

In response to growing fan unrest about the status of Reading FC's finances, STAR were granted access to the club's accounts in a meeting with Graham Odell (CFO) and Tim Kilpatrick (Head of Commercial).

Attending from STAR was Sarah Turner as chair and Vicki Elliott, a qualified chartered accountant and treasurer of the STAR board. Below is a full summary of the information shared;

2022/23 accounts - why were they not filed?

Based on interactions with our members and the wider fanbase, this was the single most important issue for us to understand.

The good news is that we saw zero evidence of conspiracy or nefarious behaviour. There is no evidence of Mr Dai moving money out of the club (and never has been) and he does not draw a salary.

The club accounts were filed late due to issues with the documentation needed to be provided relating to the club being a 'going concern'. Although the accounts are a difficult read, you will see the work that has gone in to reducing club losses and operate sustainably under horrific pressure.

How is the club continuing to operate?

For far too long, the club's business model was over-reliant on owner funding. With that income no longer forthcoming, the club has been forced to enact a series of brutal cost-cutting measures to meet sustainability targets.

These measures have impacted everyone at the club - the staff, the players and the fans. There have been well-documented redundancies, overnight hotel stays for players are fleeting rather than the standard and remember the big screen in the fan zone? Despite the acknowledged benefit to pre-match atmosphere, the £2k a match cost was too much for the club to stomach.

There are countless other examples of the club cutting its costs in pursuit of sustainability, but the simple fact is this; every single aspect of the club is being run on the bare minimum resources required to be operational.

A deep dive on costs and additional headwinds.

A lot of these issues are symptoms of a club that has been operating under a disastrous financial model for a number of years, relegation and outside pressures have not helped.

Unsurprisingly for a football club, payroll and the related HMRC amount are the biggest operational costs - netting out on average* at around £1,000,000 a month. Considering how small our squad is and how many of our playing staff are fresh out of the academy, this gives you an indication of just how expensive it is to run a competitive football club.

*NOTE: This number varies due to factors such as win bonuses, appearance fees etc...perhaps we need to stop complaining about these draws we keep on getting?

On top of that, standing orders and direct debits total around £320,000 a month. The vast majority of these outgoings are the result of inflated energy costs and extortionate business rates.

Like every household in the country, Reading also experienced a cost-of-living crisis - our utilities bills are eye-watering. For the stadium and Bearwood alone they totalled £410,000 for the period ending in December, meaning they will total around £800k for the year. To give you a sense of the scale of increases, £124,000 of that £410,000 was in December alone.

The Bearwood business rates are another huge cost to absorb. As the rates are calculated on build cost (£45m in the case of Bearwood) rather than market value, it costs us around £1,000,000 purely in these business rates, not to mention general operating costs (groundworks/catering/utilities) - making it one of the most expensive training grounds in the country. The club are working on securing some relief on this matter, but for any Wokingham residents, please consider writing to your council to complain about this epic fleecing.

The importance of income

With costs like these, income is absolutely essential. Without player sales, our income up until the end of December was £4.9m. You therefore don't need to be a mathematician to work out that player sales have been vital to our club's survival. Most recently, the money received (so far) from the sale of Sam Smith ensured that the staff wages and HMRC were covered in February.

Reasons for optimism

Despite all of the above, Reading Football Club is still operating off-the-pitch and competing for a return to the championship on the pitch. Given everything working against us, this is genuinely remarkable and a huge testament to the hard work and undeniable ability of everyone associated with the club. We want to thank them for their

efforts and acknowledge the personal toll that working under these conditions has caused.

It is also worth highlighting that the club's current business operation includes the preservation of our academy and its CAT 1 status. Our survival is directly linked to its unrivalled productivity - both in terms of providing first team talent and transfer revenue - and we hope a bumper crowd makes every effort to roar on U18s in their upcoming cup final. We sincerely hope that any future owner preserves its status - there can be no clearer case study for return of investment than an academy that has kept its club afloat.

We hope this summary provides some much-needed transparency, but also some assurance that some of our worst fears regarding Mr Dai's behaviour are unfounded. Our future won't be secured until a change of ownership happens, but we are hopeful that happens soon and given what we've achieved in our darkest times, just think what we could achieve with motivated, passionate ownership.