

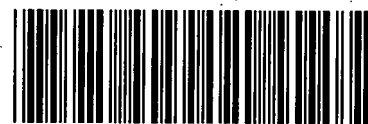
Registered number: 04440684

**Arena Coventry Limited**

Directors' report and financial statements

for the year ended 31 May 2014

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COMPANIES HOUSE

**DAINS**  
ACCOUNTANTS

**Arena Coventry Limited**

**Company Information**

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**Directors** N J Eastwood (appointed 8 October 2014)  
D Richardson (appointed 8 October 2014)

**Alternate director** D Armstrong (appointed 8 October 2014)

**Registered number** 04440684

**Registered office** Ricoh Arena  
71 Phoenix Way  
Foleshill  
Coventry  
CV6 6GE

**Independent auditors** Dains LLP  
15 Colmore Row  
Birmingham  
B3 2BH

**Bankers** HSBC Bank plc  
55 Corporation Street  
Coventry  
CV1 1GX

**Solicitors** Wragge & Co  
55 Colmore Row  
Birmingham  
B2 3AG

**Arena Coventry Limited**

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## **Business review**

The principal activity of the group is the management of the Ricoh Arena in Coventry. Arena Coventry Limited ("ACL") leases the Ricoh 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 ("Compass"), its then existing partner in the catering and facilities management of the Ricoh Arena. The incorporation of IEC transformed ACL's headline turnover figure from £7.8M in 2012 to £12.1M in 2014.

On 14 November 2014 London Wasps Holdings Limited ("Wasps"), the English Premiership Rugby Union team, completed the acquisition of a 100% shareholding in Arena Coventry Limited, owners of the Ricoh Arena, one of Europe's largest multi-purpose venues, by acquiring a 50% shareholding from The Alan Edward Higgs Charity. Wasps had previously acquired a 50% interest in Arena Coventry Limited from North Coventry Holdings Limited, a wholly owned subsidiary of the City of Coventry Council on 8 October 2014.

In addition to the exciting arrival of Wasps who play their first home game at the Ricoh Arena in December 2014 against London Irish, 2014 also marked the return of Coventry City Football Club ("CCFC") whose match on the 6th of September 2014 brought the League One team back to its 'home' ground some sixteen months after it departed amidst a rent strike and subsequent financial difficulties resulting in the club's administration. After extensive negotiation an agreement was reached which secures the future of football at the Ricoh Arena for up to four years on a license agreement.

The inaugural dual sports franchise season will be seven league matches short of the full complement but already promises significant revenue boosts to ACL and IEC, and despite the rapid expansion and success of the Conference & Exhibition ("C&E") business the impact of rugby and football match days could not have been achieved without utilising the stadium bowl- one of few spaces in the arena in general terms with availability in the C&E calendar.

C&E generated in excess of £1M of turnover in March and September 2014 where changes implemented by the CEO and board with respect to senior positions within the sales team and hotel management brought record trading months. The hotel is on track to achieving 90% of budget by the end of 2014.

Sport remains an integral facet of the venue with Champion of Champions Snooker, British Weightlifting, British Gymnastics and boxing all taking place over the last year bringing the household names in the sports to the Arena.

The Ricoh Arena business principally comprises of the following activities:

- A 32,500 seat capacity sports stadium;
- A 6,000 square metre exhibition, events and concert facility;
- A 15,000 square metre convention and banqueting centre;
- A 13,000 square metre entertainment centre leased to Rank Grosvenor;
- Office accommodation with mixed tenancies;
- A 121 bedroom hotel;
- A Bistro, Costa Coffee; and several further bespoke meeting room facilities

Technology firm ParentPay moved to the arena occupying the former Yorkshire Bank offices on a ten year lease from the 1st of August 2014. Fifty ParentPay personnel are now based at the arena as demand in the midlands has grown for the company's software which enables secure online payment for items such as school meals, trips and clubs.

The maintained buoyancy of the property market has seen an increased interest in office space at the arena with clients from various industry sectors expressing an interest in the currently available space. Further tenancies are expected to be announced in early 2015 based on current discussions.

## **Arena Coventry Limited**

### **Group strategic report (continued) for the year ended 31 May 2014**

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#### **Business review (continued)**

From an entertainment perspective the arena is championing the emerging market of multimedia gaming events, hosting two major Insomnia events in 2014 with two more confirmed for autumn winter 2014/15. These events have captured a new audience at the arena.

2015 sees the opening of the Arena Railway station as part of the NUCKLE project which will improve the existing rail line between Coventry and Nuneaton. NUCKLE is being delivered by Coventry City Council, Centro and Warwickshire County Council to provide Ricoh visitors with a direct link to the mainline station in Coventry which in turn improves links with key onward destinations such as Birmingham International Airport and London Marylebone.

The annual footfall at the Ricoh Arena is estimated to be in excess of 1.2M growing each year, and each week over 300,000 vehicles drive past the location which is within a two hour drive of 75% of the rest of the country. Innovative social media marketing and a dedicated following has seen the arena compete with venues such as Sweden's Friends Arena, the Bushy Park Circuit in Barbados and Frankfurt's Commerzbank Arena for international events such as the Race of Champions, the world renowned knockout motor sport event featuring some of the world's greatest drivers.

In summary, despite the challenges of the last year the C&E business has continued to grow as has trading in the hotel which has seen the 121 bedroom development establish itself as a quality destination in the midlands for event clients and transient business alike. Two sports franchises will be based at the venue from December 2014 which will increase the reputation of the Ricoh Arena both nationally and internationally.

#### **Outlook**

The outlook for ACL is extremely positive with continued growth across all market sectors. The upturn in the property market has already seen a new tenant take residence in 2014 and there is interest in other currently vacant office and retail spaces within the building which will provide long-term revenues to ACL.

The imminent opening of the Arena Railway station as part of the NUCKLE project will provide a further dimension to travel to the venue which will encourage more conference visitors from further afield.

The return of CCFC to the venue and the arrival of Wasps to play at their new home ground will raise the profile of the venue throughout the UK and Europe and attract commercial opportunities and investment befitting of the world class destination that it is.

**Arena Coventry Limited**

**Group strategic report (continued)  
for the year ended 31 May 2014**

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**Principal risks and uncertainties**

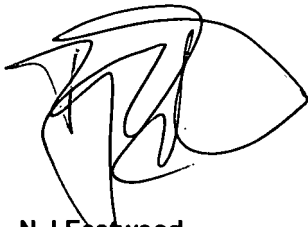
The established business, as has been proven over the past eighteen months, can sustain the loss of a sports franchise but now with a four year agreement with CCFC and Wasps permanently relocating to Coventry the future of regular sporting activity at the venue is secured.

**Financial key performance indicators**

ACL completed the year ending 31 May 2014 delivering turnover of £12,161,639 (2013 - £14,490,703) and a net loss of £392,299 (2013 - profit of £775,465).

ACL's Consolidated balance sheet saw a year on year decrease in net assets to £6,855,300 (2013 - £7,308,593).

This report was approved by the board on 1 December 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'N J Eastwood', written over a faint, stylized graphic that resembles a bird or a wing.

**N J Eastwood  
Director**

## **Arena Coventry Limited**

### **Director's report for the year ended 31 May 2014**

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The director presents his report and the financial statements for the year ended 31 May 2014.

#### **Results**

The loss for the year, after taxation and minority interests, amounted to £392,299 (2013 - profit £775,465).

#### **Directors**

The directors who served during the year were:

P W Knatchbull-Hugessen (Shareholder nominated non-executive director) (resigned 14 November 2014)  
C T West (Shareholder nominated non-executive director) (resigned 8 October 2014)  
P M Harris (Shareholder nominated non-executive director) (resigned 14 November 2014)  
R E Moon (Shareholder nominated non-executive director)  
(appointed 29 January 2014 & resigned 8 October 2014).  
C P Robinson (Non-executive Chairman) (appointed 30 January 2014 & resigned 22 October 2014)  
M R Reeves (Shareholder nominated non-executive director) (resigned 17 January 2014)  
N Carter (Non-executive Chairman) (resigned 31 August 2013)  
D Cockroft (Alternate director) (appointed 30 July 2014 & resigned 8 October 2014)

N J Eastwood, D Armstrong and D Richardson were appointed to the Board on 8 October 2014.

#### **Director's responsibilities statement**

The director is responsible for preparing the Group strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is 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 group will continue in business.

The director is 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 the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

**Arena Coventry Limited**

**Director's report  
for the year ended 31 May 2014**

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**Disclosure of information to auditors**

The director at the time when this Director's report is approved has confirmed that:

- so far as is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- 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 and the group's auditors are aware of that information.

**Auditors**

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 December 2014 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'N J Eastwood', written over a circular stamp or seal.

**N J Eastwood**  
Director



## **Arena Coventry Limited**

### **Independent auditors' report to the members of Arena Coventry Limited**

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We have audited the financial statements of Arena Coventry Limited for the year ended 31 May 2014, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 director and auditors**

As explained more fully in the Director's responsibilities statement, the director is 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Director's 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.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Arena Coventry Limited**

**Independent auditors' report to the members of Arena Coventry Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Hargate FCA (Senior statutory auditor)

for and on behalf of  
**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

1 December 2014

**Arena Coventry Limited****Consolidated profit and loss account  
for the year ended 31 May 2014**

	Note	2014 £	2013 £
Turnover	1,2	12,161,639	14,490,703
Cost of sales		(3,599,404)	(3,246,397)
<b>Gross profit</b>		<b>8,562,235</b>	<b>11,244,306</b>
Administrative expenses		(8,307,518)	(10,189,173)
<b>Operating profit</b>	3	<b>254,717</b>	<b>1,055,133</b>
<b>Exceptional items</b>			
Other exceptional items	8	-	475,761
<b>Profit on ordinary activities before interest</b>		<b>254,717</b>	<b>1,530,894</b>
Interest receivable	6	-	1,318
Interest payable	7	(708,010)	(817,741)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(453,293)</b>	<b>714,471</b>
Tax on (loss)/profit on ordinary activities	9	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(453,293)</b>	<b>714,471</b>
Minority interests		60,994	60,994
<b>(Loss)/profit for the financial year</b>	17	<b>(392,299)</b>	<b>775,465</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

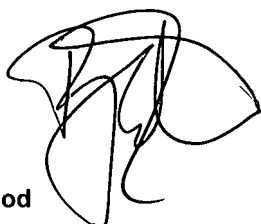
The notes on pages 13 to 26 form part of these financial statements.

**Arena Coventry Limited**  
**Registered number: 04440684**

**Consolidated balance sheet**  
**as at 31 May 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	10		23,661,941		24,818,306
<b>Current assets</b>					
Debtors	12	2,681,254		2,250,671	
Cash at bank and in hand		692,455		852,940	
		<u>3,373,709</u>		<u>3,103,611</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,858,421)</u>		<u>(1,646,560)</u>	
<b>Net current assets</b>			<u>1,515,288</u>		<u>1,457,051</u>
<b>Total assets less current liabilities</b>			<u>25,177,229</u>		<u>26,275,357</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(14,143,367)</u>		<u>(14,260,975)</u>
<b>Accruals and deferred income</b>	15		<u>(4,178,562)</u>		<u>(4,705,789)</u>
<b>Net assets</b>			<u>6,855,300</u>		<u>7,308,593</u>
<b>Capital and reserves</b>					
Called up share capital	16		3,516,112		3,516,112
Profit and loss account	17		2,541,158		2,933,457
<b>Shareholders' funds</b>	18		<u>6,057,270</u>		<u>6,449,569</u>
<b>Minority interests</b>	19		<u>798,030</u>		<u>859,024</u>
			<u>6,855,300</u>		<u>7,308,593</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 December 2014.



**N J Eastwood**  
Director

The notes on pages 13 to 26 form part of these financial statements.

**Arena Coventry Limited**  
**Registered number: 04440684**

**Company balance sheet**  
**as at 31 May 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	10		23,528,612		24,739,608
Investments	11		79		79
			<u>23,528,691</u>		<u>24,739,687</u>
<b>Current assets</b>					
Debtors	12	15,775,699		16,184,201	
Cash at bank and in hand		553		585,545	
		<u>15,776,252</u>		<u>16,769,746</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(1,208,400)</u>		<u>(1,242,510)</u>	
<b>Net current assets</b>			<u>14,567,852</u>		<u>15,527,236</u>
<b>Total assets less current liabilities</b>			<u>38,096,543</u>		<u>40,266,923</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(35,839,870)</u>		<u>(36,026,243)</u>
<b>Accruals and deferred income</b>	15		<u>(4,513,936)</u>		<u>(4,686,591)</u>
<b>Net liabilities</b>			<u><u>(2,257,263)</u></u>		<u><u>(445,911)</u></u>
<b>Capital and Reserves</b>					
Called up share capital	16		3,516,112		3,516,112
Profit and loss account	17		<u>(5,773,375)</u>		<u>(3,962,023)</u>
<b>Shareholders' deficit</b>	18		<u><u>(2,257,263)</u></u>		<u><u>(445,911)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 December 2014.

  
**N J Eastwood**  
 Director

The notes on pages 13 to 26 form part of these financial statements.

**Arena Coventry Limited****Consolidated cash flow statement  
for the year ended 31 May 2014**

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	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Net cash flow from operating activities	20	<b>828,522</b>	81,584
<b>Returns on investments and servicing of finance</b>			
Interest paid		<b>(708,010)</b>	(817,741)
Interest received		-	1,318
		<hr/>	<hr/>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(708,010)</b>	(816,423)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		<b>(169,090)</b>	(2,155,002)
<b>Financing</b>			
Repayment of borrowing		<b>(111,907)</b>	(14,533,360)
Receipt from borrowing		-	14,400,000
		<hr/>	<hr/>
<b>Net cash outflow from financing</b>		<b>(111,907)</b>	(133,360)
		<hr/>	<hr/>
<b>Decrease in cash in the year</b>		<b>(160,485)</b>	(3,023,201)

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**Arena Coventry Limited****Reconciliation of net cash flow to movement in net debt  
for the year ended 31 May 2014**

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	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
Decrease in cash in the year		<b>(160,485)</b>	(3,023,201)
Cash outflow from decrease in debt and lease financing		<b>111,907</b>	133,360
<b>Change in net debt resulting from cash flows</b>		<b>(48,578)</b>	(2,889,841)
Other non-cash changes		-	1,067,558
<b>Movement in net debt in the year</b>		<b>(48,578)</b>	(1,822,283)
Net debt at 1 June 2013	21	<b>(13,519,942)</b>	(11,697,659)
<b>Net debt at 31 May 2014</b>		<b>(13,568,520)</b>	(13,519,942)

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The notes on pages 13 to 26 form part of these financial statements.

## **Arena Coventry Limited**

### **Notes to the financial statements for the year ended 31 May 2014**

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#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

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

##### **Going concern**

As detailed in the strategic report, on 14 November 2014 London Wasps Holdings Limited ("Wasps") completed the acquisition of a 100% shareholding of Arena Coventry Limited by acquiring a 50% shareholding from The Alan Edward Higgs Charity. Wasps had previously acquired a 50% shareholding in Arena Coventry Limited from the City of Coventry Council on 8 October 2014.

In addition to the exciting arrival of Wasps, 2014 also marked the return of Coventry City Football Club ("CCFC") some sixteen months after it departed amidst a rent strike and subsequent financial difficulties resulting in the club's administration. The directors now believe that the outlook for the group is extremely positive with continued growth across all market sectors. The return of CCFC and arrival of Wasps will raise the profile of the venue throughout the UK and Europe and attract commercial opportunities and investment befitting of the world class destination that it is. Economic upturn in the period has secured additional rental income from new tenancies and commercial sponsorship opportunities are being realised with stadium stand sponsorship and advertising revenues returning.

Cash flow forecasts have been prepared through to 31 December 2015 incorporating the significant revenue boosts the dual sports franchise will bring, continued growth in the conference and exhibition business and reflecting the impact of the reduced cost base and improved longer term finance arrangements implemented in 2013. The directors believe that the principal uncertainty over achieving these cash flows is if actual turnover is lower than forecast in the projections, which is dependent on the ability of the group both to generate additional revenue streams and grow existing business.

On the basis of the forecasts prepared, the directors are satisfied that the group has sufficient finance facilities available to be able to continue to trade for a period of at least twelve months from the date of approval of these financial statements. They therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

##### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of Arena Coventry Limited and its subsidiary undertakings drawn up to 31 May 2014, using acquisition accounting.

##### **1.3 Turnover**

Turnover is derived from the commercial activities of the group and is stated net of value added tax. 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 advance of events is recorded as deferred income.



**1. Accounting policies (continued)**

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold land and buildings	-	life of the lease
Fixtures and fittings	-	2-33% per annum
Computer and office equipment	-	7-33% per annum
Catering equipment	-	33% per annum

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

**1.5 Investments**

Investments in subsidiaries are stated at cost less provision for impairment.

**1.6 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.7 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**1.8 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.9 Grants and contributions**

Grants and contributions 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.

**Arena Coventry Limited****Notes to the financial statements  
for the year ended 31 May 2014****1. Accounting policies (continued)****1.10 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 a director's defined contribution private pension scheme 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.

**2. Turnover**

All turnover arose within the United Kingdom.

**3. Operating profit**

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the group	863,020	890,601
- held under finance leases	462,435	462,435
Auditors' remuneration	35,000	30,000
Auditors' remuneration - non-audit	6,000	24,975
Amortisation of grants	(46,430)	(50,505)
	<u>          </u>	<u>          </u>

Auditors fees for the company were £20,000 (2013 - £20,000)

**4. Staff costs**

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

	2014 £	2013 £
Wages and salaries	613,675	829,814
Social security costs	68,571	91,181
Other pension costs	19,821	38,936
	<u>          </u>	<u>          </u>
	<u>702,067</u>	<u>959,931</u>

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

	2014 No.	2013 No.
Operations staff	10	10
Commercial staff	3	3
Administrative staff	4	5
	<u>          </u>	<u>          </u>
	<u>17</u>	<u>18</u>

**Arena Coventry Limited****Notes to the financial statements  
for the year ended 31 May 2014****5. Director's remuneration**

	2014 £	2013 £
Remuneration	22,500	170,528
Company pension contributions to defined contribution pension schemes	-	3,433
Compensation for loss of office	-	26,003

During the year retirement benefits were accruing to no directors (2013 - 1) in respect of defined contribution pension schemes.

No payments were made to the directors appointed by the two shareholders, North Coventry Holdings Limited and Football Investors Limited (2013 - £Nil).

**6. Interest receivable**

	2014 £	2013 £
Bank interest receivable	-	1,318

**7. Interest payable**

	2014 £	2013 £
On bank loans and overdrafts	-	544,949
On other loans	708,010	272,792
	708,010	817,741

**8. Exceptional items**

	2014 £	2013 £
Fundamental restructuring	-	475,761

During the prior year the group was fundamentally restructured which resulted in a restructuring of long term finance facilities which are now provided by the Council of the City of Coventry. The net gain on the settlement of the previous indebtedness to Yorkshire Bank, after offsetting legal and professional costs associated with the restructuring, amounted to £475,761.

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

**9. Taxation**

	2014 £	2013 £
UK corporation tax charge on (loss)/profit for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2013 - lower than) the standard rates of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	(453,293)	714,471
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(104,257)	171,473
<b>Effects of:</b>		
Expenses not deductible for tax purposes	22,569	15,769
Capital allowances for year in excess of depreciation	(139,305)	11,049
Adjustments in respect of finance lease	14,524	13,918
Short term timing differences leading to a (decrease)/increase in taxation	(1,134)	2,562
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(221,060)	(230,671)
Unrelieved tax losses carried forward	428,663	13,713
Other timing differences/rate changes	-	1,189
Charge on income	-	998
<b>Current tax charge for the year (see note above)</b>	-	-

**Factors that may affect future tax charges**

A deferred tax asset has not been recognised in respect of timing differences relating to a combination of future capital allowances 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 are earned against which the timing differences concerned can be offset. The amount of the asset not recognised at 31 May 2014 is approximately £6.9 million at 21% (2013 - £5.2 million at 23%).

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

**10. Tangible fixed assets**

<b>Group</b>	<b>Leasehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Computer and office equipment £</b>	<b>Catering equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 June 2013	22,158,348	12,877,960	1,285,035	6,631	36,327,974
Additions	-	143,023	17,383	8,684	169,090
At 31 May 2014	22,158,348	13,020,983	1,302,418	15,315	36,497,064
<b>Depreciation</b>					
At 1 June 2013	3,391,191	6,977,728	1,140,379	370	11,509,668
Charge for the year	462,435	798,237	61,100	3,683	1,325,455
At 31 May 2014	3,853,626	7,775,965	1,201,479	4,053	12,835,123
<b>Net book value</b>					
At 31 May 2014	18,304,722	5,245,018	100,939	11,262	23,661,941
At 31 May 2013	18,767,157	5,900,232	144,656	6,261	24,818,306

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

<b>Group</b>	<b>2014 £</b>	<b>2013 £</b>
Leasehold land and buildings	18,304,722	18,767,157

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

**10 Tangible fixed assets (continued)**

<b>Company</b>	<b>Leasehold land and buildings £</b>	<b>Fixtures and fittings £</b>	<b>Computer and office equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2013	22,158,348	12,795,526	1,283,436	36,237,310
Additions	-	70,753	17,383	88,136
At 31 May 2014	22,158,348	12,866,279	1,300,819	36,325,446
<b>Depreciation</b>				
At 1 June 2013	3,391,191	6,966,310	1,140,201	11,497,702
Charge for the year	462,435	776,130	60,567	1,299,132
At 31 May 2014	3,853,626	7,742,440	1,200,768	12,796,834
<b>Net book value</b>				
At 31 May 2014	18,304,722	5,123,839	100,051	23,528,612
At 31 May 2013	18,767,157	5,829,216	143,235	24,739,608

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

<b>Company</b>	<b>2014 £</b>	<b>2013 £</b>
Leasehold land and buildings	18,304,722	18,767,157

# Arena Coventry Limited

## Notes to the financial statements for the year ended 31 May 2014

### 11. Fixed asset investments

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 June 2013 and 31 May 2014	79
<b>Net book value</b>	
At 31 May 2014	79
At 31 May 2013	79

The company holds the whole of the equity share capital of Arena Coventry (2006) Limited, a company incorporated in England and Wales. Its principal activity is the managing of the lease of the Ricoh Arena in Coventry to Arena Coventry Limited.

The company holds 77% of the equity share capital of IEC Experience Limited, a company incorporated in England and Wales. Its principal activity is the provision of hospitality, catering and facilities management services in relation to the Ricoh Arena and Hotel.

Both subsidiaries' results are included in the consolidated accounts.

### 12. Debtors

	<b>Group</b>		<b>Company</b>	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	1,729,768	1,386,116	723,938	536,149
Amounts owed by group undertakings	-	-	14,334,268	15,019,256
Other debtors	102,538	116,044	1,873	105
Prepayments and accrued income	842,634	742,197	709,306	622,377
Tax recoverable	6,314	6,314	6,314	6,314
	<b>2,681,254</b>	<b>2,250,671</b>	<b>15,775,699</b>	<b>16,184,201</b>

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

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

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	-	<b>155,857</b>	-
Other loans	<b>117,608</b>	111,907	<b>117,608</b>	111,907
Amounts owed to group undertakings on finance lease contracts	-	-	<b>68,765</b>	63,148
Trade creditors	<b>1,566,085</b>	1,415,134	<b>790,764</b>	886,896
Amounts owed to group undertakings	-	-	-	149,283
Social security and other taxes	<b>171,521</b>	111,332	<b>72,199</b>	23,089
Other creditors	<b>3,207</b>	8,187	<b>3,207</b>	8,187
	<b>1,858,421</b>	1,646,560	<b>1,208,400</b>	1,242,510

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 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 £14,260,975 (2013 - £14,372,882) with the Council of the City of Coventry which bears interest at the rate of 5%. The loan is repayable in quarterly instalments with the final payment due on 16 December 2053. The loan is secured by a debenture creating a fixed and floating charge over the assets of the group and a legal first charge over the 50 year lease.



**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

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

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other loans	<b>14,143,367</b>	14,260,975	<b>14,143,367</b>	14,260,975
Amounts owed to group undertakings on finance lease contracts	-	-	<b>21,696,503</b>	21,765,268
	<b>14,143,367</b>	14,260,975	<b>35,839,870</b>	36,026,243

Included within the above are amounts falling due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Between one and two years</b>				
Other loans	<b>123,599</b>	117,608	<b>123,599</b>	117,608
<b>Between two and five years</b>				
Other loans	<b>409,879</b>	390,009	<b>409,879</b>	390,009
<b>Over five years</b>				
Other loans	<b>13,609,889</b>	13,753,358	<b>13,609,889</b>	13,753,358

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	<b>13,609,889</b>	13,753,358	<b>34,964,491</b>	35,204,649

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Between two and five years	-	-	<b>341,901</b>	313,977
After five years	-	-	<b>21,354,602</b>	21,451,291
	-	-	<b>21,696,503</b>	21,765,268

# Arena Coventry Limited

## Notes to the financial statements for the year ended 31 May 2014

### 15. Accruals and deferred income

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accruals	1,859,956	1,505,701	572,650	559,761
Lease assignment fee	1,824,830	2,785,960	-	-
Deferred income	493,776	414,128	3,941,286	4,126,830
	<b>4,178,562</b>	<b>4,705,789</b>	<b>4,513,936</b>	<b>4,686,591</b>

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

The lease assignment fee represents an inducement payment received by the group in 2009 for accepting the transfer of a lease of land and buildings which is being released to the profit and loss account over 7 years.

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

### 16. Share capital

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1,758,056 "A" Ordinary shares of £1 each	1,758,056	1,758,056
1,758,056 "B" Ordinary shares of £1 each	1,758,056	1,758,056
	<b>3,516,112</b>	<b>3,516,112</b>

#### Rights of shares

Each Ordinary share shall confer upon the holder of that share one vote on a show of hands and one vote per share on a poll. Each share shall have full rights to receive dividends and capital distributions, including on winding up. They do not confer any rights of redemption.

#### Appointment of directors

The holders of a majority of "A" shares may appoint up to two persons to be directors.  
The holders of a majority of "B" shares may appoint up to two persons to be directors.  
The holders of the "A" and "B" shares shall jointly appoint and remove not more than three independent directors.

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

**17. Reserves**

	Profit and loss account £
<b>Group</b>	
At 1 June 2013	2,933,457
Loss for the year	(392,299)
	<u>2,541,158</u>
At 31 May 2014	<u>2,541,158</u>
	Profit and loss account £
<b>Company</b>	
At 1 June 2013	(3,962,023)
Loss for the year	(1,811,352)
	<u>(5,773,375)</u>
At 31 May 2014	<u>(5,773,375)</u>

**18. Reconciliation of movement in shareholders' funds**

	2014 £	2013 £
<b>Group</b>		
Opening shareholders' funds	6,449,569	5,674,104
(Loss)/profit for the financial year	(392,299)	775,465
	<u>6,057,270</u>	<u>6,449,569</u>
Closing shareholders' funds	<u>6,057,270</u>	<u>6,449,569</u>
	2014 £	2013 £
<b>Company</b>		
Opening shareholders' (deficit)/funds	(445,911)	187,571
Loss for the financial year	(1,811,352)	(633,482)
	<u>(2,257,263)</u>	<u>(445,911)</u>
Closing shareholders' deficit	<u>(2,257,263)</u>	<u>(445,911)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £1,811,352 (2013 - £633,482).

**Arena Coventry Limited**

**Notes to the financial statements  
for the year ended 31 May 2014**

**19. Minority interests**

<b>Equity</b>	<b>£</b>
At 1 June 2013	859,024
Result for year	(60,994)
	<hr/>
At 31 May 2014	798,030
	<hr/>

**20. Net cash flow from operating activities**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	254,717	1,055,133
Exceptional restructuring costs	-	(591,797)
Depreciation of tangible fixed assets	1,325,455	1,276,475
Loss on disposal of tangible fixed assets	-	76,561
Amortisation of grants	(46,430)	(50,505)
Release of lease assignment fee	(961,130)	(961,130)
Increase in debtors	(492,759)	(122,518)
Increase/(decrease) in creditors	748,669	(600,635)
	<hr/>	<hr/>
Net cash inflow from operating activities	828,522	81,584
	<hr/>	<hr/>

**21. Analysis of changes in net debt**

	<b>1 June 2013 £</b>	<b>Cash flow £</b>	<b>Other non-cash changes £</b>	<b>31 May 2014 £</b>
Cash at bank and in hand	852,940	(160,485)	-	692,455
<b>Debt:</b>				
Debts due within one year	(111,907)	111,907	(117,608)	(117,608)
Debts falling due after more than one year	(14,260,975)	-	117,608	(14,143,367)
	<hr/>	<hr/>	<hr/>	<hr/>
Net debt	(13,519,942)	(48,578)	-	(13,568,520)
	<hr/>	<hr/>	<hr/>	<hr/>

## **Arena Coventry Limited**

### **Notes to the financial statements for the year ended 31 May 2014**

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#### **22. Contingent liabilities**

The group does not have any contingent liabilities at the balance sheet date (2013 - none).

#### **23. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

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 a director's defined contribution private pension scheme that are payable in the period. The pension cost charge represents contributions payable by the group to the fund and amounted to £19,821 (2013 - £38,936). Contributions totalling £3,888 (2013 - £5,046) were payable to the fund at the balance sheet date and are included in creditors.

#### **24. Related party transactions**

C T West was a senior officer of Coventry City Council during the year. The group incurred rates and operating expenses to the value of £420,298 (2013 - £530,986) and £313,392 was due to Coventry City Council as at 31 May 2014 (2013 - £342,290). During the year sales to the value of £60,000 (2013 - £254,398) were made to Coventry City Council and £Nil (2013 - £129,398) was due from Coventry City Council as at 31 May 2014.

As detailed in note 13, a loan has been provided by the Council of the City of Coventry to Arena Coventry Limited. This loan is provided on an arms length basis and interest rates charged are in line with market rates. A balance of £14,260,975 (2013 - £14,372,882) was due to Coventry City Council as at 31 May 2014.

During the year sales to the value of £40,931 were made to The Alan Higgs Centre Trust, a company in which PW Knatchbull-Hugessen is a director. A balance of £3,763 (2013 - £Nil) was due from The Alan Higgs Trust as at 31 May 2014.

Arena Coventry Limited owns 77% of the ordinary share capital in IEC Experience Limited. During the year expenses recharged to IEC Experience Limited totalled £2,203,599 (2013 - £1,970,373). Expenses recharged to Arena Coventry Limited totalled £31,263 (2013 - £31,042). At the balance sheet date £74,129 was owed from IEC Experience Limited (2013 - £149,283 owed to IEC Experience Limited).

#### **25. Controlling party**

At the year end, the company was a joint venture company between North Coventry Holdings Limited, a wholly owned subsidiary of the City of Coventry Council, and Football Investors Limited, a subsidiary of The Alan Edward Higgs Charity.

#### **26. Post balance sheet events**

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