

**READING FOOTBALL
HOLDINGS LIMITED**

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2015

TUESDAY



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READING FOOTBALL HOLDINGS LIMITED

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READING FOOTBALL HOLDINGS LIMITED**OFFICERS AND PROFESSIONAL ADVISERS**

Directors

Mr Narin Niruttinanon
Mr Sumrith Thanakarnjanasuth
Mrs K.Y. Sasima Srivikorn
Mr Taweesuk Srisumrid
Mr Theekharoj Piamphongsarn
Sir John Madejski OBE, DL
Mr Ian Wood-Smith
Mr Nigel Howe

Company Secretary

Bryan Stabler

Registered Office

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

Auditors

Myers Clark,
Egale 1,
80 St Albans Road,
Watford,
Hertfordshire,
WD17 1DL

Principal Bankers

Barclays Bank plc,
4th Floor, Apex Plaza,
Forbury Road
Reading,
Berkshire,
RG1 4AX

Solicitors

Field Seymour Parkes,
1 London Street,
Reading,
Berkshire,
RG1 4QW

READING FOOTBALL HOLDINGS LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

The directors present their report on the affairs of Reading Football Holdings Limited ("the Company" or "the Group"), together with the financial statements for the period ended 30 June 2015.

Background

The Company was incorporated on 23 January 2015 as the new holding company of the Group. It acquired the entire share capital of The Reading Football Club Limited by way of a share for share exchange on 13 February 2015 and on 15 May 2015 acquired a 25% shareholding in RFC Prop Co Limited.

The Company's Board consists of eight directors (as detailed on page 1), being the two co-chairmen, the chief executive and five other executive and non-executive directors. Details of appointments and resignations where applicable during the year are set out in the Directors' Report.

The chief executive has responsibility, in close liaison with the directors, for the day to day running and long term operation of the Company and refers to the Board in regard to significant decisions affecting all aspects of the Group.

Financial review

The consolidated profit and loss account includes the results of The Reading Football Club Limited, and its subsidiaries, for the period since acquisition and 30 June 2015. As these are the first period's results then there are no comparative amounts. The loss for the period was £4,427,265.

The consolidated balance sheet includes the assets and liabilities of all subsidiaries at 30 June 2015. Goodwill arising on consolidation is £35m and the deficit in shareholders' funds was £3.7m.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's long term performance. These risks and uncertainties are monitored by the Board on a regular basis.

The majority of the Group's income and expenditure is generated by The Reading Football Club Limited ("the Club") as follows:

Income

The Club derives its income from three principal sources: gate receipts, television and commercial relationships.

All three sources of income are dependent on the performance of the first team and its appeal to football supporters. The performance of the first team is significantly influenced by the quality of the coaching staff and the players that the Club can attract in a highly competitive market both on the domestic and European levels.

Expenditure

In order to attract the talent which will continue to improve the performances of the first team the Club continually invests in the playing staff by way of both transfer and wages.

Regulatory environment

The Club is regulated by the rules of the FA, FAPL, UEFA and FIFA. These regulations have a direct impact of the Club as they cover areas such as the division of centrally negotiated television deals and the operation of the transfer market. The Club has staff whose roles include ensuring that the Club monitors the evolution of the rules and ensures compliance with them.

Funding

Funds are provided by the Club's owners. The Club reviews and updates its cash forecasts on a regular basis and keeps the owners aware of financial commitments going forwards.

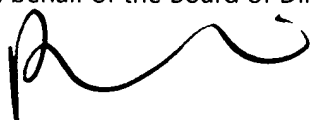
READING FOOTBALL HOLDINGS LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

Future developments

The Company's owners continue to strive for Reading Football Club's promotion to the Premier League and invest in property development projects, without jeopardising the Group's financial position.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to be 'J Madejski', written over a horizontal line.

Sir John Madejski OBE DL
Co-Chairman

5 February 2016

READING FOOTBALL HOLDINGS LIMITED**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015****Principal activities**

The principal activity of the Company is that of a holding company. The Company is the parent company of The Reading Football Club Limited and its subsidiaries, Reading FC Community Trust, Reading Women's Football Club Limited and RFC Bearwood Limited. The Company also has a direct holding of 25% in RFC Prop Co Limited and its subsidiaries, RFC (CP) 1 Limited and RFC (CP) 2 Limited, with the other 75% held by The Reading Football Club Limited.

The principal activity of The Reading Football Club Limited is that of a professional Football League Club and the provision of sports and event venue and conference facilities.

The objects of Reading FC Community Trust are to assist in advancing education, to promote or assist in promoting community participation in healthy recreation, to provide or assist in the provision of facilities for recreation, to provide or assist in the interest of social welfare and with the object of improving the conditions of life for those whom the facilities are provided, to relieve sickness and disability and to preserve and protect health, and to promote any other purpose which is charitable according to English Law.

The principal activity of Reading Women's Football Club Limited is that of a Women's Super League Club.

The principal activity of RFC Bearwood Limited and RFC Prop Co Limited is the purchase and development of land, while RFC (CP) 1 Limited and RFC (CP) 2 Limited are both dormant.

Business review

The Group reported a loss before tax for the period of £4,427,265 and this resulted in a deficit in shareholders' funds carried forward at 30 June 2015 of £3,677,265.

Directors

The directors of the Company at 30 June 2015 and who have served throughout the period were as follows:

Mr Narin Niruttinanon	(appointed 13 February 2015)
Mr Sumrith Thanakarnjanasuth	(appointed 13 February 2015)
Mrs K.Y. Sasima Srivikorn	(appointed 13 February 2015)
Mr Taweasuk Srisumrid	(appointed 23 January 2015)
Mr Theekharoj Piamphongsarn	(appointed 13 February 2015)
Sir John Madejski OBE, DL	(appointed 13 February 2015)
Mr Ian Wood-Smith	(appointed 13 February 2015)
Mr Nigel Howe	(appointed 23 January 2015)

Creditor payment policy

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

READING FOOTBALL HOLDINGS LIMITED**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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.

Auditors

In accordance with the Company's articles, a resolution proposing that Myers Clark be reappointed as auditors of the Company will be put at a General Meeting.

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.

Signed on behalf of the Board of Directors



Sir John Madejski OBE DL
Co-Chairman

5 February 2016

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

We have audited the financial statements of Reading Football Holdings Limited for the period ended 30 June 2015 set out on pages 8 to 27. 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 5, 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 group and the company's affairs as at 30 June 2015 and of the group's loss for the period 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

READING FOOTBALL HOLDINGS LIMITED**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF READING FOOTBALL HOLDINGS LIMITED (continued)**

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**

5 February 2016

**Chartered Accountants
Statutory Auditor**

Egale 1
80 St Albans Road
Watford
Hertfordshire
WD17 1DL

READING FOOTBALL HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2015

	Notes	2015 £
Turnover	2	16,215,418
Operating expenses		(21,228,558)
Other operating income		134,425
Operating loss		<u>(4,878,715)</u>
Profit on disposal of players' registrations		-
Loss before interest and taxation		<u>(4,878,715)</u>
Amount received under a guarantee		898,332
Interest payable and similar charges	3	(446,882)
Loss on ordinary activities before taxation	4	<u>(4,427,265)</u>
Taxation	6	-
Loss for the financial year		<u><u>(4,427,265)</u></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 27 form part of these financial statements.

READING FOOTBALL HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2015

	Notes	£	2015 £
Fixed assets			
Intangible assets	7		38,956,922
Tangible assets	8		31,746,951
			<u>70,703,873</u>
Current assets			
Stocks	10	273,804	
Debtors	11	1,767,235	
Cash at bank and in hand		5,699,478	
		<u>7,740,517</u>	
Creditors: amounts falling due within one year	12	(71,512,905)	
		<u></u>	
Net current liabilities			(63,772,388)
Total assets less current liabilities			<u>6,931,485</u>
Creditors: amounts falling due after one year	13		(177,407)
Deferred contributions	14		(10,431,343)
			<u>(3,677,265)</u>
			=====
Capital and reserves			
Called up share capital	15		750,000
Profit and loss account	16		(4,427,265)
			<u>(3,677,265)</u>
Shareholders' funds	17		=====

Approved by the Board and authorised for issue on 5 February 2016


Sir John Madejski OBE, DL
Director

Nigel Howe
Director

The notes on pages 14 to 27 form part of these financial statements.

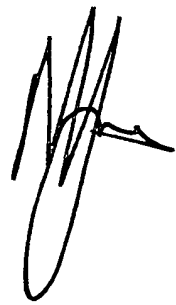
READING FOOTBALL HOLDINGS LIMITED

COMPANY BALANCE SHEET
AS AT 30 JUNE 2015

	Notes	£	2015 £
Fixed asset investments	9		4,500,000
Current assets			
Debtors	11	-	
Cash at bank and in hand		-	
Creditors: amounts falling due within one year	12	(3,750,000)	
Net current liabilities			(3,750,000)
			750,000
			=====
Capital and reserves			
Called up share capital	15		750,000
Profit and loss account	16		-
Shareholders' funds	17		750,000
			=====

Approved by the Board and authorised for issue on 5 February 2016


Sir John Madejski OBE, DL
Director


Nigel Howe
Director

Company Registration No. 09402921

The notes on pages 14 to 27 form part of these financial statements.

READING FOOTBALL HOLDINGS LIMITED

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015**

	Notes	2015 £
Net cash outflow from operating activities	1	(1,467,980)
Amount received under a guarantee		898,332
Taxation		-
Returns on investments and servicing of finance		-
Capital expenditure	2	(2,683,057)
Acquisitions and disposals	4	-
Net cash outflows before management of liquid resources and financing		(3,252,705)
Financing	2	7,870,422
Increase in cash		4,617,717 =====

RECONCILIATION OF NET CASHFLOW MOVEMENT TO MOVEMENT IN NET DEBT

	Notes	2015 £
Increase in cash for the year		4,617,717
Increase in other loans		(7,870,422)
Net capital repayments/(advances) under finance leases		-
		<u>(7,870,422)</u>
Change in net debt resulting from cash flows		(3,252,705)
Debt acquired with subsidiary		(51,093,107)
Change in net debt		(54,345,812)
Net debt at incorporation	3	-
Net debt at 30 June 2015	3	(54,345,812) =====

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

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015**1. Reconciliation of operating loss to net cash outflow from operating activities**

	2015
	£
Operating loss	(4,878,715)
Depreciation charges	379,908
Decrease in stocks	159,188
Increase in debtors	(240,417)
Increase in creditors	869,962
Amortisation of intangible fixed assets	2,242,094
Net cash outflow from operating activities	(1,467,980)
	=====

2. Gross cash flows

	2015
	£
Returns on investments and servicing of finance	-
	=====
Capital expenditure	
Payments to acquire intangible fixed assets	(965,108)
Payments to acquire tangible fixed assets	(1,717,949)
Receipts from sales of intangible fixed assets	-
	(2,683,057)
	=====
Financing	
Increase in other loans	7,870,422
Net capital advances/(repayments) under finance leases	-
	7,870,422
	=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

3. Analysis of changes in net debt

	At incorporation	Acquisition	Cash Flow	At 30 June 2015
	£	£	£	£
Cash at bank and in hand	-	1,581,761	4,117,717	5,699,478
Overdrafts	-	(500,000)	500,000	-
	-	1,081,761	4,617,717	5,699,478
Other loans	-	(52,032,907)	(7,870,422)	(59,903,329)
Finance leases	-	(141,961)	-	(141,961)
Total	-	(51,093,107)	(3,252,705)	(54,345,812)
	=====	=====	=====	=====

4. Acquisition of subsidiary

	2015 £
Net assets and (liabilities) acquired:	
Tangible fixed assets	30,408,910
Intangible fixed assets	4,122,218
Stock	432,992
Debtors	1,526,8118
Cash at bank	1,581,761
Bank overdraft	(500,000)
Creditors	(20,759,521)
Hire purchase	(141,961)
Other loans	(52,032,907)
	(35,361,690)
Share for share exchange	750,000
Goodwill	36,111,690
	-
	=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015**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 group 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 it is not their intention to withdraw their support in the foreseeable future and will not seek repayment of their loans unless the group's cashflow permits repayment to be made without jeopardising the group's financial position.

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 with regard to the Reading FC Community Trust whose financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) for Accounting and Reporting by Charities.

1.3 Group accounts

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2015. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation. A separate profit and loss account dealing with the results of the company only is not presented, as the exemption conferred by Section 408 Companies Act 2006 applies.

1.4 Intangible assets**Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable assets of subsidiary undertakings acquired. Goodwill arising on acquisition is capitalised as an intangible asset and amortised over its expected useful life of 20 years.

Players' registration costs

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 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Fixtures, fittings and equipment – over 5 years

Indoor training centre – over 10 years

Freehold buildings – over 50 years

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

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 group provides against merchandise that relates to previous football seasons.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)**1. Accounting policies (continued)****1.7 Turnover**

Turnover, which excludes value added tax, represents receipts and all other income associated with the group's principal activities.

Football activities

Turnover excludes 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. The 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 group'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. 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 group into a defined contribution pension for current employees. They also include contributions paid into the Football League Limited Pension and Life Assurance Scheme (Defined Benefit Section) in respect of the group's share of the scheme's deficit arising from ex-employees of the football club.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

2. Segmental information

	Turnover	Profit/(loss)
	2015	2015
	£	£
Central group costs	-	-
Football activities	15,763,427	(4,054,366)
Community Trust	431,946	4,874
Women's football	20,045	(76,895)
Amortisation of goodwill arising on consolidation		(752,327)
Operating loss		(4,878,715)
Amount received under a guarantee		898,332
Interest payable and similar charges		(446,882)
	<u>16,215,418</u>	<u>(4,427,265)</u>
	=====	=====

All turnover arises in the United Kingdom and excludes value added tax.

The net assets/(liabilities) of the different segments were:

- Football club £(27,925,988)
- Community Trust £186,025
- Women's football £(296,664)
- Property development £15,000,004

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

3. Interest payable and similar charges

	2015
	£
Bank loans and overdrafts	-
Other loans	446,882
Charges on finance leases and hire purchase contracts	-
	<u>446,882</u>
	=====

4. Loss on ordinary activities before taxation

	2015
	£
Loss on ordinary activities before taxation is stated after charging / (crediting):	
Directors' emoluments (note 5)	243,996
Operating lease rentals	67,061
Depreciation (note 8)	379,908
Amortisation of intangible fixed assets (note 7)	2,242,094
Profit on disposal of intangible fixed assets	-
	<u>2,933,059</u>
	=====

Auditors' remuneration

Fees payable to the group's auditor for the audit of the group and subsidiaries annual accounts	14,167
Fees payable to the group's auditor for accounting and taxation services	2,917
	<u>17,083</u>
	=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

5. Staff numbers and costs

2015
Number

The average number of persons employed by the group, including directors, was as follows:

Players	56
Football management and coaching staff	150
Administrative staff	88
Staff employed under government training schemes	20
Matchday staff	305
	619
	=====

The aggregate payroll costs of these persons for the period they were employed by the group were as follows:

2015

£

Gross wages and salaries	12,646,990
Social security costs	1,475,154
Pension costs	71,571
	14,193,716
	=====

Directors' remuneration (including pension contributions) 243,996
=====

Emoluments of the highest paid director (including pension contributions) was: 172,500
=====

The number of directors for whom retirement benefits are accruing under defined contribution schemes was 1.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

6. Taxation

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

	2015
	£
Current tax charge	
Adjustment for prior years	-
	=====
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(4,427,265)
	=====
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2013: 24%)	(929,726)

Effects of:	
Non-deductible expenses	-
Depreciation	79,781
Amortisation of intangible fixed assets	470,840
Non-taxable income	(28,229)
Tax losses	407,334

	929,726

Current tax charge	-
	=====

At 30 June 2015, a subsidiary company had tax losses carried forward of approximately £35m.

Deferred tax

A deferred tax asset has not been recognised in respect of the net timing differences relating to tax trading losses indicated above as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is approximately £7.3m. The asset would be recovered if sufficient taxable trading profits arose in the future.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)7. Intangible fixed assets
Group

	Goodwill £	Players' registration costs £	Total £
Cost			
At 1 July 2014	-	-	-
Acquisition of subsidiary	-	8,630,079	8,630,079
Additions	36,111,690	965,108	37,076,798
Disposals	-	-	-
At 30 June 2015	<u>36,111,690</u>	<u>9,595,187</u>	<u>45,706,877</u>
Amortisation			
At 1 July 2014	-	-	-
Acquisition of subsidiary	-	4,507,861	4,507,861
Charge for the period	752,327	1,489,767	2,242,094
Disposals	-	-	-
At 30 June 2015	<u>752,327</u>	<u>5,997,628</u>	<u>6,749,955</u>
Net book value			
At 30 June 2015	<u>35,359,363</u>	<u>3,597,559</u>	<u>38,956,922</u>

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)8. Tangible fixed assets
Group

	Freehold land and buildings £	Fixtures, Fittings and equipment £	Total £
Cost			
At 1 July 2014	-	-	-
Acquisition of subsidiary	45,959,465	1,160,536	47,120,001
Additions	1,580,767	137,182	1,717,949
Disposals	-	-	-
At 30 June 2015	47,540,232	1,297,718	48,837,950
Depreciation			
At 1 July 2014	-	-	-
Acquisition of subsidiary	15,908,992	802,099	16,711,091
Charge for the period	316,672	63,236	379,908
Disposals	-	-	-
At 30 June 2015	16,225,664	865,335	17,090,999
Net book value			
At 30 June 2015	31,314,568	432,383	31,746,951
	=====	=====	=====

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

Also included in freehold land and buildings are costs of £1,888,429 relating to the acquisition and development of land. The costs incurred to date on this project relate mainly to professional fees. The project is ongoing and consequently no depreciation has been provided.

Also included in freehold land and buildings are costs of £4,662,924 relating to land and related professional fees which is held for investment purposes by a subsidiary company.

The net book value of tangible fixed assets includes £241,897 in respect of assets held under hire purchase contracts. The depreciation charge in respect of such assets amounted to £27,782.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)9. Fixed asset investments
Company

2015

£

Shares in group undertakings

4,500,000

=====

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held
			%
The Reading Football Club Limited	England & Wales	Ordinary	100
Reading Women's Football Club Limited	England & Wales	Ordinary	100
Reading FC Community Trust	England & Wales	Ordinary	100
RFC Bearwood Limited	England & Wales	Ordinary	100
RFC Prop Co Limited	England & Wales	Ordinary	25
RFC (CP) 1 Limited	England & Wales	Ordinary	25
RFC (CP) 2 Limited	England & Wales	Ordinary	25

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

Company	Principal activity	Capital and reserves 2015 £	Profit/(loss) for the year 2015 £
The Reading Football Club Limited	Professional football club	(27,925,988)	2,588,554
Reading Women's Football Club Limited	Professional Football club	(296,664)	(184,549)
Reading FC Community Trust	Community trust	186,025	11,697
RFC Bearwood Limited	Property investment	1	-
RFC Prop Co Limited	Property investment	15,000,000	-
RFC (CP) 1 Limited	Dormant	-	-
RFC (CP) 2 Limited	Dormant	-	-

10. Stocks

Group

2015

£

Goods for resale

273,804

=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)**11. Debtors**

	Group 2015 £	Company 2015 £
Trade debtors	852,782	-
Other debtors	75,856	-
Prepayments and accrued income	838,597	-
	<u>1,767,235</u>	<u> </u>
	=====	=====

12. Creditors: amounts falling due within one year

	Group 2015 £	Company 2015 £
Bank loans and overdraft	-	-
Obligations under finance lease and hire purchase contracts	62,873	-
Trade creditors	1,965,959	-
Other creditors	1,133,519	-
Other taxes and social security costs	1,574,590	-
Other loans	59,903,329	3,750,000
Accruals	787,078	-
Deferred income	6,085,557	-
	<u>71,512,905</u>	<u>3,750,000</u>
	=====	=====
Debt due in one year or less:	<u>59,966,202</u>	<u>3,750,000</u>
	=====	=====

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

13. Creditors: amounts falling due after one year

	Group 2015 £
Obligations under finance leases and hire purchase contracts (see note below)	79,088
Accruals	98,319
	<u>177,407</u>
	=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

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

	Group
	2015
	£
Obligations under finance lease and hire purchase contracts	
Amounts repayable within one year	62,873
Amounts repayable in the second to fifth years	79,088
	141,961
Included in current liabilities	(62,873)
	79,088
	=====

14. Deferred contributions

Pursuant to an agreement between The Reading Football Club Limited ("RFC"), Salmon Harvester Properties Limited ("SHP") and Reading Borough Council dated 4 March 1997 (as subsequently amended), RFC became entitled to contributions from SHP towards the capital cost of the stadium. Additionally RFC has received contributions from the Football Trust. The deferred contributions are released to the profit and loss account over the stadium's expected useful life of 50 years, in accordance with the depreciation policy for the asset.

15. Share capital

	2015
	£
Allotted, called up and fully paid	
1,500,000 ordinary shares of 50p each	750,000
	=====

During the period the company issued 1,500,000 shares at par.

16. Profit and loss account

	Group	Company
	£	£
At incorporation	-	-
Loss for the period	(4,427,265)	-
At 30 June 2015	(4,427,265)	-
	=====	=====

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2015 (continued)

17. Reconciliation of movements in shareholders' funds

	Group 2015	Company 2015
Loss for the financial year	(4,427,265)	-
Issue of shares	750,000	750,000
Closing shareholders' funds	<u>(3,677,265)</u> =====	<u>750,000</u> =====

18. Financial commitments – Group

At 30 June 2015 the group was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2016:

	Land and buildings 2015 £	Other 2015 £
Expiring within one year	-	-
Expiring in two to five years	-	28,559
Expiring after five years	18,000	121,161
	<u>=====</u>	<u>=====</u>

19. Contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations, future payments may be due by The Reading Football Club Limited 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 2015 is £7,276,700. 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 group has entered into an agreement to purchase land, contingent upon suitable planning permission. Subsequent to the end of the accounting period, planning permission was granted and the land was purchased for £4,500,000.

READING FOOTBALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)

20. Pension costs

Defined benefit scheme

The group 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 24). The assets of the scheme are held separately from those of the group in independently administered funds.

Defined contribution scheme

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

	2015	2014
	£	£
Defined benefit scheme	3,415	9,561
Defined contribution scheme	68,156	100,198
	<u>71,571</u>	<u>109,759</u>
	=====	=====

21. Pension Commitments

Certain ex-employees of The Reading Football Club Limited are members of The Football League Pension and Life Assurance Scheme, a defined benefit scheme. The Club is one of a number of participating employers in the scheme. The assets of the scheme are held separately from those of the Club. 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 £21.8m as at 31 August 2014. The Reading Football Club Limited's share of the deficit at 31 August 2014 was £36,066. This is being repaid by increased contributions in the years to 2021. 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. Related party transactions

Shareholder loans

Included in creditors are loans from the shareholders totalling £49,036,181 of which £45,286,181 has been loaned to The Reading Football Club Limited and £3,750,000 to Reading Football Holdings Limited.

The loans have been made by companies which are controlled by the following directors of Reading Football Holdings Limited:

- Mr Narin Niruttinanon £24,468,091
- Mr Sumrith Thanakarnjanasuth £12,084,045
- Mrs K.Y. Sasima Srivikorn £12,484,045

There are no fixed terms for repayment of the loans. Of the total loans outstanding, £10,703,000 is secured over assets of The Reading Football Club Limited.

Related party transactions

The group was invoiced £273,654 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 2015 is an amount payable of £8,448 due to Field Seymour Parkes. All transactions were on normal commercial terms.

READING FOOTBALL HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

23. Post balance sheet events

Since the year end, The Reading Football Club Limited has acquired players' registrations at a cost of £900,000 and sold players' registrations for proceeds of £4,000,000.

Since the year end, The Reading Football Club Limited has converted part of its shareholder debt to equity in order to comply with the Financial Fair Play Regulations.

24. Control

There is no individual controlling party.