Registered number: 08039699

IEC EXPERIENCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

IEC EXPERIENCE LIMITED

COMPANY INFORMATION

Directors	N J Eastwood J M Isaac J C M Parker M A Jones C U Nicol
Company secretary	J C M Parker
Registered number	08039699
Registered office	Ricoh Arena Judds Lane Coventry CV6 6AQ
Independent auditors	PricewaterhouseCoopers LLP 1 Kingsway Cardiff CF10 3PW

IEC EXPERIENCE LIMITED

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IEC EXPERIENCE LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Introduction

The directors present their strategic report for the year ended 30th June 2017.

Business review

IEC Experience Limited ("IEC") is a joint venture company between Arena Coventry Limited ("ACL") and Compass Group UK Limited ("Compass"). Formed in April 2012, ACL and Compass have now paved the way for a best in class catering, exhibition, conference and hospitality service for visitors to the Ricoh Arena, Coventry ("Arena").

Food and beverage sales again improved on the back of the highest level of activity experienced at the Arena, with the majority of this improvement coming from increased spend per head at sporting events and conferences. Conference and exhibition income performed well with a similar level of income, and improved margins for the year. There were 131 days where 95% or more of the facilities were used, with over 895 different events held over the year.

The improvement in the transport links to the area have seen around 10% of visitors using the new railway station for events and conferences.

The Arena staged one bowl concert (Robbie Williams) which saw over 30,000 fans at the event. Indoor concerts and events included Craig David, Peter Kay, and Catfish and the Bottlemen. We will continue to seek to attract further events for 2017/18.

The DoubleTree by Hilton saw significant growth with a full year of trading. Income was 29% up on the 2015/16 year and Revpar finished at £49. Hotel revenue for the first half of 2017/18 is already improving on the previous year.

The loss on ordinary activities, before taxation, amounted to £265,000 (2016: loss of £268,000)

Going concern

The Company is a subsidiary of Arena Coventry Ltd and a member of the Wasps Holdings Group.

The Group is 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 assets of £13.6m but made a loss of £3,809k (2016: £6,370k) in the current year, and has net current liabilities of £7,877k (2016: £7,202k).

During the audit of the draft 2017 Wasps Holdings Group results it was identified that a shareholder contribution of £1.1m had been incorrectly treated as revenue instead of as a capital contribution and that the required balance on the interest reserve account in Wasps Finance plc had not been maintained. Consequently, the Group had failed to maintain a ratio of consolidated EBITDA to consolidated Finance costs of at least 1.5:1.0 as at 30th June 2017, as required by the Wasps Finance plc bond.

As a result of this a proposal was put to Bondholders to waive this breach; to amend the covenant in order to allow any shareholder contributions to be included within the covenant calculation; and to replenish the interest reserve account by way of a shareholder contribution. These proposals were approved by the Bondholders on 19th January 2018, with 98.88% of votes cast, voting in favour.

The auditors were also presented with evidence which their testing revealed to have been falsified. Following the presentation of PwC's findings, the board of directors conducted a broader review of the financial processes, systems and controls across the Group, which has culminated in the implementation of various steps to strengthen the robustness of its reporting and accounting procedures. In particular the Chief Executive Officer now has final sign-off on the terms and accounting treatment of any revenue contract with a value of in excess of £100,000 per annum.

The Directors consider this to have been an isolated instance, have addressed the matter directly, and consider that the measures put in place provide additional controls to prevent such an occurrence.

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared financial forecasts for the 15 months from the date of signing of these financial statements, together with a higher level plan. These forecasts show that the Group is dependent upon the financial support of its shareholder to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bonds.

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

As with any company placing reliance on shareholders for financial support, the directors acknowledge that there can be no certainty that this support will continue as the letter of support is not legally binding. If shareholder support should not be forthcoming, the Group would have insufficient cash without securing additional funding to meet its ongoing liabilities, The Retail Bond covenants would also not be met meaning the Bondholders could call for immediate repayment of the bonds, and the Group has insufficient cash to repay its debt with Wasps Finance plc without securing additional funding. However, at the date of approval of the financial statements, the directors have no reason to believe that shareholder support will not be forthcoming.

The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Nonetheless the condition identified above regarding the ongoing support of the Group's shareholder indicates the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern.

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

Principal risks and uncertainties

Over the last few years the Company has demonstrated a strong performance within the core business this year supported by the contribution of Wasps Rugby, Wasps Netball and a robust events and conferencing offering, along with the DoubleTree by Hilton, with the business remaining in a strong position going forward.

The loss of key accounts is deemed a risk but one that the business believes that it can replace within the existing market.

Key performance indicators

IEC measures its performance based on both financial and non-financial KPIs. The KPIs are:

	2017	2016
- Total event days:	131	139
- Gross Profit (£'000)	5,731	5,078
- Hotel Rev Par - Revenue achieved for the rooms available; and	£49	£42
- Food and Beverage spend per head (Rugby).	£6.41	£5.81

This report was approved by the board on 3 May 2018 and signed on its behalf.

N J Eastwood
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

The directors present their report and the financial statements for the year ended 30 June 2017.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements 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;
- 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 to 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.

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 Group. The strategic report on page 1 and 2 has outlined the position in relation to the Group and the Company

Results and dividends

The loss for the year, after taxation, amounted to £265,000 *(2016 - loss £268,000)*.

Directors

The directors who served during the year were:

N J Eastwood
J M Isaac (appointed 30 June 2017)
J C M Parker
M A Jones (appointed 29 January 2018)
C U Nicol
J Withers (resigned 27 December 2017)
A L Gibbs (resigned 30 June 2017)
D A Armstrong (resigned 15 June 2017)

Future developments

The Company and Compass Group UK have now paved the way for a best in class catering, exhibition, conference and hospitality service for visitors to the leisure destination. Overall, gross profit margin was up 3.6% and it is important that we maintain this by focusing on long term profitable contracts.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

PricewaterhouseCoopers LLP have notified the directors that they will be resigning as auditors of the Company.

This report was approved by the board on 3 May 2018 and signed on its behalf.

N J Eastwood
Director

Independent auditors' report to the members of IEC Experience Limited

Report on the audit of the financial statements

Opinion

In our opinion, IEC Experience Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2017; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. The company is a member of a group of companies who are financed by a retail bond issued by Wasps Finance plc which contains financial covenants based on the financial performance of the group. During the year, the group failed to meet one of these covenants following an audit adjustment which resulted from a capital contribution from the group's shareholder being incorrectly treated as revenue based on evidence which was found to have been falsified following override of certain management controls. This covenant breach was subsequently waived and the covenant amended to allow shareholder contributions to be included in the covenant calculation.

The directors' financial forecasts for the 15 months from the date of signing the financial statements show that the company is dependent on the financial support of its immediate parent, Wasps Holdings Limited, who in turn are dependent on continued financial support from its shareholder to remain within its committed facilities and to meet the retail bond's covenants. There can be no certainty that this support will continue. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Ellis

Mark Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
3 May 2018

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	**2017**	2016
		£'000	£'000
Turnover	4	**15,341**	15,044
Cost of Sales		**(9,610)**	(9,966)
Gross Profit		**5,731**	5,078
Administrative expenses		**(5,996)**	(5,346)
Operating Loss before taxation		**(265)**	(268)
Tax on loss	8	-	-
Loss after taxation		**(265)**	(268)

There was no other comprehensive income for 2017 (2016: nil).

The notes on pages 10 to 21 form part of these financial statements.

IEC EXPERIENCE LIMITED

REGISTERED NUMBER: 08039699

BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017	2016
		£'000	£'000
Intangible assets	9	2,630	2,895
Tangible assets	10	332	506
		2,962	3,401
Current assets			
Stocks	11	93	102
Debtors: amounts falling due within one year	12	2,407	2,189
Cash at bank and in hand	13	2,619	527
		5,119	2,818
Creditors: amounts falling due within one year	14	(5,432)	(3,305)
Net current liabilities		(313)	(487)
Total assets less current liabilities		2,649	2,914
Net assets		2,649	2,914
Capital and reserves			
Called up share capital	16	-	-
Share premium account		4,000	4,000
Profit And Loss Account		(1,351)	(1,086)
		2,649	2,914

The notes on pages 10 to 21 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 3 May 2018.

N J Eastwood
Director

IEC EXPERIENCE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital £'000	Share premium account £'000	Profit and Loss Account £'000	Total Equity £'000
As at 1 July 2015	-	4,000	(818)	3,182
Comprehensive income for the year				
Loss for the year	-	-	(268)	(268)
As at 30 June 2016	-	4,000	(1,086)	2,914
Comprehensive income for the year				
Loss for the year	-	-	(265)	(265)
As at 30 June 2017	-	4,000	(1,351)	2,649

Called up share capital represents £100 (2016: £100).

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 business is the provision of catering, exhibition, conference and hospitality services for visitors to the Ricoh Arena, Coventry.

The address of its registered office is:
Ricoh Arena
Judds Lane
Coventry
CV6 6AQ

These financial statements were authorised for issue by the Board on 3 May 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 FRS 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 Preparation of Financial Statements;
(d) the requirements of IFRS 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 paragraphs 17 of IAS 24 Related Party Disclosures (key management personnel); 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 that 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 2016) provides guidance to directors on disclosures regarding the adoption of the going concern basis of accounting.

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

The Group is 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 assets of £13.6m but made a loss of £3,809k (2016: £6,370k) in the current year, and has net current liabilities of £7,877k (2016: £7,202k).

During the audit of the draft 2017 Wasps Holdings Group results it was identified that a shareholder contribution of £1.1m had been incorrectly treated as revenue instead of as a capital contribution and that the required balance on the interest reserve account in Wasps Finance plc had not been maintained. Consequently, the Group had failed to maintain a ratio of consolidated EBITDA to consolidated Finance costs of at least 1.5:1.0 as at 30th June 2017, as required by the Wasps Finance plc bond.

As a result of this a proposal was put to Bondholders to waive this breach; to amend the covenant in order to allow any shareholder contributions to be included within the covenant calculation; and to replenish the interest reserve account by way of a shareholder contribution. These proposals were approved by the Bondholders on 19th January 2018, with 98.88% of votes cast, voting in favour.

The auditors were also presented with evidence which their testing revealed to have been falsified. Following the presentation of PwC's findings, the board of directors conducted a broader review of the financial processes, systems and controls across the Group, which has culminated in the implementation of various steps to strengthen the robustness of its reporting and accounting procedures. In particular the Chief Executive Officer now has final sign-off on the terms and accounting treatment of any revenue contract with a value of in excess of £100,000 per annum.

The Directors consider this to have been an isolated instance, have addressed the matter directly, and consider that the measures put in place provide additional controls to prevent such an occurrence.

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared financial forecasts for the 15 months from the date of signing of these financial statements, together with a higher level plan. These forecasts show that the Group is dependent upon the financial support of its shareholder to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bonds.

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

As with any company placing reliance on shareholders for financial support, the directors acknowledge that there can be no certainty that this support will continue as the letter of support is not legally binding. If shareholder support should not be forthcoming, the Group would have insufficient cash without securing additional funding to meet its ongoing liabilities, The Retail Bond covenants would also not be met meaning the Bondholders could call for immediate repayment of the bonds, and the Group has insufficient cash to repay its debt with Wasps Finance plc without securing additional funding. However, at the date of approval of the financial statements, the directors have no reason to believe that shareholder support will not be forthcoming.

The directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Nonetheless the condition identified above regarding the ongoing support of the Group's shareholder indicates the existence of a material uncertainty that may cast significant doubt about the Group and the Company's ability to continue as a going concern.

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

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The intangible asset is amortised over its useful economic life of 15 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 20%
Computer equipment	- 33%
Catering equipment	- 33%

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 Profit and Loss Account.

2.6 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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 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.

2.9 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 as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

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.

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.

2.10 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.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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.

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.

Intangible fixed assets
In assessing whether the value of the hospitality rights have been impaired in light of reported current and historic losses, the Board have considered the expected future results of the Company, which are designed to be predictable and in line with past performance. Therefore the Board do not consider these to be any indication of impairment to the intangible assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£'000	£'000
Conference and exhibition income	**15,341**	15,044
	15,341	15,044

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2017	2016
	£'000	£'000
Depreciation of tangible fixed assets	**188**	171
Amortisation of intangible assets, including goodwill	**265**	265

During the year, no director received any emoluments (2016:nil)

6. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017	2016
	£'000	£'000
Fees for the audit of the Company	**13**	13
	13	13

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £nil).

8. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: - lower than) the standard rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
	£'000	£'000
Loss on ordinary activities before tax	**(265)**	(268)
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.75% (2016: 20%)	**(52)**	(54)
Effects of:		
Capital allowances for the year in excess of depreciation	**-**	20
Increase from tax losses for which no deferred tax asset was recognised	**52**	34
Total tax charge in the year	**-**	-

During the year the UK corporation tax rate changed from 20% to 19% on 1st April 2017.

In the budget of 16 March 2016, the Chancellor of the Exchequer announced that the Corporation Tax main rate will be reduced by an additional 1% for the Financial Year beginning 1 April 2020. The legislation in Finance Act 2016 set the rate at 17%, replacing the rate set for Financial Year 2020 in the Finance (No. 2) Act 2015. This will have an effect on the Group's future tax position. The standard rate of UK corporation tax will now reduce to 17% from 1 April 2020. These proposed changes were substantively enacted when the Finance Bill 2016 received Royal Assent on 15 September 2016. The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Group and also the future valuation of any deferred tax liabilities or assets.

Where applicable deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

9. Intangible assets

	Hospitality Rights £'000
Cost or Valuation	
At 1 July 2016	4,000
At 30 June 2017	**4,000**
Amortisation	
At 1 July 2016	1,105
Charge for the year	265
At 30 June 2017	**1,370**
Net Book Value	
At 30 June 2017	**2,630**
At 30 June 2016	**2,895**

10. Tangible fixed assets

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost or Valuation			
At 1 July 2016	226	586	**812**
Additions	2	13	**15**
At 30 June 2017	**228**	**599**	**827**
Depreciation			
At 1 July 2016	117	189	**306**
Charge for the year	47	141	**188**
At 30 June 2017	**164**	**330**	**494**
Net Book Value			
At 30 June 2017	**63**	**269**	**332**
At 30 June 2016	109	397	506

11. Stocks

	2017 **£'000**	2016 £'000
Finished goods and goods for resale	**93**	102
	93	102

Stock is stated after provision for impairment of £nil (2016: £nil).

12. Debtors

	2017	2016
	£'000	£'000
Trade Debtors	1,067	1,144
Other Debtors	86	145
Prepayments and accrued income	596	299
Amounts owed by group undertakings	658	601
	2,407	2,189

13. Cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank and in hand	2,619	527
	2,619	527

14. Creditors: Amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	3,107	2,117
Other creditors	295	-
Accruals and deferred income	599	418
Taxation and social security	30	10
Amounts owed to group undertakings	1,401	760
	5,432	3,305

15. Financial instruments

	2017	2016
	£'000	£'000
Financial Assets		
Financial assets measured at fair value through profit and loss	2,619	527
Financial assets that are debt instruments measured at amortised cost	1,811	2,083
	4,430	2,610
Financial liabilities		
Financial liabilities measured at amortised cost	(5,403)	(3,295)
	(5,403)	(3,295)

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 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 2017 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 that the company has sufficient funds available to meet obligations as they fall due, under all reasonably expected circumstances.

16. Share capital

	2017	2016
	£	£
Called up and fully paid		
77 A Ordinary of £1 each shares of £1 each	**77**	77
23 B Ordinary of £1 each shares of £1 each	**23**	23
	100	100

If Arena Coventry Limited breaches or terminates its contract with Compass before 2030, or it or the Company enter insolvency, Compass has the right to exercise its option to require Arena Coventry Limited to acquire its Ordinary B shares in the Company for the lower of their market share and £4.0m.

17. Related party transactions

Letheby & Christopher Ltd (a company in which a director of IEC Experience Limited sits on the Board);
The company received income of £nil (2016 - £500,000) and at the year end was owed £nil (2016 - £nil). The Group incurred costs of £7,329,000 (2016 - £10,678,000) and at the end of the year owed £2,624,000 (2016 - £1,589,000).

Arena Coventry Limited (a company which controls IEC Experience Limited);
The company received income of £522,000 (2016: £157,594) and incurred costs of £3,700,000 (2016: £2,902,000). At the year end the amount due to Arena Coventry Limited was £1,115,000 (2016: £760,000).

Wasps Holdings Limited (the immediate parent company of Arena Coventry Limited);
The company received income of £1,129,000 (2016: £978,000) and incurred costs of £4,000 (2016: £nil). At the year end the amount due from Wasps Holdings Limited was £493,000 (2016: £nil).

18. Controlling party

The company's immediate parent is Arena Coventry 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, Judds Lane, Coventry, CV6 6AQ

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