Registration number: 04440684

Arena Coventry Limited

Annual Report and Financial Statements

for the 13 month Period from 1 June 2014 to 30 June 2015

Arena Coventry Limited

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Arena Coventry Limited

Company Information

Directors	N J Eastwood
	D Armstrong
	A L Gibb
	J C M Parker
Registered office	Ricoh Arena 71 Phoenix Way Foleshill Coventry CV6 6GE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Kingsway Cardiff CF10 3PW

Arena Coventry Limited

Strategic Report for the Period from 1 June 2014 to 30 June 2015

The directors present their strategic report for the period from 1 June 2014 to 30 June 2015.

Fair review of the business

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.

In April 2012 ACL formed a joint venture company IEC Experience Limited ("IEC"), with Compass Group UK Limited ("Compass"). During the period, Compass renewed its agreement with ACL signing an extension to the agreement worth £8m to the company. ACL and Compass have now paved the way for a best in class catering, exhibition, conference and hospitality service for visitors to the leisure destination.

On 14 November 2014 London Wasps Holdings Limited ("Wasps"), the English Premiership Rugby Union Team, completed the acquisition of a 100% shareholding in ACL, by acquiring a 50% shareholding from The Alan Edward Higgs Charity. Wasps had previously acquired a 50% shareholding of ACL from Coventry North Regeneration Limited, a wholly owned subsidiary of the Coventry City Council on 8 October 2014.

Along with the arrival of the Wasps to play its first home game against London Irish in front of 28,254 fans, the Arena saw the return of Coventry City Football Club ("CCFC") to play its home games with attendances reaching up to 27,500 for their home coming game against Gillingham. An agreement has been reached to extend the licence to 2018. The dual sports Arena will see over 45 live sporting league, cup and friendly matches each year. Adding to this the likes of England U21, who played against Kazakhstan during the period. The Arena will look to attract further high profile sporting events of similar ilk which will look to boost revenue to new heights.

The Arena has entered a new era, having celebrated its 10 year anniversary in August 2015. As well as the upgrade of the hotel to a Double Tree by Hilton, we have taken a number of steps to improve the facilities in the short time that we have been at the Arena. Over the summer we have completed the installation of a new Xtragrass pitch, which will provide a world class surface for both rugby and football. With an increase in footfall we have added a new Fortress access control system, along with reinvigorating the concourse with additional HDTV's and electronic till system, which is linked to IPTV providing electronic pricing boards.

The completion of the NUCKLE Project railway station adjacent to the site was delayed but I'm pleased that it is now open, providing further access to the facilities throughout the week and on match days.

Although there was no major concert in the Arena during the financial period, plans remain to bring concerts back to the Arena (both outdoor and indoor) on a regular basis. We will continue to build our relationships with the local community and Coventry City Council in order to deliver value whilst attracting new music and entertainment events to Coventry.

ACL continues to utilise the Arena space through renting of various offices and rooms to Ricoh, Parent Pay and Grosvenor Casinos.

Arena Coventry Limited

Strategic Report for the Period from 1 June 2014 to 30 June 2015

Highlights

• Turnover up to £7.0m (£5.8m in 2014).
• Professional Rugby and Football at the arena for the first time.
• Double Tree by Hilton agreed and development started over summer 2015.
• New 250 year lease from the council for the Ricoh Arena.
• Revaluation of property to £48.5m.
• Xtragrass pitch installed.
• New 15 year Compass Catering agreement.
• Railway station construction complete, opened January 2016, funded by 3rd parties.
• Heineken agreed pouring rights for lager and cider for 3 years.

Key performance indicators

ACL measures its performance based on both financial and non-financial KPIs. The KPIs are:
• Operating Profit;
• Naming rights; and
• Tenancy agreements.

Principal risks and uncertainties

Over the last few years the ACL has proven that even without a principal sporting attraction it can operate and sustain itself. With Wasps arrival and CCFC having agreed a new deal the long term risk has predominantly been eliminated.

The naming rights on the Arena remain in discussion, the management remain positive that one of the suiters will become the principal Arena partner, which will be announced in due course.

Approved by the Board on 30 March 2016 and signed on its behalf by:

....
D Armstrong
Director

Arena Coventry Limited

Directors' Report for the Period from 1 June 2014 to 30 June 2015

The directors present their report and the audited financial statements for the period from 1 June 2014 to 30 June 2015.

The company has extended the accounting period to 30 June 2015 in order that it ends coterminous with its ultimate parent.

Directors of the company
The directors who held office during the period were as follows:

D Richardson (appointed 8 October 2014 and resigned 24 August 2015)

N J Eastwood (appointed 8 October 2014)

D Armstrong (appointed 8 October 2014)

D Cockroft (appointed 30 July 2014 and resigned 8 October 2014)

P M Harris (resigned 14 November 2014)

M F Knatchbull-Hugessen (resigned 14 November 2014)

P W Knatchbull-Hugessen (resigned 14 November 2014)

R E Moon (resigned 8 October 2014)

C P Robinson (resigned 22 October 2014)

C T West (resigned 8 October 2014)

The following directors were appointed after the period end:

A L Gibb (appointed 24 August 2015)

J C M Parker (appointed 24 August 2015)

Dividends
The directors recommend a final dividend payment of £Nil (2014: £Nil) be made in respect of the financial period ended 30 June 2015.

Financial instruments

Objectives and policies

The company's objectives is to grow conference and events activities through the continued promotion and development of Ricoh Arena and its facilities.

Price risk, credit risk, liquidity risk and cash flow risk

The company's principal financial instruments comprise bank balances, other loans and financing facilities and trade debtors. The main purpose of these instruments is to finance the business' operations.

All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Loans are managed to the extent that balances are with related parties and repayments agreed ensuring sufficient funds are available to meet amounts due.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Future developments

The outlook for ACL continues to be positive with growth in events, sponsorship and tenancies during 2015/16 anticipated along with new long term deals that are currently being negotiated for Naming Rights, Sponsors and tenants. Footfall through the Arena is up on previous years and with a full season of rugby and football ahead, it is anticipated to be in excess of 1.4m people through the doors during 2015/16. The company has signed deals with Rihanna and MTV to bring Arena concert bowl events back to the Arena in 2015/16.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 30 March 2016 and signed on its behalf by:

....

D Armstrong
Director

Arena Coventry Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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. 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.

Independent Auditors' Report to the members of Arena Coventry Limited

Report on the financial statements

Our opinion
In our opinion, Arena Coventry Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its loss for the 13 month period (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.

What we have audited
The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 30 June 2015;
- the Profit and Loss Account and Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the members of Arena Coventry Limited

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the members of Arena Coventry Limited

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Ellis

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Mark Ellis (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

1 Kingsway
Cardiff
CF10 3PW

30 March 2016

Arena Coventry Limited

Profit and Loss Account for the Period from 1 June 2014 to 30 June 2015

	Note	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Turnover	4	6,985,372	5,843,110
Administrative expenses		(8,394,824)	(7,272,300)
Operating loss	5	(1,409,452)	(1,429,190)
Other interest receivable and similar income	6	301,453	325,848
Interest payable and similar charges	7	(754,339)	(708,010)
		(452,886)	(382,162)
Loss on ordinary activities before taxation		(1,862,338)	(1,811,352)
Tax on loss on ordinary activities	11	-	-
Loss for the financial period/year		(1,862,338)	(1,811,352)

The above results were derived from continuing operations.

The notes on pages 14 to 28 form an integral part of these financial statements.

Arena Coventry Limited

Statement of Comprehensive Income for the Period from 1 June 2014 to 30 June 2015

	Note	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Loss for the financial period/year		(1,862,338)	(1,811,352)
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of long leasehold property		29,301,423	-
Income tax effect	11	(5,860,285)	-
		23,441,138	-
Total comprehensive income for the period/year		21,578,800	(1,811,352)

The notes on pages 14 to 28 form an integral part of these financial statements.

Arena Coventry Limited

(Registration number: 04440684)
Balance Sheet as at 30 June 2015

	Note	30 June 2015 £	31 May 2014 £
Fixed assets			
Property, plant and equipment	12	53,248,575	23,528,612
Investments	13	79	79
		53,248,654	23,528,691
Current assets			
Debtors	14	12,663,407	15,775,699
Cash at bank and in hand		8,580,022	553
		21,243,429	15,776,252
Creditors: Amounts falling due within one year			
Trade and other payables	17	(3,792,493)	(1,438,820)
Loans and borrowings	16	-	(342,230)
Deferred income		(10,357,904)	(3,941,286)
Creditors: Amounts falling due within one year		(14,150,397)	(5,722,336)
Net current assets		7,093,032	10,053,916
Total assets less current liabilities		60,341,686	33,582,607
Creditors: Amounts falling due after more than one year			
Loans and borrowings	16	(35,159,864)	(35,839,870)
Provisions for liabilities	11	(5,860,285)	-
Net assets/(liabilities)		19,321,537	(2,257,263)
Capital and reserves			
Called up share capital	15	3,516,112	3,516,112
Revaluation reserve		23,441,138	-
Profit and loss account		(7,635,713)	(5,773,375)
Total shareholders' funds/(deficit)		19,321,537	(2,257,263)

Approved by the Board on 30 March 2016 and signed on its behalf by:

....

D Armstrong

Director

Arena Coventry Limited

Statement of Changes in Equity for the Period from 1 June 2014 to 30 June 2015

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total shareholders' (deficit)/funds £
At 1 June 2014	3,516,112	-	(5,773,375)	(2,257,263)
Loss for the financial period	-	-	(1,862,338)	(1,862,338)
Other comprehensive income	-	23,441,138	-	23,441,138
Total comprehensive income for the period	-	23,441,138	(1,862,338)	21,578,800
At 30 June 2015	3,516,112	23,441,138	(7,635,713)	19,321,537

	Called up share capital £	Profit and loss account £	Total shareholders' deficit £
At 1 June 2013	3,516,112	(3,962,023)	(445,911)
Loss for the financial year	-	(1,811,352)	(1,811,352)
Total comprehensive income for the year	-	(1,811,352)	(1,811,352)
At 31 May 2014	3,516,112	(5,773,375)	(2,257,263)

The notes on pages 14 to 28 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:
Ricoh Arena
71 Phoenix Way
Foleshill
Coventry
CV6 6GE

These financial statements were authorised for issue by the Board on 30 March 2016.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared under the historic cost convention, modified by revaluation of land and buildings, and in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

FRS 101 has been applied early as permitted by the standard.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions under FRS 101:
(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
(c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(d) the requirements of IAS 7 Statement of Cash Flows;
(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures (key management compensation); and
(g) 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.

Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemption from preparing group accounts

The company is a wholly-owned subsidiary of Wasps Holdings Limited and is included in that company's consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 June 2014 have had a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company activities.

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

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

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Land and buildings comprise mainly of the Arena. The Arena is shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of the Arena are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

Depreciation
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings - Arena	Over the life of the lease
Land and buildings - Other	Over the life of the lease
Fixtures, fittings and equipment	Between 2% and 50% per annum on a straight line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings
All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial assets and liabilities

Classification

The company classifies its financial assets as loans and receivables and its financial liabilities as payables and borrowings. Management determines the classification of its financial assets and liabilities at initial recognition.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement onstitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

3 Critical accounting judgements 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.

Key accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of the Arena
The Company assesses the value of Arena on an annual basis in accordance with the accounting policy stated in note 2. 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 in the year by an independent valuer, Strutt and Parker LLP.

4 Turnover

The analysis of the company's revenue for the period from continuing operations is as follows:

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Provision of services	6,985,372	5,843,110

5 Operating loss

Arrived at after charging

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Depreciation expense	972,932	1,299,132

6 Other interest receivable and similar income

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Finance income from group undertakings	301,453	325,848

7 Interest payable and similar charges

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Interest on other borrowings	754,339	708,010

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Wages and salaries	664,266	613,675
Social security costs	73,533	68,571
Other pension costs, defined contribution scheme	20,837	19,821
	758,636	702,067

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	1 June 2014 to 30 June 2015 No.	Year ended 31 May 2014 No.
Administration and support	5	4
Other departments	13	13
	18	17

9 Directors' remuneration

The directors' remuneration for the period was as follows:

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Remuneration	11,830	22,500

During the year directors were paid by another group company. No recharge has been made to Arena Coventry Limited in respect of this.

10 Auditors' remuneration

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Audit of the financial statements	20,000	20,000

11 Tax on loss on ordinary activities

The tax on loss on ordinary activities before taxation for the period is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20% (2014 - 23%). The differences are reconciled below:

	1 June 2014 to 30 June 2015 £	Year ended 31 May 2014 £
Loss on ordinary activities before taxation	(1,862,338)	(1,811,352)
Corporation tax at standard rate	(372,468)	(416,611)
Decreased accelerated capital allowances where no deferred tax recognised	77,418	169,788
Increase from effect of expenses not deductible in determining tax loss	98,902	5,500
Decrease from tax losses for which no deferred tax asset was recognised	196,148	74,510
Increase arising from group relief	-	166,813
Total tax charge	-	-

A deferred tax asset has not been recognised in respect of unrelieved losses as the directors believe there to be insufficient evidence that it is more likely than not that the asset will be recovered. The asset will be recovered when relevant profits are earned against which the timing difference concerned can be offset. The amount of the asset not recognised at 30 June 2015 is approximately £1,323,000 at 20% (2014 - £1,295,960 at 23%).

Deferred tax

2015	Liability £
Revaluation of property	5,860,285

Deferred tax movement during the period:

	At 1 June 2014 £	Recognised in other comprehensive income £	At 30 June 2015 £
Revaluation of property	-	5,860,285	5,860,285

12 Property, plant and equipment

	Land and buildings £	Furniture, fittings and equipment £	Computer and office equipment £	Total £
Cost or valuation				
At 1 June 2014	22,158,348	12,866,279	1,300,819	36,325,446
Revaluation recognised in other comprehensive income	25,293,652	-	-	25,293,652
Additions	1,048,000	300,483	42,990	1,391,473
At 30 June 2015	48,500,000	13,166,762	1,343,809	63,010,571
Depreciation				
At 1 June 2014	3,853,626	7,742,440	1,200,768	12,796,834
Charge for the year	154,145	760,458	58,330	972,933
Revaluation recognised in other comprehensive income	(4,007,771)	-	-	(4,007,771)
At 30 June 2015	-	8,502,898	1,259,098	9,761,996
Carrying amount				
At 30 June 2015	48,500,000	4,663,864	84,711	53,248,575
At 31 May 2014	18,304,722	5,123,839	100,051	23,528,612

The Company successfully extended the lease at Phoenix Way, where the stadium is located, to 250 years. The Arena leasehold interest was then revalued on a market value basis at 23 April 2015 by Strutt and Parker LLP, and has been valued at £48,500,000. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. There is no historical cost nformation to disclose as the Arena has always been held under lease.

13 Investments

Subsidiaries	£
Cost or valuation	
At 1 June 2013	79
At 31 May 2014	79
At 1 June 2014	79
At 30 June 2015	79
Carrying amount	
At 30 June 2015	79
At 1 June 2013	79

Details of the subsidiaries as at 30 June 2015 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held 2015	2014
Arena Coventry (2006) Limited	Managing lease of Ricoh Arena	England and Wales	100%	100%
IEC Experience Limited	Provision of hospitality, catering and facilities management services	England and Wales	77%	77%

14 Debtors

	30 June 2015 £	31 May 2014 £
Trade receivables	2,433,795	2,677,166
Provision for impairment of trade receivables	(1,953,228)	(1,953,228)
Net trade receivables	480,567	723,938
Loans to related parties	11,593,722	14,334,268
Prepayments	490,179	709,306
Income tax receivable	6,314	6,314
Other receivables	92,625	1,873
Total current trade and other receivables	12,663,407	15,775,699

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 18 "Financial instruments".

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 19 "Financial risk management and impairment of financial assets".

15 Called up share capital

Allotted, called up and fully paid shares

	30 June 2015		31 May 2014	
	No.	£	No.	£
A Ordinary of £1 each	1,758,056	1,758,056	1,758,056	1,758,056
B Ordinary of £1 each	1,758,056	1,758,056	1,758,056	1,758,056
	3,516,112	3,516,112	3,516,112	3,516,112

16 Loans and borrowings

	30 June 2015 £	31 May 2014 £
Non-current loans and borrowings		
Bank borrowings	-	14,143,367
Finance lease liabilities	21,696,503	21,696,503
Other borrowings	13,463,361	-
	35,159,864	35,839,870

	30 June 2015 £	31 May 2014 £
Current loans and borrowings		
Other borrowings	-	117,608
Bank loans	-	155,857
Finance lease liabilities	-	68,765
	-	342,230

The loans and borrowings classified as financial instruments are disclosed in note 18 "Financial instruments".

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in note 19 "Financial risk management and impairment of financial assets".

The company has a loan of £13,463,361 (2014 - nil) with Wasps Finance Plc which bears interest at 6.5%. The loan is repayable in May 2022.

The company repaid a loan with the Council of the city of Coventry during the period (2014 balance £13,143,367).

On 2 June 2006, Arena Coventry (2006) Limited purchased the finance lease from Coventry North Regeneration Limited that the company had entered into on 26 January 2006 for Ricoh Arena. The term of the lease is 50 years less 3 days from 19 December 2003 when the development agreement was entered into.

17 Trade and other payables

	30 June 2015 £	31 May 2014 £
Trade payables	176,495	790,764
Accrued expenses	1,963,393	572,650
Social security and other taxes	1,648,829	72,199
Other payables	3,776	3,207
	3,792,493	1,438,820

The fair value of the trade and other payables classified as financial instruments are disclosed in note 18 "Financial instruments".

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 19 "Financial risk management and impairment of financial assets".

18 Financial instruments

Financial assets

	Carrying value		Fair value	
	30 June 2015 £	31 May 2014 £	30 June 2015 £	31 May 2014 £
Cash at bank and in hand	8,580,022	553	8,580,022	553
Debtors	12,166,914	15,060,079	12,166,914	15,060,079
	20,746,936	15,060,632	20,746,936	15,060,632

Loans and receivables: There is no difference between the total carrying value of debtors and cash at bank and in hand.

Financial liabilities at amortised cost

	Carrying value		Fair value	
	30 June 2015 £	31 May 2014 £	30 June 2015 £	31 May 2014 £
Trade and other payables	3,792,493	1,438,820	3,792,493	1,438,820
Borrowings	35,159,864	36,113,335	35,159,864	36,113,335
	38,952,357	37,552,155	38,952,357	37,552,155

Financial liabilities at amortised cost.

19 Financial risk management and impairment of financial assets

The company is exposed to risks arising from the use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the company, from which financial instruments risk arises, are trade receivables, cash and cash equivalents, other receivables and financial liabilities.

The company is exposed through its operations to the following financial instrument risk: credit risk and liquidity risk. The policy for managing these risks is set by the Board. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk and impairment

Credit risk arises from the company's trade receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The company is mainly exposed to credit risk from credit sales. It is the company's policy, implemented locally, to assess the credit risk of new customers before entering into contracts. Such credit ratings are then factored into the credit assessment process to determine the appropriate credit limit for each customer. The company does not enter into derivatives to manage credit risk.

All cash is held with A-rated banks.

Other than cash held by the company's bank at 30 June 2015 there are no other significant concentrations of credit risk within the company at the balance sheet date.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity of the company is managed and monitored by the Board. The level of the company's facilities are approved periodically by the Board of the wider Group. At the balance sheet date, cash flow projections were considered by the Board who believe that the company has sufficient funds available to meet obligations as they fall due, under all reasonably expected circumstances.

Maturity analysis

2015	Within 6 months £	Within 1 year £	After 1 year £	Total £
Trade and other payables	3,792,493	-	-	3,792,493
Other borrowings	-	120,000	35,039,864	35,159,864
	3,792,493	120,000	35,039,864	38,952,357

2014	Within 6 months £	Within 1 year £	After 1 year £	Total £
Trade and other payables	1,438,820	-	-	1,438,820
Other borrowings	-	273,465	35,839,870	36,113,335
	1,438,820	273,465	35,839,870	37,552,155

20 Dividends

The directors are proposing a final dividend of £Nil (2014 - £Nil) per share totalling £Nil (2014 - £Nil).

21 Related party transactions

Wasps Finance Plc (a company under common control)
The company had the benefit of a loan of £13,463,361 (2014 - £Nil) which remained owing at the period end.

The Alan Higgs Charity Limited (a company in which a non-executive director sits on the Board)
The Company received income of £34,430 (2014 - £Nil) and at the period end owed £1,837 (2014 - £Nil).

Letheby & Christopher Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Company received income of £8,000 (2014 - £Nil) and at the period end was owed £Nil (2014 - £Nil).

Kennedys Law LLP (an LLP in which a director of Wasps Holdings Limited has an interest)
The Company incurred costs of £2,775 (2014 - £Nil) and at the period end was owed £2,700 (2014 - £Nil).

22 Parent and ultimate parent undertaking

The company's immediate parent is Wasps Holdings Limited.

The ultimate parent is Moonstone Holdings Limited, a company incorporated in Malta.

The ultimate controlling party is D A Richardson.

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 address of Wasps Holdings Limited is:
Ricoh Arena, 71 Phoenix Way, Foleshill, Coventry, CV6 6GE.

The consolidated financial statement of Wasps Holdings Limited are available upon request from the registered office.

23 Transition to FRS 101

The are no adjustments to the comparative Balance Sheet, Profit and Loss Account or Statement of Comprehensive Income as a result of applying FRS 101 for the first time.