

Company Registration No. 53703

**THE READING FOOTBALL
CLUB LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

30TH JUNE 2003



THE READING FOOTBALL CLUB LIMITED

C O N T E N T S

	Page
Officers and professional advisers	1
Directors' report	2 and 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7 to 17

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 2003

The Directors present herewith the audited accounts of the Company for the year ended 30th June 2003.

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 accounts.

Dividends

The Directors do not recommend payment of a dividend for the year ended 30th June 2003.

Directors

The Directors of the Company at 30th June 2003 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 2003 in the shares of the Company, were as follows:

	Ordinary Shares of 50p each	
	30 th June 2003	30 th June 2002
John Madejski OBE, DL	-	-
Ian Wood-Smith	-	-

In addition, at 30th June 2003 John Madejski OBE,DL and Ian Wood-Smith held 4,399,697 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 accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

THE READING FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2003

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

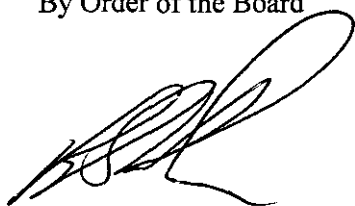
The company recognises the importance of good employee relations and communications. Employees are regularly kept informed of and express their views on activities which are of concern to them or which are likely to affect their interests.

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

18 November 2003

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 2003. 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

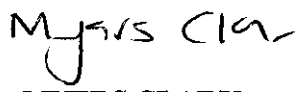
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2003 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

19 November 2003

THE READING FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2003

	Notes	Operations excluding player trading £	Player trading £	2003 Total £	2002 Total £
Turnover	2	10,187,359	-	10,187,359	8,367,598
Operating expenses	3	(11,307,130)	(1,036,660)	(12,343,790)	(11,944,178)
Other operating income		732,470	-	732,470	706,207
		<hr/>	<hr/>	<hr/>	<hr/>
Operating loss		(387,301)	(1,036,660)	(1,423,961)	(2,870,373)
Profit / (loss) on disposal of players' registrations		-	(13,333)	(13,333)	11,364
		<hr/>	<hr/>	<hr/>	<hr/>
Loss before interest and taxation		(387,301)	(1,049,993)	(1,437,294)	(2,859,009)
		<hr/>	<hr/>		
Interest receivable				685	2,380
Interest payable and similar charges	4			(395,176)	(320,450)
				<hr/>	<hr/>
Loss on ordinary activities before taxation	5			(1,831,785)	(3,177,079)
Taxation	7			-	-
				<hr/>	<hr/>
Loss for the financial year				<u>(1,831,785)</u>	<u>(3,177,079)</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 accounts.

THE READING FOOTBALL CLUB LIMITED


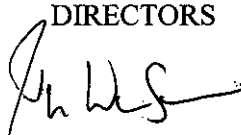
BALANCE SHEET AS AT 30TH JUNE 2003

	Notes	2003 £	2002 £
Fixed assets			
Intangible assets	8	1,325,826	1,841,282
Tangible assets	9	29,490,304	29,027,033
Investments	10	2	2
		<u>30,816,132</u>	<u>30,868,317</u>
Current assets			
Stocks	11	170,028	98,817
Debtors	12	5,682,664	5,417,363
Cash at bank and in hand		2,940	3,300
		<u>5,855,632</u>	<u>5,519,480</u>
Creditors: amounts falling due within one year	13	15,586,584	13,654,084
Net current liabilities		<u>(9,730,952)</u>	<u>(8,134,604)</u>
Total assets less current liabilities		<u>21,085,180</u>	<u>22,733,713</u>
Creditors: amounts falling due after one year	14	29,752,737	29,569,485
		<u>(8,667,557)</u>	<u>(6,835,772)</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	(15,942,557)	(14,110,772)
Equity shareholders' funds	17	<u>(8,667,557)</u>	<u>(6,835,772)</u>

These accounts were approved by the Board on 18 November 2003

JOHN MADEJSKI OBE, DL

IAN WOOD-SMITH

) 
)
) DIRECTORS
) 
)

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

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2003

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 accounts 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 accounts of The Reading Football Club (Holdings) Plc. Copies of these accounts 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 2003

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

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

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:

	2003	2002
	£	£
Broadcasting and internet income	863,288	1,182,813
Match day income	5,044,863	3,655,162
Commercial income	3,439,652	2,773,594
Commission from rugby matches	612,111	580,563
Other income	227,445	175,466
	<u>10,187,359</u>	<u>8,367,598</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

3. Operating expenses

	2003		2002	
	£	£	£	£
Staff costs (Note 6)		7,049,863		6,504,494
Depreciation	921,285		859,134	
Amortisation of players registrations	1,036,660		992,417	
Depreciation and other amounts written off tangible and intangible fixed assets		1,957,945		1,851,551
Other operating charges		3,335,982		3,588,133
Operating expenses		12,343,790		11,944,178

4. Interest payable and similar charges

	2003	2002
	£	£
Bank loans and overdrafts wholly repayable within five years	210,719	199,653
Other loans repayable	122,358	94,633
Charges on finance leases and hire purchase contracts	25,435	25,462
Other interest	36,664	702
	395,176	320,450

5. Loss on ordinary activities before taxation

	2003	2002
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit	11,500	10,500
- non-audit	10,800	5,600
Directors' emoluments (note 6)	-	-
Operating lease rentals	62,421	50,373
Depreciation	921,285	859,134
Amortisation of intangible fixed assets	1,036,660	992,417
Loss on disposal of tangible fixed assets	174	-
Loss / (profit) on disposal of intangible fixed assets	13,333	(11,364)

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

6. Staff numbers and costs

	2003 Number	2002 Number
The average number of persons employed by the company, including Directors, was as follows:		
Players	29	29
Football management and coaching staff	52	42
Administrative staff	57	57
Staff employed under government training schemes	21	20
Matchday staff	149	171
	<u>308</u>	<u>319</u>
	£	£
The aggregate payroll costs of these persons were as follows:		
Gross wages and salaries	6,352,065	5,858,760
Social security costs	667,390	621,115
Pension costs	30,408	24,619
	<u>7,049,863</u>	<u>6,504,494</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 2003

8. Intangible fixed assets

	Players' transfer fees £
Cost	
At 1 st July 2002	4,350,100
Additions	534,537
Disposals	(1,013,000)
At 30 th June 2003	3,871,637
Amortisation	
At 1 st July 2002	2,508,818
Charge for the year	1,036,660
Disposals	(999,667)
At 30 th June 2003	2,545,811
Net Book Value	
At 30 th June 2003	1,325,826
At 30 th June 2002	1,841,282

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

9. Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
At 1 st July 2002	30,756,171	1,262,904	33,320	32,052,395
Additions	1,352,028	32,702	-	1,384,730
Disposals	-	-	(7,995)	(7,995)
At 30 th June 2003	32,108,199	1,295,606	25,325	33,429,130
Depreciation				
At 1 st July 2002	2,217,178	781,843	26,341	3,025,362
Provided in year	663,049	256,523	1,713	921,285
Disposals	-	-	(7,821)	(7,821)
At 30 th June 2003	2,880,227	1,038,366	20,233	3,938,826
Net book value				
At 30 th June 2003	29,227,972	257,240	5,092	29,490,304
At 30 th June 2002	28,538,993	481,061	6,979	29,027,033

Assets held under finance lease and hire purchase contracts at 30th June 2003 originally cost £338,874 (2002: £344,774) and have a net book value of £13,334 (2002: £81,969). Depreciation charged for the year was £67,775 (2002: £68,955).

10. Fixed asset investments

	2003 £	2002 £
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

	2003 £	2002 £
Goods for resale	170,028	98,817

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

12. Debtors

	2003	2002
	£	£
Trade debtors	977,895	631,317
Amounts owed by group undertakings	4,047,492	4,001,795
Other debtors	62,379	80,801
Prepayments and accrued income	594,898	703,450
	<u>5,682,664</u>	<u>5,417,363</u>

13. Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loan and overdraft	6,039,842	4,166,908
Chairman's loan	4,346,684	3,933,896
Obligations under finance lease and hire purchase contracts	25,761	69,701
Trade creditors	737,757	1,041,866
Other creditors	308,116	773,948
Other taxes and social security costs	415,175	604,162
Accruals	999,664	756,594
Deferred income	2,713,585	2,307,009
	<u>15,586,584</u>	<u>13,654,084</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

	2003	2002
	£	£
Bank loan (see note below)	697,946	128,312
Amounts owed to group undertakings	14,606,699	14,606,699
Other creditors (see note below)	142,916	180,833
Obligations under finance leases and hire purchase contracts	2,405	28,251
Deferred contributions (see note below)	14,302,771	14,625,390
	<u>29,752,737</u>	<u>29,569,485</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

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

	2003	2002
	£	£
Amounts repayable between one and two years	95,459	40,000
Amounts repayable between two and five years	556,378	88,312
Amounts repayable after five years	46,109	-
	<u>697,946</u>	<u>128,312</u>
Amounts repayable within one year	95,459	40,000
	<u>793,405</u>	<u>168,312</u>

Other creditors

Included in other creditors is a loan from Scottish and Newcastle plc, original value of £350,000. The loan is repayable in equal monthly instalments over 10 years commencing September 1998. Interest is payable at 5.75% below base rate, or nil where base rate is below 5.75%. The loan is secured by a legal charge over the Madejski Stadium.

	2003	2002
	£	£
Amounts repayable between one and two years	35,000	35,000
Amounts repayable between two and five years	105,000	105,000
Amounts repayable after five years	2,916	40,833
	<u>142,916</u>	<u>180,833</u>
Amounts repayable within one year	35,000	35,000
	<u>177,916</u>	<u>215,833</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

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

Obligations under finance lease and hire purchase contracts

	2003	2002
	£	£
Amounts repayable between one and two years	2,405	28,251
Amounts repayable within one year	25,761	69,701
	<u>28,166</u>	<u>97,952</u>

15. Share capital

	2003	2002
	£	£
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 2002	(14,110,772)	6,525,000
Loss for the year	(1,831,785)	-
At 30 th June 2003	<u>(15,942,557)</u>	<u>6,525,000</u>

17. Reconciliation of movements in shareholders funds

	2003	2002
Loss for the financial year	(1,831,785)	(3,177,079)
Opening shareholders' funds	(6,835,772)	(3,658,693)
Closing shareholders' funds	<u>(8,667,557)</u>	<u>(6,835,772)</u>

THE READING FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30TH JUNE 2003

18. Commitments

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

	2003	2002
	£	£
Other		
Expiring within one year	8,545	11,121
Expiring in the second to fifth years	42,813	39,100
	<u>51,358</u>	<u>50,221</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 2003 is £482,500 (30th June 2002 - £560,000). 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.

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 accounts.

21. Capital Commitments

At 30th June 2003, the company had capital commitments, subject to planning permission being obtained, of £700,000 (2002: £919,000).

22. Transactions with directors

During the year, interest of £122,358 (2002 - £94,633) accrued on the loan from J. Madejski. Included in accruals is £765,071 (2002 £642,713) 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 2003

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:

	2003	2002
	£	£
General, legal and professional advice	20,937	12,858
	<u>20,937</u>	<u>12,858</u>

J. Madejski is a director of Reading Broadcasting Company Limited. During the year, the company made sales on normal commercial terms of £40,817 to Reading Broadcasting Company Limited. Included in trade debtors at 30 June 2003 is an amount owing of £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 £802,000.

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.