

Registered number: 04440684

**ARENA COVENTRY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2019**



**ARENA COVENTRY LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	N J Eastwood J M Isaac
<b>Company secretary</b>	N J Eastwood
<b>Registered number</b>	04440684
<b>Registered office</b>	Ricoh Arena Judds Lane Coventry CV6 6AQ
<b>Independent auditors</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

## ARENA COVENTRY LIMITED

### CONTENTS

	Page
<b>Strategic Report</b>	1 – 3
<b>Directors' Report</b>	4 - 5
<b>Independent Auditor's Report</b>	6 – 8
<b>Statement of Comprehensive Income</b>	9
<b>Balance Sheet</b>	10
<b>Statement of Changes in Equity</b>	11
<b>Notes to the Financial Statements</b>	12 - 29

**ARENA COVENTRY LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Introduction**

The principal activity of the business is the management of the Ricoh Arena ("Arena") in Coventry. Arena Coventry Limited ("ACL") leases the arena from its subsidiary Arena Coventry (2006) Limited, which purchased the head lease in June 2006 from Coventry North Regeneration Limited, a subsidiary of Coventry City Council. The Company is a subsidiary of Wasps Holdings Limited (the "Group").

The capacity of the stadium is 32,600, and has over 20,000 sqm of flexible event space, including the 6,000 sqm Ericsson Exhibition Hall - hosting conferences and concerts. The Arena contains one of the UK's largest casinos and a 121-bedroom four-star DoubleTree by Hilton hotel onsite.

**Business Review**

Turnover increased to £10.8m (2018: £9.2m) and costs of sales and administration expenditure increased to £12.6m (2018: £10.9m) resulting in an operating loss before exceptional items of £1.8m (2018: £1.6m loss).

Following on from a busy 2018 schedule, key highlights, excluding Wasps Rugby and Coventry City Football, for the year included performances from The Spice Girls (supported by Jess Glynne) and Bon Jovi (supported by The Manic Street Preachers), a Monster Jam event and several indoor concerts hosting Catfish and the Bottlemen, Stepback and Sean Paul and in addition the EPCR Semi-final rugby union game between Saracens and Munster. Concerts and sport will continue to form a significant part of future growth plans, with the emphasis on stadium hire events. The combination of Wasps and the Ricoh Arena creates unique sponsorship and partnership synergies and continues to result in a number of new partnerships.

ACL has a long-term lease (234 years remaining) with Coventry City Council over the Ricoh Arena. Leases over other operational space include new rentals, multi-year renewals and new opportunities; this will combine for a better than anticipated rental yield. The property was valued in March 2019 at £51m by professional RICS valuers Gerald Eve LLP. The directors have reviewed this valuation and consider it to be reasonable. The next external valuation is due in 2021.

**Highlights**

- The Spice Girls and Bon Jovi concert bowl events held;
- Three indoor concerts held, hosting Catfish and the Bottlemen, Stepback and Sean Paul;
- EPCR rugby union Semi-final between Saracens and Munster;
- Installation in the stadium bowl of one of the largest LED screens in UK sport.

On the 14th July 2018, a long-term strategic partnership with global hospitality giants, Delaware North Companies (UK) Hospitality Services Limited was agreed. This arrangement ended the supply agreement with Compass Group UK Limited and as part of this termination Arena Coventry Limited purchased the 23 B shares held by the Compass Group in IEC Experience Limited.

In April 2019, the Supreme Court upheld the previous High Court decision to dismiss the challenge that Coventry City council's extension of ACL's lease on the Ricoh Arena in 2013 represented state aid.

**Going concern**

The Company is a subsidiary of Wasps Holdings Ltd and part of the Wasps Holdings Group.

The Group and Company are financed by a retail bond issued by Wasps Finance plc which contains financial covenants based on the financial performance of the Group.

The Wasps Holdings Group (the "Group") has net liabilities of £7.0m (2018: net liabilities of £0.2m) and made a profit after tax of £3.6m (2018: loss of £9.7m) in the current year and has net current liabilities of £5.3m (2018: net current liabilities of £12.9m).

**ARENA COVENTRY LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared medium term financial forecasts which show that the Group is dependent upon the financial support of its ultimate shareholder to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bond. The board of directors and ultimate shareholder are committed to making the group financially self-sustainable, including initiating a series of projects to increase both matchday and non-matchday revenues and manage costs accordingly.

The directors of the company have obtained a letter of support from the ultimate shareholder outlining a continued commitment to the Group and are satisfied that the existing ultimate shareholder support will continue to be forthcoming.

**Principal risks and uncertainties**

Closure of the Arena from unforeseen circumstances:

- Impact: Reduced revenue from events at the Arena.
- Mitigation: Insurance to cover lost profits (based on budget) reviewed twice per year for forecast changes and updated with insurance company.

Valuation of Arena materially lower than revaluation:

- Impact: Asset cover reduced for Bondholders.
- Mitigation: Use a professional valuation company to provide an accurate valuation every two years. Long term contracts and income growth to support valuation.

**Directors' indemnities**

The Group has maintained Directors' and officers' liability insurance throughout the year for the benefit of the Group, the Directors and its officers.

**Exceptional income / costs**

During this year, the Company received income and incurred costs that due to their size and nature were deemed 'exceptional'. The Company's definition of exceptional is based on the classification of non-recurring items as such to enable the normal financial performance of the Company to be better understood. During the year income and costs in relation to judicial review work have been deemed exceptional.

**Brexit**

We have considered the potential impact of Brexit on the Company and whilst there may be significant effects for the wider economy which could in turn affect the Company's performance, we have not identified any specific risk that is material enough to require further disclosure here.

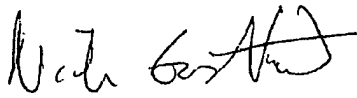
**ARENA COVENTRY LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Financial key performance indicators**

ACL measures its performance based upon the main KPI below:

	<b>2019</b>	<b>2018</b>
<b>Gross Profit (£'000)</b>	8,614	7,991

This report was approved by the board on 15<sup>th</sup> November 2019 and signed on its behalf.



**N J Eastwood**  
Director

**ARENA COVENTRY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

The directors present their report and the financial statements for the year ended 30 June 2019.

**Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments 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; and
- 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. The directors 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.

**Going concern**

The Group and Company are financed by a retail bond issued by Wasps Finance plc which contains financial covenants based on the financial performance of the Wasps Holdings Group. The strategic report on pages 1 to 3 has outlined the position in relation to the Group and the Company.

**Results and dividends**

The loss for the year, after taxation, amounted to £3.0m (2018: loss £3.0m). The directors do not propose a dividend (2018: £nil).

**Directors**

The directors who served during the year were:

N J Eastwood  
J M Isaac

**ARENA COVENTRY LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Company secretary**

The company secretary who served during the year was:

N J Eastwood

**Future developments**

During the 2019/20 season the Arena will hold home competitive matches for Wasps' Rugby and Netball teams. The management team continue to look for additional matches and concert events which will further the Arena's reputation and income streams.

**Disclosure of information to auditors**


Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

Mazars LLP was appointed auditor during the period and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15<sup>th</sup> November 2019 and signed on its behalf.



**N J Eastwood**  
Director



**ARENA COVENTRY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF ARENA COVENTRY LIMITED**

**Opinion**

We have audited the financial statements of Arena Coventry Limited (the 'company') for the year ended 30 June 2019 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of uncertainties due to the United Kingdom exiting the European Union ('Brexit') on our audit**

The Directors' view on the impact of Brexit is disclosed on Page 3.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy. We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

**Material uncertainty relating to going concern**

In forming our opinion on the financial statements we draw attention to note 2.2 in the financial statements concerning the company's ability to continue as a going concern and the uncertainty regarding the ongoing support of the company's ultimate shareholder. As stated in note 2.2 this condition indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Note 2.2 to the financial statements details the Directors' disclosures of the material uncertainty relating to going concern. The directors of the parent company, Wasps Holdings Limited, have prepared medium term forecasts which covers more than 12 months from the date of signing these financial statements. These medium-term forecasts show that the immediate parent company, Wasps Holdings Limited, continues to be dependent on the financial support of its ultimate shareholder, Derek Richardson, with financial contributions needed to fund ongoing cash flow requirements and to meet bond covenants. The directors are considering various refinancing options in relation to the repayment of the loans due to be repaid to Wasps Finance Plc in 2022.

The directors are satisfied that ultimate shareholder support will continue to be forthcoming for the foreseeable future. The directors of the parent company, Wasps Holdings Limited, have obtained a letter of support from the ultimate shareholder. However, as this letter of support is not legally binding the directors have drawn attention to the risk that ultimate shareholder support is not forthcoming in disclosing a material uncertainty relating to going concern in the basis of preparation to the financial statements.

## ARENA COVENTRY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARENA COVENTRY LIMITED

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

#### Responsibilities of Directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

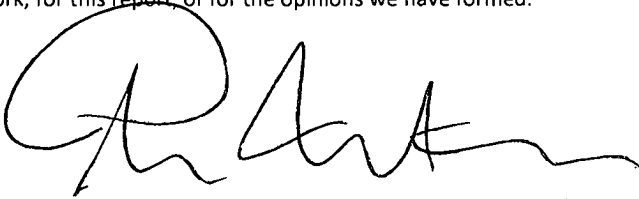
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**ARENA COVENTRY LIMITED**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARENA COVENTRY LIMITED**

**Use of the audit report**

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.



Richard Metcalfe (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katherine's Way

London, E1W 1DD

Date:

18/11/2019

**ARENA COVENTRY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**AS AT 30 JUNE 2019**

		2019	2018
	Note	£'000	£'000
Turnover	4	10,817	9,234
Cost of Sales		(2,203)	(1,243)
<b>Gross Profit</b>		<u>8,614</u>	<u>7,991</u>
Administrative expenses		(10,423)	(9,612)
<b>Operating Loss before exceptional items</b>		<u>(1,809)</u>	<u>(1,621)</u>
Exceptional items	5	85	(373)
<b>Operating Loss after exceptional items</b>	5	<u>(1,724)</u>	<u>(1,994)</u>
Interest receivable and similar income	9	279	279
Interest payable and expenses	10	(1,507)	(1,280)
<b>Loss before tax</b>		<u>(2,952)</u>	<u>(2,995)</u>
Tax on loss	11	-	-
<b>Loss after tax</b>		<u>(2,952)</u>	<u>(2,995)</u>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Unrealised loss on revaluation of tangible fixed assets		(8,498)	-
Tax rate change movement on deferred tax relating to revaluation of tangible assets		1,484	-
Capital contribution		-	84
<b>Total comprehensive income for the year</b>		<u>(9,966)</u>	<u>(2,911)</u>

All activities relate to continuing operations.

The accompanying notes form part of these financial statements.

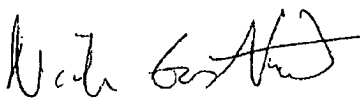
ARENA COVENTRY LIMITED

BALANCE SHEET  
AS AT 30 JUNE 2019  
REGISTERED NUMBER: 04440684

		2019 £'000	2018 £'000
	Note		
Tangible fixed assets	12	51,479	66,880
Investment properties	13	6,800	-
Intangible fixed assets	14	368	496
Investments in subsidiary companies	15	5,311	1,879
<b>Current assets</b>			
Stocks	16	168	84
Debtors: due within one year	17	16,391	17,241
Cash	18	101	-
<b>Current liabilities</b>			
Creditors: bank overdraft	18	-	(5,582)
Creditors: amounts falling due within one year	19	(5,488)	(4,121)
<b>Net current assets</b>		11,173	7,622
<b>Total assets less current liabilities</b>		75,131	76,877
<b>Non current liabilities</b>			
Creditors: amounts falling due after more than one year	20	(56,892)	(47,188)
Deferred Tax	23	(5,452)	(6,936)
<b>Net assets</b>		12,787	22,753
Share capital	24	3,516	3,516
Capital contribution reserve		84	84
Revaluation reserve		26,788	33,802
Retained Earnings		(17,601)	(14,649)
<b>Capital and reserves</b>		12,787	22,753

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15<sup>th</sup> November 2019.



N J Eastwood  
Director

**ARENA COVENTRY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>As at 30 June 2017</b>	<b>3,516</b>	-	<b>33,802</b>	<b>(11,654)</b>	<b>25,664</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,995)	(2,995)
Capital contribution	-	84	-	-	84
<b>Total comprehensive income for the year</b>	-	<b>84</b>	-	<b>(2,995)</b>	<b>(2,911)</b>
<b>As at 30 June 2018</b>	<b>3,516</b>	<b>84</b>	<b>33,802</b>	<b>(14,649)</b>	<b>22,753</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,952)	(2,952)
Revaluation	-	-	(8,498)	-	(8,498)
Income tax effect	-	-	1,484	-	1,484
<b>Total comprehensive income for the year</b>	-	-	<b>(7,014)</b>	<b>(2,952)</b>	<b>(9,966)</b>
<b>As at 30 June 2019</b>	<b>3,516</b>	<b>84</b>	<b>26,788</b>	<b>(17,601)</b>	<b>12,787</b>

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 1. General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales. The principal activity of the company is the management of the Ricoh Arena in Coventry.

The address of its registered office is:

Ricoh Arena  
Judds Lane  
Longford  
Coventry, CV6 6AQ

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company has taken advantage of the following disclosure exemptions under FRS101:

- (a) The requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- (c) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
  - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (d) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- (e) The requirements of IAS 7 Statement of Cash Flows;
- (f) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- (h) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

##### 2.2 Going concern

The Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (April 2018) provides guidance to directors on disclosures regarding the adoption of the going concern basis of accounting.

The company is a subsidiary of Wasps Holdings Ltd and a member of the Wasps Holdings Group.

The Group and Company are financed by a retail bond issued by Wasps Finance plc which contains financial covenants based on the financial performance of the Group. The Group and Company are financed by a retail bond issued by Wasps Finance plc which contains financial covenants based on the financial performance of the Group.

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Wasps Holdings Group (the "Group") has net liabilities of £7.0m (2018: net liabilities of £0.2m) and made a profit after tax of £3.6m (2018: loss of £9.7m) in the current year and has net current liabilities of £5.3m (2018: net current liabilities of £12.9m).

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared medium term financial forecasts which show that the Group is dependent upon the financial support of its ultimate shareholder to remain within its committed lending facilities, and to meet the financial covenants, as amended in January 2018, associated with the Retail Bond. The board of directors and ultimate shareholder are committed to making the Group financially self-sustainable, including initiating a series of projects to increase both matchday and non-matchday revenues and manage costs accordingly.

The directors of the company have obtained a letter of support from the ultimate shareholder outlining a continued commitment to the Group and are satisfied that existing ultimate shareholder support will continue to be forthcoming.

As with any company placing reliance on shareholders for financial support, the directors acknowledge that this letter of support is not legally binding. If ultimate shareholder support should not be forthcoming, the Group would have insufficient cash without securing additional funding to meet its ongoing liabilities, which include the payment of interest by the Group, and there would be a material uncertainty which may cast significant doubt about the Group's, and the Company's ability to continue as a going concern.

However, at the date of approval of the financial statements, the directors have no reason to believe that ultimate shareholder support will not be forthcoming and have continued to adopt the going concern basis in preparing the financial statements.

The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

#### **2.3 New standards, amendments and IFRIC interpretations**

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 30 June 2019. However, these new accounting standards have not had a material impact on the company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2019 which have had a material impact on the company.

#### **2.4 Revenue recognition**

Revenue is recognised when performance obligations have been satisfied and to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and an asset is transferred when or as the customer obtains control of that asset. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.



## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

An entity transfers control of a good or service over time and therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Sponsorship, rental and service charge income are recognised over the period that services are offered. Facilities management services income is recognised at the point that the services are provided.

Income received relating to concerts and events in future periods is included as deferred income until the revenue recognition criteria are met.

Revenue received in relation to license fees is included in deferred income and released to income over the life of the license.

#### 2.5 Tangible fixed assets

Tangible fixed assets other than long-term leasehold properties are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Long-term leasehold property	- Over the life of the lease
Other land and buildings – leasehold	- Over the life of the lease
Fixtures and fittings and equipment	- Between 2% and 50% per annum on a straight-line basis
Computer equipment	- Over three years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

#### 2.6 Revaluation of tangible fixed assets

Long-term leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation of the Arena is performed every 2 years by independent valuers and by management in the intervening years, to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Fair values are determined from market-based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

#### **2.7 Intangible assets – software costs**

Intangible assets – software costs are initially measured at cost less any accumulated amortisation and impairment losses.

These assets are amortised (and charged to administrative expenses) over its estimated useful life when the assets are completed and ready for use, as assessed by management. The estimated useful life of capitalised software costs is 3 to 5 years.

#### **2.8 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an external valuation performed by an accredited external independent valuer in accordance with RICS Appraisal and Valuation Standards.

#### **2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment. Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

In the year ended 30 June 2018, the investment option was valued at Fair Value through Profit and Loss on a level 3 basis, valued using information derived from the option agreement.

#### **2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 2.11 Debtors

Debtors relate to trade debtors, other debtors and amounts owed by group undertakings. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

#### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

##### Financial assets

The Company classifies all of its financial assets at amortised cost.

##### Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and Loss Account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

##### Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

##### Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.15 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

#### 2.16 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.17 Rental income

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

#### 2.18 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

#### 2.19 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

#### 2.20 Taxation

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

#### 2.21 Exceptional income / costs

In order to improve the understanding of the financial statements, the Directors have identified separately, on the face of the income statement, those items of income and costs which by their size, nature and/or incidence are exceptional to the financial statements for the year.

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Valuation of the Arena and investment properties**

The Group assesses the value of Arena on an annual basis in accordance with the accounting policy stated in note 2.6. This valuation follows the principles of IFRS 13 and is based on an income approach. This approach requires estimation of the future income streams, length of the leasehold and a number of other market-based assumptions. Any changes in these assumptions will impact the carrying value of the Arena. The Arena was revalued as at 31st March 2019 by an independent valuer, Gerald Eve LLP at £51m in accordance with RICS Appraisal and Valuation Standards. The next formal valuation is due in 2021.

##### **Compass Group investment in IEC**

In 2012, ACL entered into an agreement whereby Compass Group UK Limited purchased a 23% shareholding in IEC for £4m, which allowed for further infrastructure investment in the Arena. Compass had been granted the irrevocable right to exercise a put option at a stated price at the occurrence of an option event.

On the 14th July 2018, the supply agreement with Compass Group UK Limited and as part of this termination Arena Coventry Limited purchased the 23 B shares held by the Compass Group. This future liability has been recognised on the balance sheet and discounted at 6.5%.

##### **Amortisation, depreciation and residual values**

The Directors have reviewed the asset lives and associated residual values of all tangible and intangible fixed asset classes and have concluded that the asset lives and residual values are appropriate.

##### **Accrued and deferred income**

In recognising accrued income, the Directors have considered the probability of recovering each accrued income transaction. Deferred income has been recognised where cash receipts have been received by the Company in advance and in relation to sales transactions for a future financial period.

##### **Restructuring provisions**

A restructuring provision has been recognised within the financial statements given that the criteria for the recognition of a restructuring provision under IAS 37 was met as at 30 June 2019. In calculating this restructuring provision there were a number of inherent judgements made by management.

#### 4. Turnover

The whole of the turnover (all of which arose in the United Kingdom) is attributable to the provision of services at the Arena:

	2019	2018
	£'000	£'000
United Kingdom	10,817	9,234
	<u>10,817</u>	<u>9,234</u>

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**5. Operating loss**

The operating loss is stated after charging:

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets	1,712	1,552
Amortisation of intangible fixed assets	121	113
Defined contribution pension costs	69	49
Exceptional (income)/costs - judicial review	(85)	373

During the current 2018/19 financial period, the Company received income and incurred costs that due to their size and nature were deemed 'exceptional'. The Company's definition of exceptional is based on the classification of non-recurring items as such to enable the normal financial performance of the Company to be better understood. During the year income and costs in relation to judicial review work have been deemed exceptional.

**6. Auditor's remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements:

	2019	2018
	£'000	£'000
Fees for the audit of the Company	20	26
	20	26

No other work was undertaken by the auditors during either year.

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	1,982	1,686
Social security costs	215	170
Defined contribution pension contributions	69	49
	2,266	1,905

The average monthly number of employees, including the directors during the year was as follows:

	2019	2018
	No.	No.
Administration and support	65	57

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**8. Directors' remuneration**

	2019	2018
	£'000	£'000
Remuneration	118	118
Company contributions to money purchase schemes	8	7
	126	125

**9. Interest receivable**

	2019	2018
	£'000	£'000
Other loan interest receivable from Group companies	279	279
	279	279

**10. Interest payable and similar charges**

	2019	2018
	£'000	£'000
Loan interest payable	68	110
Interest on deferred consideration	380	115
Shareholder interest on loan balance	88	84
Interest due to Wasps Finance Plc	971	971
	1,507	1,280

Interest on deferred consideration relates to ACL's obligation to the Compass Group regarding future liabilities. In the current year, this liability relates to the deferred consideration agreed for the purchase of IEC shares. In the prior year, this liability related to an option to purchase the Compass Group's 23% shareholding in IEC in June 2030.

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**11. Taxation**

	2019	2018
	£'000	£'000
<b>Corporation Tax</b>		
Current tax on profits for the year	-	-
Adjustments in respect of prior periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred Tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	-	-
<b>Total taxation on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower (2018: - lower than) than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019	2018
	£'000	£'000
Loss on ordinary activities before tax	<b>(2,952)</b>	<b>(2,995)</b>
Loss on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2018: 19.00%)	<b>(561)</b>	<b>(569)</b>
<b>Effects of:</b>		
Capitalised revenue expenditure	<b>(2)</b>	<b>(2)</b>
Capital allowances for the year in excess of depreciation	<b>239</b>	<b>277</b>
Group relief	<b>152</b>	<b>150</b>
Increase from tax losses for which no deferred tax was recognised	<b>95</b>	<b>144</b>
Other interest not allowable for corporation tax	<b>16</b>	<b>-</b>
Corporate interest debt restriction	<b>61</b>	<b>-</b>
<b>Total tax charge in the year</b>	<b>-</b>	<b>-</b>

There were £9.5m of unused tax losses (2018: £8.9m) for which no deferred tax asset is recognised in the balance sheet.



**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**12. Tangible fixed assets**

	Long-term leasehold property £'000	Other land and buildings - leasehold £'000	Fixture, fittings and equipment £'000	Computer Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost or valuation</b>						
At 30 June 2017	<u>60,000</u>	<u>3,206</u>	<u>15,073</u>	<u>1,619</u>	<u>52</u>	<u>79,950</u>
Disposals	-	-	-	-	(151)	(151)
Additions	-	52	285	240	99	676
At 30 June 2018	<u>60,000</u>	<u>3,258</u>	<u>15,358</u>	<u>1,859</u>	<u>-</u>	<u>80,475</u>
Transfer to investment properties (see note 13)	(6,800)	-	-	-	-	(6,800)
Disposals	-	-	(18)	-	-	(18)
Additions	-	595	783	239	10	1,627
Revaluation	(9,000)	-	-	-	-	(9,000)
At 30 June 2019	<u>44,200</u>	<u>3,853</u>	<u>16,123</u>	<u>2,098</u>	<u>10</u>	<u>66,284</u>
<b>Accumulated Depreciation</b>						
At 1 July 2017	<u>63</u>	<u>657</u>	<u>9,872</u>	<u>1,451</u>	<u>-</u>	<u>12,043</u>
Charge for the year	251	342	874	85	-	1,552
At 30 June 2018	<u>314</u>	<u>999</u>	<u>10,746</u>	<u>1,536</u>	<u>-</u>	<u>13,595</u>
Revaluation	(502)	-	-	-	-	(502)
Charge for the year	235	461	881	134	-	1,712
At 30 June 2019	<u>47</u>	<u>1,460</u>	<u>11,627</u>	<u>1,670</u>	<u>-</u>	<u>14,804</u>
<b>Carrying Value</b>						
At 30 June 2019	<u>44,153</u>	<u>2,393</u>	<u>4,496</u>	<u>427</u>	<u>10</u>	<u>51,479</u>
At 30 June 2018	<u>59,686</u>	<u>2,259</u>	<u>4,612</u>	<u>323</u>	<u>-</u>	<u>66,880</u>

The net book value of tangible fixed assets held under finance leases as at 30 June 2019 was £982k (2018: £138k).

The Company revalued the Arena during the prior year, this was performed by professional valuers, Gerald Eve LLP, an accredited independent valuer, as at 31 March 2019, and which valued the Arena leasehold interest at £51m. £6.8m of this valuation has been classified as an investment property (see note 13). The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. Management have reviewed the valuation and have no reason for it not to be adopted and as at 30 June 2019 have no reason for the carrying amount to differ from its fair value. In the absence of level 1 and 2 information (prices based on quoted information); the valuation of the Arena has been based using the best information available to management (level 3). The next formal valuation is due in 2021.

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**13. Investment Properties**

	<b>Rental property £'000</b>	<b>Total £'000</b>
<b>Fair value</b>		
At 30 June 2018	-	-
Transfers from fixed assets (See note 12)	6,800	6,800
<b>At 30 June 2019</b>	<b>6,800</b>	<b>6,800</b>
<b>At 30 June 2019</b>	<b>6,800</b>	<b>6,800</b>

The Group's investment properties consist of the share of the Arena which is currently leased to Rank Group Gaming Division Limited for its casino operations at the Ricoh Arena. In prior periods, this share was not valued separately and was classified within tangible fixed assets.

The valuation was carried out by Gerald Eve LLP as at 31 March 2019, an accredited independent valuer, which valued the investment property interest at £6.8m. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards.

**14. Intangible Fixed Assets**

	<b>Software costs £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 1 July 2017	391	391
Additions	218	218
At 30 June 2018	609	609
Disposals	(7)	(7)
Additions	-	-
<b>At 30 June 2019</b>	<b>602</b>	<b>602</b>
<b>Amortisation</b>		
At 1 July 2017	-	-
Charge for the year	113	113
At 30 June 2018	113	113
Charge for the year	121	121
<b>At 30 June 2019</b>	<b>234</b>	<b>234</b>
<b>Net Book Value</b>		
At 30 June 2019	368	368
At 30 June 2018	496	496
At 30 June 2017	391	391

The net book value of intangible assets held under finance leases as at 30 June 2019 was £153k (2018: £387k).

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**15. Investment in subsidiary companies**

	Investment in subsidiary	Investment option	Total
	£	£	£
<b>Cost</b>			
At 1 July 2017	79	1,764,000	1,764,079
Fair value adjustment	-	115,000	115,000
<b>At 30 June 2018</b>	<b>79</b>	<b>1,879,000</b>	<b>1,879,079</b>
Exercise of option	-	(1,879,000)	(1,879,000)
Additions	5,310,643	-	5,310,643
<b>At 30 June 2019</b>	<b>5,310,722</b>	<b>-</b>	<b>5,310,722</b>
<b>Net Book Value</b>			
<b>At 30 June 2019</b>	<b>5,310,722</b>	<b>-</b>	<b>5,310,722</b>
<b>At 30 June 2018</b>	<b>79</b>	<b>1,879,000</b>	<b>1,879,079</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of shares	Holding		Principal activity
			Jun-19	Jun-18	
Arena Coventry (2006) Limited	England and Wales %	"A" Ordinary	100%	100%	Managing the Ricoh Arena lease
IEC Experience Limited	England and Wales %	"A" & "B" Ordinary	100%	77%	Provision of hospitality, catering and facilities management services

The registered address of the subsidiary undertakings above is Ricoh Arena, Judds Lane, Longford, Coventry, CV6 6AQ.

On the 14th July 2018, Arena Coventry Limited purchased the 23 B shares held by the Compass Group.

**16. Stocks**

	2019	2018
	£'000	£'000
Finished goods and goods for resale	169	84
	<u>169</u>	<u>84</u>

Stock is stated after provision for impairment of £nil (2018: £nil).

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**17. Debtors**

	2019	2018
	£'000	£'000
Trade Debtors	1,298	1,275
Other Debtors	141	-
Prepayments and accrued income	653	477
Amounts owed by group undertakings	<u>14,299</u>	<u>15,489</u>
	<u>16,391</u>	<u>17,241</u>

Trade debtors are stated after provision for impairment of £34k (2018: Enil). Amounts due from group undertakings are unsecured, interest-free and are repayable on demand.

**18. Cash and cash equivalents and bank overdrafts**

	2019	2018
	£'000	£'000
Cash at bank and in hand	101	-
Less: bank overdrafts	-	(5,582)
	<u>101</u>	<u>(5,582)</u>

**19. Creditors: Amounts falling due within one year**

	2019	2018
	£'000	£'000
Trade creditors	2,194	1,005
Other creditors	444	120
Taxation and social security	452	288
Obligations under finance lease and hire purchase contracts	182	182
Bank loans	-	239
Amounts owed to group undertakings	151	-
Accruals	<u>2,065</u>	<u>2,287</u>
	<u>5,488</u>	<u>4,121</u>

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**20. Creditors: Amounts falling due after more than one year**

	2019	2018
	£'000	£'000
Accruals and deferred income	12,477	7,395
Obligations under finance lease and hire purchase contracts	357	-
Other loans	16,480	16,482
Other creditors	6,231	1,879
Amounts owed to group undertakings	<u>21,346</u>	<u>21,432</u>
	<u>56,892</u>	<u>47,188</u>

Revenue received in relation to license fees is included in deferred income and released to income over the life of the license.

Other creditors falling due after one year includes ACL's obligation to purchase Compass Group's 23% shareholding in IEC, discounted at 6.5%.

**21. Loans maturity and leases**

	2019	2018
	£'000	£'000
<b>Amounts falling due in less than 1 year</b>		
Bank loans	-	239
Finance leases	<u>182</u>	<u>182</u>
	<u>182</u>	<u>421</u>

**Amounts falling due 2-5 years**

Bank loans	-	-
Finance Leases	357	-
Other loans	<u>22,711</u>	<u>9,208</u>
	<u>23,068</u>	<u>9,208</u>

**Amounts falling due after 5 years**

Other loans	<u>21,346</u>	<u>30,585</u>
	<u>44,596</u>	<u>40,214</u>

**Operating leases**

	2019	2018
	£'000	£'000
The total future value of minimum lease payments is as follows:		
Within one year	57	33
In two to five years	<u>47</u>	<u>79</u>
	<u>103</u>	<u>112</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £5k (2018: £33k).

## ARENA COVENTRY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	2019		2018	
	£'000	£'000	£'000	£'000
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	323	323	228	228
After one year but not more than five years	609	550	330	294
<b>Total minimum lease payments</b>	<b>932</b>	<b>873</b>	<b>559</b>	<b>522</b>

#### Rental income

	2019 £'000	2018 £'000
Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2019 are as follows:		
Within one year	1,014	1,053
After one year but not more than five years	1,798	895
More than five years	1,589	276
	<b>4,401</b>	<b>2,224</b>

Rental income recognised in the year end 30 June 2019 amounted to £2,144k (2018: £2,256k).

Analysis of the maturity of loans is given below:

The Company has £21.3m (2018: £21.4m) due to Arena Coventry (2006) Limited (a subsidiary). This amount is unsecured, interest free and repayable on demand.

The Company has borrowed £14.6m (2018: £14.6m) from Wasps Finance PLC. The loan is repayable in a lump sum repayment in 2022 and is subject to an interest rate of 6.5%.

The Company has a loan of £nil (2018: £0.2m) from HSBC Plc which bears interest at 4.75%. The unsecured loan was repayable over a 36-month period and ended 13 April 2019.

The Company has also been provided with a loan of £1.8m (2018: £1.9m) from D A Richardson. The loan is at 4% above Barclays Bank PLC base rate and is repayable after giving 12 months and one day's notice.

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**22. Financial instruments**

	Carrying value		Fair value	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Cash and cash equivalents	101	-	101	-
Trade and other receivables	15,738	16,764	15,738	16,764
	<u>15,839</u>	<u>16,764</u>	<u>15,839</u>	<u>16,764</u>
	Carrying value		Fair value	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Financial liabilities</b>				
Loans and other liabilities	16,662	22,486	16,662	22,486
Financial liabilities measured at amortised cost	30,215	24,435	30,215	24,435
	<u>46,878</u>	<u>46,921</u>	<u>46,878</u>	<u>46,921</u>

**Valuation methods and assumptions**

There is no difference between the total carrying amount and the fair value of trade and other receivables and cash and cash equivalents. Further detail of trade and other receivables and cash and cash equivalents can be found in notes 17 and 18.

There is no difference between the total carrying amount and the fair value of trade and other payables. Further detail of company borrowings can be found in note 20.

**23. Deferred taxation**

	At 1 July 2018	Recognised in other comprehensive income	Charge to the income statement	At 30 June 2019
	£'000	£'000	£'000	£'000
Revaluation of property	(6,936)	1,484	-	(5,452)
Trading losses	-	-	-	-
<b>Net deferred tax liabilities</b>	<u>(6,936)</u>	<u>1,484</u>	<u>-</u>	<u>(5,452)</u>

Deferred tax movement during the prior year:

	At 1 July 2017	Recognised in other comprehensive income	Charge to the income statement	At 30 June 2018
	£'000	£'000	£'000	£'000
Revaluation of property	(6,936)	-	-	(6,936)
Trading losses	-	-	-	-
<b>Net deferred tax liabilities</b>	<u>(6,936)</u>	<u>-</u>	<u>-</u>	<u>(6,936)</u>

**ARENA COVENTRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**24. Share capital**

	2019	2018
	£'000	£'000
<b>Called up and fully paid</b>		
1,758,056 A Ordinary of £1 each shares of £1 each	1,758	1,758
1,758,056 B Ordinary of £1 each shares of £1 each	1,758	1,758
	3,516	3,516

**25. Related party transactions**

Wasps Finance Plc (a company under common control);

The company has borrowed £14.6m (2018: £14.6m) from Wasps Finance PLC. The loan is repayable in a lump sum repayment in 2022 and is subject to an interest rate of 6.5%. The company incurred, and paid, finance charges of £1.0m (2018: £1.0m) in the year. Usual commercial terms of business apply.

Kennedys Law LLP (an LLP in which R Dawbarn has an interest);

The Company received income of £20k (2018: £1k) and at the year-end was owed £20k (2018: £Nil). The Company incurred costs of £10k (2018: £390k), and at the period end owed £Nil (2018: £139k). Normal commercial terms of business apply.

Orion Security Solutions Ltd (a company in which C Holland has an interest);

The Company incurred costs of £83k (2018/19: £41k) and at the period end owed £13k (2018: £35k). Normal commercial terms of business apply.

The company has a loan balance with D A Richardson (the ultimate shareholder) and at the period end owed £1.8m (2018: £1.9m) and is repayable after giving 12 months and one day's notice.

**26. Controlling party**

The company's immediate parent is Wasps Holdings Limited, which is ultimately controlled by D A Richardson (the ultimate shareholder).

The parent of the largest and smallest group in which these financial statements are consolidated is Wasps Holdings Limited, incorporated in England and Wales. The consolidated financial statements of Wasps Holdings Limited are available upon request from the registered office.

The registered address of Wasps Holdings Limited is: Ricoh Arena, Judds Lane, Longford, Coventry, CV6 6AQ.