12,063,439)	4,089,934	
Decrease in Chairman's loan	-	-	
Increase in inter-group loans	1,004,544	(3,952,455)	
Decrease/(increase) in associate undertaking loan	(1,620,001)	3,000,000	
Capital repayments under hire purchase contracts	93,697	111,632	
		<u>(10,835,199)</u>	<u>1,526,045</u>
Change in net debt resulting from cash flows		(9,003,314)	(6,815,432)
New finance leases		-	(141,258)
<b>Change in net debt</b>		<u>(9,003,314)</u>	<u>(6,956,690)</u>
Net debt at 1 July 2013	3	(38,139,512)	(31,182,822)
<b>Net debt at 30 June 2014</b>	<b>3</b>	<u><u>(47,142,826)</u></u>	<u><u>(38,139,512)</u></u>

The notes on pages 12 and 13 form part of this cash flow statement

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

### 1. Reconciliation of operating loss to net cash outflow from operating activities

	2014	2013
	£	£
Operating loss	(10,849,272)	(2,899,044)
Depreciation charges	1,745,658	1,878,450
(Increase)/decrease in stocks	(122,803)	(21,044)
(Increase)/decrease in debtors	(1,074,258)	220,882
(Decrease)/increase in creditors	(3,420,471)	(321,656)
Amortisation of intangible fixed assets	4,169,559	3,983,869
Impairment of intangible fixed assets	-	-
Profit on disposal of tangible fixed assets	(500)	(23,377)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(9,552,087)</b>	<b>2,819,080</b>

### 2. Gross cash flows

	2014	2013
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	-	545
Interest paid	(1,410,815)	(576,626)
Interest element of finance lease rental payments	(13,214)	(12,461)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(1,424,029)</b>	<b>(588,542)</b>
<b>Capital expenditure</b>		
Payments to acquire intangible fixed assets	(4,249,240)	(6,968,334)
Payments to acquire tangible fixed assets	(913,832)	(3,296,410)
Receipts from sales of intangible fixed assets	575	30,141
Receipts from sales of tangible fixed assets	7,135,299	1,188,633
<b>Net cash (outflow)/inflow for capital expenditure</b>	<b>1,972,802</b>	<b>(9,045,970)</b>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

### 2. Gross cash flows (Continued)

	2014	2013
	£	£
<b>Financing</b>		
Bank loan repayments	(1,750,000)	(26,934)
Increase in bank loans	-	1,750,000
Increase / (decrease) in other loans	12,063,439	(4,089,934)
Capital repayments under hire purchase contracts	(93,697)	(111,632)
Increase / (decrease) in inter-group loans	(1,004,544)	3,952,455
Increase / (decrease) in associate undertaking loan	1,620,001	(3,000,000)
<b>Net cash in/outflow from financing</b>	<b>10,835,199</b>	<b>(1,526,045)</b>

### 3. Analysis of changes in net debt

	At 1 July 2013	Other non- cash changes	Cash Flows	At 30 June 2014
	£	£	£	£
Cash at bank and in hand	722,690	-	(22,463)	700,227
Overdrafts	(2,751,195)	-	1,854,348	(896,847)
	(2,028,505)	-	1,831,885	(196,620)
Bank loan due within one year	(1,750,000)	-	1,750,000	-
Other loans due within one year	(5,089,933)	(29,683,182)	(12,110,067)	(46,883,182)
Other loans due after one year	(46,628)	-	46,628	-
Amount owed to group undertaking	(19,322,461)	18,317,917	1,004,544	-
Amount owed to associated undertaking	(9,745,264)	11,365,265	(1,620,001)	-
Finance leases due within one year	(91,124)	-	42,247	(48,877)
Finance leases due after one year	(65,596)	-	51,450	(14,146)
	(36,111,006)	-	(10,835,199)	(46,946,205)
<b>Total</b>	<b>(38,139,511)</b>	<b>-</b>	<b>(9,003,314)</b>	<b>(47,142,825)</b>

Other non-cash changes represent new finance leases taken out in the period.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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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 shareholders. The shareholders have confirmed that they will not seek repayment of their loans to the company unless the company's cash flow permits repayment to be made without jeopardising the company's ability to continue as a going concern and that they will provide additional support to the company if required.

#### 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 was a subsidiary undertaking of The Reading Football Club (Holdings) Plc at 30 June 2014, 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 previous football seasons.



# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (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 payable by the company into a defined contribution pension scheme for current employees.

The pension costs charged in the financial statements also include contributions paid into the Football League Limited Pension and Life Assurance Scheme (Defined Benefit Section) in respect of the club's share of the scheme's deficit arising from the club's ex-employees.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (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:

	2014	2013
	£	£
Media and broadcasting	27,543,925	43,766,333
Matchday income	5,735,697	9,256,820
Commercial income	3,761,105	5,272,297
Commission from rugby matches	612,048	597,793
Other income	429,536	372,737
	<u>38,082,311</u>	<u>59,265,980</u>

### 3. Operating expenses

	2014	2013
	£	£
Staff costs (note 6)	34,548,171	46,171,340
Depreciation	1,745,658	1,878,450
Loss / (profit) on sale of fixed assets	(500)	(23,030)
Amortisation of players registrations	4,169,559	3,983,869
<b>Depreciation and other amounts written off tangible and intangible fixed assets</b>	<u>5,914,717</u>	<u>5,839,289</u>
<b>Other operating charges</b>	<u>8,791,314</u>	<u>10,477,014</u>
<b>Operating expenses</b>	<u>49,254,202</u>	<u>62,487,643</u>

### 4. Interest payable and similar charges

	2014	2013
	£	£
Bank loans and overdrafts	70,810	51,820
Other loans	1,122,519	362,306
Flat fee for arranging finance	217,486	162,500
Charges on finance leases and hire purchase contracts	13,214	12,461
	<u>1,424,029</u>	<u>589,087</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 5. Operating loss after disposal of players' registrations

	2014	2013
	£	£
Operating loss after disposal of players' registrations is stated after charging /(crediting):		
Directors' emoluments (note 6)	414,421	517,350
Operating lease rentals	215,340	78,668
Depreciation	1,745,658	1,878,450
Amortisation of intangible fixed assets	4,169,559	3,983,869
Profit on disposal of tangible fixed assets	(500)	(23,030)
Profit on disposal of intangible fixed assets	(4,981,832)	(1,148,754)

### Auditor's Remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	25,000	24,750
Remuneration of auditors for accounting and taxation services	4,500	4,250
	<u>29,500</u>	<u>29,000</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 6. Staff numbers and costs

	2014 Number	2013 Number
The average number of persons employed by the company, including Directors, was as follows:		
Players	53	53
Football management and coaching staff	102	81
Administrative staff	63	79
Staff employed under government training schemes	19	22
Matchday staff	173	193
	<u>410</u>	<u>428</u>
	2014	2013
The aggregate payroll costs of these persons were as follows:	£	£
Gross wages and salaries	30,104,669	40,574,087
Social security costs	4,174,954	5,314,713
Pension costs	268,548	282,540
	<u>34,548,171</u>	<u>46,171,340</u>
Directors' remuneration (including pension contributions) was:	<u>414,421</u>	<u>517,350</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013: 1).

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 7. Taxation

	2014	2013
	£	£
<b>Current tax charge</b>	-	-
<b>Factors affecting the tax charge for the year</b>		
(Loss) / profit on ordinary activities before taxation	(7,291,469)	(2,338,832)
(Loss) / profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2013: 24%)	(1,749,953)	(561,320)
Effects of:		
Non deductible expenses	3,696	4,909
Non taxable income	(74,202)	(82,956)
Depreciation	401,501	450,828
Losses arising in period	1,418,958	188,539
	1,749,953	561,320
<b>Current tax charge</b>	-	-
	2014	2013
	£	£
Losses carried forward (approximately)	36,000,000	29,000,000

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 approximately £8.2m (2013: £7.4m). 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 2014 (continued)

### 8. Intangible fixed assets

	Players' transfer fees £
<b>Cost</b>	
At 1 July 2013	15,027,177
Additions	2,191,583
Disposals	(7,579,782)
At 30 June 2014	9,638,978
<b>Amortisation</b>	
At 1 July 2013	6,572,489
Charge for the year	4,169,559
Disposals	(5,426,315)
At 30 June 2014	5,315,733
<b>Net book value</b>	
At 30 June 2014	4,323,245
At 30 June 2013	8,454,688

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

9.	Tangible fixed assets	Freehold land and buildings	Fixtures, fittings and equipment	Total
		£	£	£
	<b>Cost</b>			
	At 1 July 2013	45,899,086	1,083,038	46,982,124
	Additions	870,920	42,905	913,825
	Disposals	(1,020,308)	(75)	(1,020,383)
	At 30 June 2014	45,749,698	1,125,868	46,875,566
	<b>Depreciation</b>			
	At 1 July 2013	14,717,695	524,572	15,242,267
	Provided in year	1,556,661	188,997	1,745,658
	Disposals	(115,314)	-	(115,314)
	At 30 June 2014	16,159,042	713,569	16,872,611
	<b>Net book value</b>			
	At 30 June 2014	29,590,656	412,299	30,002,955
	At 30 June 2013	31,181,391	558,466	31,739,857

Assets held under finance lease and hire purchase contracts during the year have an original cost of £321,423 (2013: £321,423) and have a net book value of £163,024 (2013: £227,309). Depreciation charged for the year was £64,285 (2013: £56,437).

Included in freehold land and buildings are the total costs capitalised to date of £1,361,443 (2013: £1,337,561) for the stadium extension project. These have not been depreciated as the project is still active but not yet completed.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 10. Fixed asset investments

	2014	2013
	£	£
Shares in group undertakings	2	1

In September 2013 the company formed RFC Bearwood Limited and in June 2014 the company formed Reading Women's Football Club Limited. Both companies are wholly owned subsidiaries incorporated in England and Wales.

The company also has a controlling interest in Reading FC Community Trust. Individual accounts for Reading FC Community Trust can be found on the Charity Commission website.

The aggregate amount of capital and reserves and the results of the undertakings owned at 30 June 2014 are as follows:

	Country of Incorporation	Nature of Business	Capital & Reserves £	Profit/(loss) For the year £
Reading FC Community Trust	United Kingdom	Community Trust	193,034	88,230
RFC Bearwood Limited	United Kingdom	Property holding	1	-
Reading Women's Football Club Limited	United Kingdom	Football club	(112,115)	(112,116)

### 11. Stocks

	2014	2013
	£	£
Goods for resale	266,889	144,086

### 12. Debtors

	2014	2013
	£	£
Trade debtors	530,753	961,277
Transfer fees receivable	1,788,083	351,321
Amounts owed by group undertakings	1,065,471	3,704
Amounts owed by associated undertakings	13,192	30,711
Other debtors	46,309	27,936
Prepayments and accrued income	1,130,954	1,220,562
	4,574,762	2,595,511



# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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

	2014	2013
	£	£
Bank loan and overdraft	896,847	4,501,194
Obligations under finance lease and hire purchase contracts	48,877	91,124
Trade creditors	1,567,240	1,996,739
Players' registration costs	734,744	2,812,996
Other creditors	219,096	222,374
Other taxes and social security costs	2,649,575	3,569,511
Other loans	46,883,182	5,089,933
Accruals	2,091,644	2,876,094
Accrued players' registration costs	316,397	605,708
Deferred income	3,827,554	4,326,786
	<u>59,235,156</u>	<u>26,092,459</u>
Debt due within one year or less	<u>47,828,906</u>	<u>9,682,251</u>

The bank loan and overdraft is secured by a first legal charge on the company's assets.

Security has also been provided in respect of the other loans noted above.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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

	2014	2013
	£	£
Amounts owed to group undertakings	-	19,322,462
Amounts owed to associated undertakings	-	9,745,264
Other loans	-	46,628
Obligations under finance leases and hire purchase contracts	14,146	65,596
Accrued players' registration costs	379,358	530,916
	<u>393,504</u>	<u>29,710,866</u>

### Obligations under finance lease and hire purchase contracts

	2014	2013
	£	£
Amounts payable within one year	48,877	91,124
Amounts payable in the second to fifth years	14,146	65,596
	<u>63,023</u>	<u>156,720</u>
Included in current liabilities	(48,877)	(91,124)
	<u>14,146</u>	<u>65,596</u>

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 15. Deferred contributions

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

Additionally the Club 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.

### 16. Share capital

	2014	2013
	£	£
<b>Allotted, called up and fully paid:</b>		
1,500,000 ordinary shares of 50p each	750,000	750,000

### 17. Reserves

	Profit and loss account	Share premium
	£	£
At 1 July 2013	(30,498,073)	6,525,000
Loss for the year	(7,291,469)	-
At 30 June 2014	(37,789,542)	6,525,000

### 18. Reconciliation of movements in shareholders' funds

	2014	2013
Loss for the financial year	(7,291,469)	(2,338,832)
Opening shareholders' funds	(23,223,073)	(20,884,241)
Closing shareholders' funds	(30,514,542)	(23,223,073)

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 19. Financial commitments

At 30 June 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2014:

	2014	2013
	£	£
<b>Land and buildings</b>		
Operating leases expiring after five years	18,000	18,000
	<u>          </u>	<u>          </u>
<b>Other</b>		
Operating leases expiring within one year	25,851	36,037
Operating leases expiring in two to five years	123,873	152,161
Operating leases expiring after five years	-	-
	<u>149,724</u>	<u>188,198</u>

### 20. 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 un-provided liability which may arise in respect of this at 30 June 2014 is £2,506,560 (2013: £4,140,394). 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 has provided a guarantee to one of its subsidiaries in respect of the potential purchase of land. The subsidiary company has entered into an agreement to purchase the land for £4,500,000, contingent upon suitable planning permission being granted.

# THE READING FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

### 21. Pension costs

#### Defined benefit scheme

The company contributes into the Football League Limited Pension and Life Assurance Scheme (Defined Benefit section) in respect of the club's share of the scheme's deficit in respect of certain ex-employees (see note 21). The assets of the scheme are held separately from those of the company in independently administered 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.

	2014	2013
	£	£
Defined benefit scheme	28,684	7,482
Defined contribution scheme	239,864	275,058
	<u>268,548</u>	<u>282,540</u>

### 22. Pension Commitments

Certain of the company's ex-employees are members of The Football League Pension and Life Assurance Scheme, a defined benefit scheme. The company is one of a number of participating employers in the scheme. The assets of the scheme are held separately from those of the company. Under the provisions of FRS 17 the scheme is accounted for as a defined contribution scheme. The latest actuarial valuation of the scheme reported that there was a deficit of £22.9m as at 31 August 2013. The Reading Football Club Limited's share of the deficit at 31 August 2013 was £19,716. This is being repaid by increased contributions in the years to 2022. 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.

## THE READING FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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#### 23. Related party transactions

##### **Transactions with Thames Sport Investment Limited (TSI)**

During the year the company paid management fees to TSI of £235,000 (2013 £300,000).

TSI had previously provided loans to the company of £19,322,462. During the year, £1,004,546 was repaid to TSI and the balance of £18,317,916 was assigned to The Reading Football Club (Holdings) Plc.

##### **Transactions with The Reading Football Club (Holdings) Plc (RFC Holdings)**

RFC Holdings had previously provided loans to the company of £9,745,264. During the year, RFC Holdings provided additional loans of £1,620,001. As at 30 June 2014 the total amount owing to RFC Holdings of £29,683,181 had been assigned to a third party lender.

##### **Other related party transactions**

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

Sir John Madejski and Mr Ian Wood-Smith are directors of Madejski Stadium Hotel Limited. During the year the company made sales to and purchases from Madejski Stadium Hotel Limited of £54,972 (2013: £106,989) and £94,405 (2013: £147,544) respectively. Included in trade debtors is an amount owed from Madejski Stadium Hotel Limited of £13,192 (2013: £30,711). Included in trade creditors is an amount of £4,302 (2013: £20,349) owed to Madejski Stadium Hotel Limited. All transactions were on normal commercial terms.

The company was invoiced £319,559 (2013: £142,548) for legal advice and management fees by Field Seymour Parkes, a firm of Solicitors in which Mr Ian Wood-Smith is a partner. Included in trade creditors at 30 June 2014 is an amount payable of £48,194 (2013: £nil) to Field Seymour Parkes. In addition, the company made sales of £1,760 (2013: £400) to Field Seymour Parkes. All transactions were on normal commercial terms.

Sir John Madejski is a director of Reading Broadcasting Company Limited. During the year, the company made sales on normal commercial terms of £9,062 (2013: £11,475) to Reading Broadcasting Company Limited. Included in trade debtors at 30 June 2014 is an amount repayable of £71 (2013: owing of £1,794).

## THE READING FOOTBALL CLUB LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

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**24. Post balance sheet events**

Since the year end, the company has acquired players' registrations at a cost of £1,350,000 (2013: £1,987,326). The company has also sold players' registrations for proceeds of £5,500,000 (2013: £3,500,000).

**25. Control**

The ultimate parent company at 30 June 2014 was The Reading Football Club (Holdings) Plc, a company registered in England and Wales.

The majority shareholder of The Reading Football Club (Holdings) Plc and therefore the ultimate controlling party at 30 June 2014 was Sir John Madejski.

Subsequent to the end of the company's financial year, The Reading Football Club (Holdings) Plc has sold its entire shareholding in The Reading Football Club Limited.