

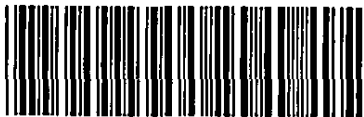
Company Registration No. 4440684

ARENA COVENTRY LIMITED

Report and Financial Statements

31 May 2008

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COMPANIES HOUSE

ARENA COVENTRY LIMITED

REPORT AND FINANCIAL STATEMENTS

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10

ARENA COVENTRY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D P Allvey
Sir Derek Higgs (deceased on 28 April 2008)
N Carter
J McGuigan
S G Manzie (resigned on 1 February 2008)
D G Gidney
P W Knatchbull-Hugessen
C West (appointed on 28 September 2007)

ALTERNATE DIRECTORS

M F Knatchbull-Hugessen

SECRETARY

P Ettridge (resigned on 2 March 2008)

CHIEF EXECUTIVE

D G Gidney

REGISTERED OFFICE

Ricoh Arena
71 Phoenix Way
Foleshill
Coventry
CV6 6GE

BANKERS

Yorkshire Bank
Ricoh Arena
71 Phoenix Way
Foleshill
Coventry
CV6 5GE

SOLICITORS

Wragge & Co
55 Colmore Row
Birmingham
B2 3AG

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

ARENA COVENTRY LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a joint venture company owned by North Coventry Holdings Limited and Football Investors Limited. North Coventry Holdings Limited is a wholly owned subsidiary of the City of Coventry Council. Football Investors Limited is a wholly owned subsidiary of The Alan Edward Higgs Charity.

The principal activity of the group is the management of the Ricoh Arena in Coventry. The company leases the Ricoh Arena from its subsidiary Arena Coventry (2006) Limited, which purchased the head lease from Coventry North Regeneration, a subsidiary of Coventry City Council, in June 2006.

The Ricoh Arena business principally consists of the following activities:

- a 32,500 seater stadium, the home to Coventry City Football Club;
- a 6,000 square metre exhibition, events and concert facility;
- a convention and banqueting centre;
- a 13,000 square metre entertainment centre leased to Isle Casinos Limited;
- a Health & Fitness Club;
- office accommodation;
- a 71 bedroom hotel;
- bistro; and
- community facilities.

On 14 December 2007 Arena Coventry Ltd's ("ACL") major tenant Coventry City Football Club was sold to a consortium led by Ray Ranson and Sisu Capital Ltd. ACL remains satisfied with the strong financial covenant of Sisu Private Equity, whose new capital investment into the Club has stabilised the Club's finances and seen the threat of administration for the Club lifted.

Subsequent to the takeover of the Club, ACL entered into a co-operation agreement with them resulting in a move to shared offices and a shared management team. This has delivered cost savings to both parties and acted as an enabler for the two companies to provide a seamless offer and service to their match day customers. ACL now share in match day corporate hospitality.

During the year, the Ricoh Arena won two prestigious awards: being named regional winner for both the RICS Regeneration Award and the British Chambers of Commerce Regional Business of the Year award.

The Ricoh Arena is now an established world class destination for business, entertainment and sport having moved from a period of post construction stabilisation to a period of significant growth.

Financial Highlights

ACL completed year 1 of its 5 year plan in the year ending 31 May 2008 delivering turnover of £7,316,946 (2007: £6,436,586), and earnings before interest, tax, depreciation and amortisation of £2,894,624 (2007: £3,485,865). The company had net liabilities of £2,733,624 as at 31 May 2008 (2007: £2,742,254).

ACL has continued to grow its revenues and operating profits, and has been able to generate positive cash flows and operate within its banking facilities. Excluding the £1,250,000 disposal of leasehold land in 2007, profit before taxation represented an improvement of £389,967 over the prior year.

Outlook

While, generally, football match revenues are declining, through lower attendances, ACL matchday sales are stable through offer improvements and embracing cashless payment technology. This has significantly reduced queue times at the retail kiosks, and thus increased transactions. The outlook for ACL remains positive.

Non-matchday revenues continue to develop with a growing conference and exhibition business, which together with strong trade relationships will continue to deliver high profile concerts, rugby matches and professional darts competitions.

The joint venture operation with Compass has also been strengthened through investment in the management team, with the aim of increasing conference and exhibition revenues through the newly established B2B brand of the International Events Centre.

ACL has development opportunities with the site, which, in the years ahead, it will seek to fully exploit.

ARENA COVENTRY LIMITED

DIRECTORS' REPORT (continued)

Principal Risks and Uncertainties

With the long term hedging arrangements in place for the majority of ACL's senior debt there is a strong level of protection from the current volatility in financial markets.

Operationally, the principle revenue challenge is to maximise the current profit performance of the hotel in line with plan targets. A detailed review is underway to ensure future performance targets are achieved.

With the difficult financial climate, there is the potential risk of a downturn in the traditional "sales conference" market. Plans are in place to mitigate this risk via attracting business from pharmaceutical and NHS sectors, which are seen as more "recession proof".

INFORMATION GIVEN TO AUDITORS

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

AUDITORS

Deloitte & Touche LLP have offered themselves for re-appointment as auditors.

Approved by the Board of Directors and signed by order of the Board.



Director

13 November 2008

Ricoh Arena
71 Phoenix Way
Foleshill
Coventry
CV6 6GE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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 estimates that are reasonable and prudent; 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 proper accounting records that 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 1985. 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

We have audited the group and parent company financial statements (the "financial statements") of Arena Coventry Limited for the year ended 31 May 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report as described in the contents section and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 May 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom
13 November 2008

ARENA COVENTRY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 May 2008

	Note	2008 £	2007 £
TURNOVER	1	7,316,946	6,436,586
Administrative expenses		(5,851,793)	(5,509,864)
OPERATING PROFIT	2	1,465,153	926,722
Profit on disposal of fixed assets	3	907	1,250,000
Interest payable and similar charges	4	(1,460,604)	(1,495,727)
Interest receivable and similar income	5	3,174	187,668
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,630	868,663
Tax on ordinary activities	8	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		8,630	868,663
RETAINED PROFIT FOR THE FINANCIAL YEAR		8,630	868,663

All activity has arisen from continuing operations.

The group has no recognised gains or losses other than those reported above for the current and previous years, and consequently a separate consolidated statement of total recognised gains and losses has not been prepared.

ARENA COVENTRY LIMITED

CONSOLIDATED BALANCE SHEET 31 May 2008

	Note	2008 £	2007 (restated note 27) £
FIXED ASSETS			
Tangible assets	10	26,010,313	26,853,968
		<u>26,010,313</u>	<u>26,853,968</u>
CURRENT ASSETS			
Debtors	12	1,836,502	1,624,208
Cash at bank and in hand		323,728	43,683
		<u>2,160,230</u>	<u>1,667,891</u>
CREDITORS: amounts falling due within one year	13	(2,592,636)	(1,579,519)
NET CURRENT (LIABILITIES)/ASSETS		<u>(432,406)</u>	<u>88,372</u>
TOTAL ASSETS LESS CURRENT (LIABILITIES)/ASSETS		25,577,907	26,942,340
CREDITORS: amounts falling due after one year	14	(21,459,831)	(22,491,948)
ACCRUALS AND DEFERRED INCOME	15	(6,851,700)	(7,192,646)
NET LIABILITIES		<u>(2,733,624)</u>	<u>(2,742,254)</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,516,112	3,516,112
Profit and loss account	17	(6,249,736)	(6,258,366)
SHAREHOLDERS' DEFICIT	17	<u>(2,733,624)</u>	<u>(2,742,254)</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

11 November 2008.



Mr N Carter

Director

~~2008~~ 13 November 2008

ARENA COVENTRY LIMITED

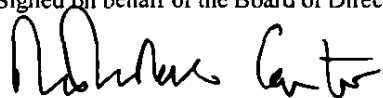
COMPANY BALANCE SHEET 31 May 2008

	Note	2008 £	2007 (restated note 27) £
FIXED ASSETS			
Tangible Assets	10	26,010,313	26,853,968
Investments	11	2	2
		<u>26,010,315</u>	<u>26,853,970</u>
CURRENT ASSETS			
Debtors	12	21,999,796	22,086,418
Cash at bank and in hand		323,728	43,683
		<u>22,323,524</u>	<u>22,130,101</u>
CREDITORS: amounts falling due within one year	13	(2,634,467)	(1,617,394)
NET CURRENT ASSETS		<u>19,689,057</u>	<u>20,512,707</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>45,699,372</u>	<u>47,366,677</u>
CREDITORS: amounts falling due after more than one year	14	(43,492,722)	(44,566,670)
ACCRUALS AND DEFERRED INCOME	15	(6,839,620)	(7,184,146)
NET LIABILITIES		<u>(4,632,970)</u>	<u>(4,384,139)</u>
CAPITAL AND RESERVES			
Called up share capital	16	3,516,112	3,516,112
Profit and loss account	17	(8,149,082)	(7,900,251)
SHAREHOLDERS' DEFICIT		<u>(4,632,970)</u>	<u>(4,384,139)</u>

These financial statements were approved by the Board of Directors on

11 November 2008.

Signed on behalf of the Board of Directors



Mr N Carter

Director

13 November 2008

ARENA COVENTRY LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 May 2008

	Note	2008 £	2007 (restated note 27) £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	3,129,575	1,191,347
Returns on investments and servicing of finance			
Interest received		3,174	49,297
Interest paid		(1,426,841)	(1,460,032)
Interest element of finance lease rentals		(33,763)	(42,580)
		<u>(1,457,430)</u>	<u>(1,453,315)</u>
Net cash outflow from returns on investments and servicing of finance			
		<u>(1,457,430)</u>	<u>(1,453,315)</u>
Capital expenditure and financial investment			
Payment to acquire finance lease		-	(22,004,203)
Payments to acquire tangible fixed assets		(671,687)	(514,951)
Sale of tangible fixed assets		9,000	1,250,000
		<u>(662,687)</u>	<u>(21,531,122)</u>
Net cash outflow from capital expenditure and financial investment			
		<u>(662,687)</u>	<u>(21,531,122)</u>
Net cash inflow/(outflow) before use of liquid resources and financing		1,009,458	(21,017,651)
Financing			
Receipt of bank loan		-	22,000,000
Receipt of related party loan		-	239,579
Repayment of related party loan		(83,333)	-
Repayment of bank loan		(506,080)	(360,373)
Capital element of finance lease rental payments		(140,000)	(140,100)
		<u>(729,413)</u>	<u>21,739,106</u>
Net cash (outflow)/inflow from financing			
		<u>(729,413)</u>	<u>21,739,106</u>
INCREASE IN CASH IN THE YEAR	20	<u>280,045</u>	<u>207,984</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 May 2008

1. ACCOUNTING POLICIES

The principle accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding year.

Accounting convention

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards in the United Kingdom.

Basis of consolidation

The Group financial statements consolidate the financial statements of Arena Coventry Limited and its subsidiary undertaking.

Turnover

Turnover is derived from the commercial activities of the Arena and is stated net of value added tax. Sponsorship, rental and service charge income are recognised over the period that services are offered. Other revenues are recognised at the point that the services are provided.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less the anticipated residual value, of each asset on a straight line basis over the expected useful economic life, as follows:

Leasehold land and buildings	2% per annum
Fixtures and fittings	7% - 33% per annum
Computers and office equipment	7% - 33% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

Pensions

The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions to the staff and directors' defined contribution private pension schemes that are payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Current taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or subsequently enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2008

1. ACCOUNTING POLICIES (continued)

Leases and hire purchase obligations

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Government grants

Government grants and other grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

2. OPERATING PROFIT

	2008 £	2007 £
Operating profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation		
- owned assets	1,044,814	943,218
- leased assets	462,435	469,470
Auditors' remuneration		
- fees payable to the company's auditors for the audit of the company's annual accounts	27,257	22,500
- audit of the company's subsidiary	2,580	2,500
- non-audit fees (tax services)	66,167	65,000
Operating leases	79,677	79,786
Amortisation of grants	(78,685)	(103,545)

3. PROFIT ON DISPOSAL OF FIXED ASSETS

On 2 June 2006 Arena Coventry (2006) Limited sold two plots of leasehold land the company had an interest in to Coventry North Regeneration Limited for £1,250,000.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Bank loans and overdrafts	1,356,715	1,395,747
Finance leases and hire purchase contracts	33,763	35,695
Other loans	70,126	64,285
	<u>1,460,604</u>	<u>1,495,727</u>

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2008

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank interest receivable	3,174	37,556
Finance leases	-	138,371
Other	-	11,741
	<u>3,174</u>	<u>187,668</u>

6. STAFF COSTS

Group and Company	2008 No.	2007 No.
Average number of persons employed (including executive directors)		
Operations staff	12	22
Commercial staff	2	1
Administrative staff	9	6
Casual staff	-	16
	<u>23</u>	<u>45</u>
	£	£
Staff costs during the year (including executive directors)		
Wages and salaries	819,037	787,499
Social security costs	90,425	72,921
Pension costs	29,122	21,718
	<u>938,584</u>	<u>882,138</u>

7. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

Group and Company	2008 £	2007 £
Directors' remuneration during the year		
Emoluments	201,932	99,980
Pension contributions to money purchase pension scheme	8,342	695
	<u>210,274</u>	<u>100,675</u>

No payments were made to the four directors appointed by the two shareholders, North Coventry Holdings Limited and Football Investors Limited (2007: £nil).

During the year the highest paid director received £136,516 (2007: £47,148). This includes pension contributions of £8,342 (2007: £695).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2008

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Factors affecting current tax charge for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK of 29.67% (2007: 30%).

The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	8,630	868,663
Tax on profit on ordinary activities at the standard rate	(2,560)	(260,599)
Effects of:		
Expenses not deductible for tax purposes at the standard rate	(14,452)	(7,032)
Adjustment in respect of finance lease	(11,236)	(10,434)
Capital allowances in excess of depreciation	737,636	1,826,566
Lease premium taxed in prior year	117,571	178,337
Utilisation of tax losses	-	98,125
Deferred tax not recognised	(826,959)	(1,824,963)
Current tax charge for the year	-	-

(ii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to a combination of a lease premium received, pre-trading expenditure and 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 against which the timing differences concerned will be offset. The amount of the asset not recognised at 31 May 2008 is £7,351,650 (2007: £6,570,609).

9. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's result for the financial year transferred to reserves amounted to a loss of £248,831 (2007: loss £773,222).

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2008

10. TANGIBLE FIXED ASSETS

	Leasehold land & buildings £	Fixtures & fittings £	Computer & office equipment £	Total £
Group and Company				
Cost				
At 1 June 2007	22,158,348	5,900,363	868,038	28,926,749
Additions	-	466,802	204,885	671,687
Disposals	-	(22,874)	(9)	(22,883)
At 31 May 2008	22,158,348	6,344,291	1,072,914	29,575,553
Depreciation				
At 1 June 2007	616,580	1,078,414	377,787	2,072,781
Charge for the year	462,435	805,412	239,402	1,507,249
Disposals	-	(14,781)	(9)	(14,790)
At 31 May 2008	1,079,015	1,869,045	617,180	3,565,240
Net book value				
At 1 June 2007	21,541,768	4,821,949	490,251	26,853,968
At 31 May 2008	21,079,333	4,475,246	455,734	26,010,313
Leased assets included above:				
Net book value				
At 1 June 2007	21,541,768	633,856	-	22,175,624
At 31 May 2008	21,079,333	587,165	-	21,666,498

11. FIXED ASSET INVESTMENTS

Company	2008 £	2007 £
Subsidiary undertakings	2	2

The subsidiary undertakings relates to Arena Coventry (2006) Limited, a wholly owned subsidiary incorporated in the United Kingdom.

12. DEBTORS

Amounts falling due within one year:

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Trade debtors	692,073	621,653	692,073	621,653
Amounts owed by group undertakings	-	-	19,846,627	20,462,210
Other debtors	33,900	1,372	33,900	1,372
Prepayments and accrued income	1,104,215	991,493	1,420,882	991,493
Corporation Tax	6,314	9,690	6,314	9,690
	1,836,502	1,624,208	21,999,796	22,086,418

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2008

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	536,950	484,246	536,950	484,246
Related party loan (see note 14)	333,333	83,333	333,333	83,333
Obligations under finance leases and hire purchase contracts	140,000	140,000	181,831	177,875
Trade creditors	1,402,718	789,825	1,402,718	789,825
Other taxation and social security	114,770	81,783	114,770	81,783
Other creditors	64,865	332	64,865	332
	<u>2,592,636</u>	<u>1,579,519</u>	<u>2,634,467</u>	<u>1,617,394</u>

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2008

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank loans	20,596,597	21,155,381	20,596,597	21,155,381
Related Party loan	583,334	916,667	583,334	916,667
Obligations under finance leases and hire purchase contracts	279,900	419,900	22,312,791	22,494,622
	<u>21,459,831</u>	<u>22,491,948</u>	<u>43,492,722</u>	<u>44,566,670</u>

On the 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 the Ricoh Arena. The term of the lease is 50 years less 3 days from 19 December 2003 when the development agreement was entered into.

The company has a loan of £21,133,547 (2007: £21,639,627) with Yorkshire Bank which bears interest at the rate of 1.265% above LIBOR rate. The loan is repayment in annual instalments with the final payment on 1 June 2026.

The company has a loan of £916,667 (2007: £1,000,000) from Coventry North Regeneration Limited which bears interest at the rate of 1.5% above base rate. The loan is repayable by 28 December 2010.

Borrowings excluding obligations under finance leases and hire purchase contracts included in creditors due within one year and after more than one year are payable as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts payable:				
- on demand or within one year	870,283	567,579	870,283	567,579
- between one and two years	903,036	843,039	903,036	843,039
- between two and five years	2,176,219	2,321,590	2,176,219	2,321,590
- after five years	18,100,676	18,907,419	18,100,676	18,907,419
	<u>22,050,214</u>	<u>22,639,627</u>	<u>22,050,214</u>	<u>22,639,627</u>

Amounts owed to other group undertakings are unsecured, and are interest bearing at the rate of 1.75% above 3 month LIBOR and have no set repayment dates.

Obligations under finance leases and hire purchase contracts:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Amounts payable:				
- on demand or within one year	140,000	140,000	181,831	177,875
- between one and two years	140,000	140,000	185,551	181,243
- between two and five years	139,900	279,900	302,334	426,971
- after five years	-	-	21,818,298	22,569,800
	<u>419,900</u>	<u>559,900</u>	<u>22,488,014</u>	<u>23,355,889</u>

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 May 2008

15. ACCRUALS AND DEFERRED INCOME

	Group		Company	
	2008	2007	2008	2007
		(restated)		(restated)
	£	£	£	£
Lease premium	4,953,829	5,350,136	4,953,829	5,350,136
Accruals	997,089	1,025,479	985,009	1,016,979
Deferred income (note 27)	900,782	817,031	900,782	817,031
	<u>6,851,700</u>	<u>7,192,646</u>	<u>6,839,620</u>	<u>7,184,146</u>

The lease premium represents an upfront payment from the Isle of Capri Casino. The directors consider that there are no foreseeable circumstances that would require the company to repay the amount received.

Accruals comprise amounts incurred in the day to day operation of the Ricoh Arena not yet paid at the year end.

Deferred income includes sponsorship and other revenue received relating to future financial years.

16. CALLED UP SHARE CAPITAL

Group and Company	2008	2007
	£	£
Authorised, allotted, called up and fully paid		
Type "A" 1,758,056 Ordinary share of £1 each	1,758,056	1,758,056
Type "B" 1,758,056 Ordinary share of £1 each	1,758,056	1,758,056
	<u>3,516,112</u>	<u>3,516,112</u>

Rights of shares

Dividends

The profits of the company available for distribution shall be applied as follows:

For every £1 of dividend declared:

The holders of the Type "A" shares shall be entitled to be paid £0.50 for every "A" share held; and

The holders of the Type "B" shares shall be entitled to be paid £0.50 for every "B" share held.

Appointment of directors

The holders of a majority of the Type "A" shares may appoint up to two persons to be directors.

The holders of a majority of the Type "B" shares may appoint up to two persons to be directors.

The holders of the Type "A" and "B" shares shall jointly appoint and remove not more than three independent directors.

Voting rights

Each member of Type "A" and "B" shares shall have one vote for each share held by the member.

ARENA COVENTRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 May 2008

17. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDERS' DEFICIT

Group	Share capital £	Profit and loss account £	Total £
At 1 June 2007	3,516,112	(6,258,366)	(2,742,254)
Profit for the financial year transferred to reserves	-	8,630	8,630
At 31 May 2008	<u>3,516,112</u>	<u>(6,249,736)</u>	<u>(2,733,624)</u>
Company			
At 1 June 2007	3,516,112	(7,900,251)	(4,384,139)
Loss for the financial year transferred to reserves	-	(248,831)	(248,831)
At 31 May 2008	<u>3,516,112</u>	<u>(8,149,082)</u>	<u>(4,632,970)</u>

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2008 £	2007 (restated note 27) £
Operating profit	1,466,060	926,722
Depreciation	1,507,249	1,412,688
(Increase)/decrease in debtors	(125,162)	243,637
(Decrease)/increase in creditors, accruals and deferred income	281,428	(1,391,700)
Net cash inflow from operating activities	<u>3,129,575</u>	<u>1,191,347</u>

19. ANALYSIS OF NET DEBT

	At 1 June 2007 (restated note 27) £	Cash flow £	Other non-cash changes £	At 31 May 2008 £
Cash at bank and in hand	43,683	280,045	-	323,728
	<u>43,683</u>	<u>280,045</u>	<u>-</u>	<u>323,728</u>
Debt due within 1 year	(589,413)	589,413	(870,282)	(870,282)
Debt due after 1 year	(22,050,214)	-	870,282	(21,179,932)
Finance leases	(559,900)	140,000	-	(419,900)
Net debt	<u>(23,155,844)</u>	<u>1,009,458</u>	<u>-</u>	<u>(22,146,386)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2008

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007 (restated note 27)
	£	£
Increase in cash in the year	280,045	207,984
Change in net debt resulting from cash flows	280,045	207,984
Related party loan	83,333	(239,579)
Bank loan	506,080	(21,639,627)
Finance lease	140,000	22,144,303
Non cash flow movement in finance lease	-	(865,983)
Movement in net debt in the year	1,009,458	(392,902)
Net debt at 1 June	(23,155,844)	(22,762,942)
Net debt at 31 May	(22,146,386)	(23,155,844)

21. MAJOR NON-CASH TRANSACTIONS

There were no major non-cash transactions during the year (2007: none).

22. FINANCIAL COMMITMENTS

Operating lease commitments

The Group and the Company has operating lease commitments to meet during the next year in respect of motor vehicles, office equipment and land and property leases, as follows:

At 31 May 2008 the Group was committed to making the following payments in respect of operating leases:

	2008	2007
	£	£
Expiring within one year	1,830	1,414
Expiring between two to five years	73,232	73,232
	75,062	86,346

There were no annual commitments under non-cancellable operating leases (2007: none).

Interest rate swaps

At 31 May 2008, the Group held interest rate swaps with a fair value of £275,464 (2007: £nil) that it had taken out to hedge the risk associated with long term debt.

23. CONTINGENT LIABILITIES

The group has no contingent liabilities (2007: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 May 2008

24. CAPITAL COMMITMENTS

At the year end the company had entered into £21,038 (2007: £126,382) of capital commitments towards the fit out of the Ricoh Arena.

25. RELATED PARTY TRANSACTIONS

During the year the company engaged in arms' length transactions with Coventry City Football Club (Holdings) Limited, of which Sir Derek Higgs was a director during the year. The transactions with Coventry City Football Club totalled £225,154 for the year and related mainly to corporate hospitality, sponsorship, and support costs for events (2007: £119,054 related mainly to corporate hospitality and sponsorship costs). At the year end £1,189 was owing to Coventry City Football Club (2006: £6,309). The football club lease offices and also have a license to play at the Ricoh Arena, the total of the transactions with the football club for the year was £1,062,440 (2007: £1,061,527). At the year end £48,958 was owing to Arena Coventry Limited (2007: £130,762). Since the year end Coventry City Football Club (Holdings) Limited has paid £48,958 towards the lease and licence balances that were outstanding at the year end.

Stella Manzie, John McGuigan and Christopher West are senior officers of Coventry City Council. During the year, the company had rates and operating expenses to the value of £209,221 (2007: £111,970) and £142,602 was outstanding at 31 May 2008 (2007: £109,655).

At the year end, the amount outstanding on the loan from CNR was £916,667 (2007: £1,000,000) which bears interest at the rate of 1.5% over base rate. The loan is repayable by 28 December 2010.

26. CONTROLLING PARTY

The company is a joint venture between North Coventry Holdings Limited, a wholly owed subsidiary of the City of Coventry Council, and Football Investors Limited, a subsidiary of The Alan Edward Higgs Charity. The Board which consists of two directors from each shareholder plus three independent directors are responsible for the management of the company.

27. RENT DEPOSIT GUARANTEE

In the financial statements for the year ending 31 May 2007 a deposit of £513,471 held with Yorkshire Bank under a Rent Deposit Deed with Coventry City Football Club Limited was included within cash. An equal and opposite entry was included within deferred income as at 31 May 2007.

The purpose of the bank account is to provide a guarantee against the football club defaulting on its agreement to pay Arena Coventry Limited annual rent for use of the football stadium. Arena Coventry Limited is entitled to withdraw from the deposit account any amounts it is due, including debts that are unpaid for 14 days.

Having considered the conditions required for Arena Coventry Limited to be able to access the cash it is the opinion of the directors that Arena Coventry Limited does not control the asset and should not be reported in cash. Consequently cash and deferred income have both been restated for the year ending 31 May 2007 to exclude the £513,471 related to the deposit account.

As at 31 May 2008, the net deposit account continues to be held with Yorkshire Bank providing a guarantee against Coventry City Football Club Limited defaulting upon its contracted terms.