

**ARENA COVENTRY (2006) LIMITED**

**Report and Financial Statements**

**Period from 13 January 2006 to 31 May 2007**

**Deloitte & Touche LLP  
Manchester**

**SATURDAY**



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**COMPANIES HOUSE**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

W E Cooper	(appointed on 16 January 2006, resigned on 19 December 2006)
J McGuigan	(appointed on 19 December 2006)
P W Knatchbull-Hugessen	(appointed on 19 December 2006)
P Ettridge	(appointed on 16 January 2006, resigned on 19 December 2006)

**SECRETARY**

P Ettridge	(appointed on 19 December 2006)
W E Cooper	(appointed on 16 January 2006, resigned on 19 December 2006)

**REGISTERED OFFICE**

Ricoh Arena  
71 Phoenix Way  
Foleshill  
Coventry  
CV6 6GE

**BANKERS**

Yorkshire Bank  
7-11 High Street  
Coventry  
CV1 5SB

**SOLICITORS**

Wragge & Co  
55 Colmore Row  
Birmingham  
B2 3AG

**AUDITORS**

Deloitte & Touche LLP  
Manchester

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the period from incorporation on 13 January 2006 to 31 May 2007

The directors' report has been prepared in accordance with the special provisions relating to a small companies under section 246(4) of the Companies Act 1985

## **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is a wholly owned subsidiary of Arena Coventry Limited

The Company was incorporated on 13 January 2006

The principal activity of the company is the lease of the Ricoh Arena in Coventry to Arena Coventry Limited The head lease was purchased from Coventry North Regeneration Limited on 2 June 2006

## **RESULTS AND DISTRIBUTIONS**

The results for the period are set out on page 5 The company's profit for the period before taxation, amounted to £1,641,886

The directors do not recommend the payment of a dividend

## **DIRECTORS AND THEIR INTERESTS**

The names of the current directors and those who served during the year are given on page 1

No director has an interest in the shares of the company or any group undertaking

## **CHARITABLE AND POLITICAL DONATIONS**

During the period the company made no charitable or political donations

## **POST BALANCE SHEET EVENTS**

Subsequent events are disclosed in note 18 on page 11

## **INFORMATION GIVEN TO AUDITORS**

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

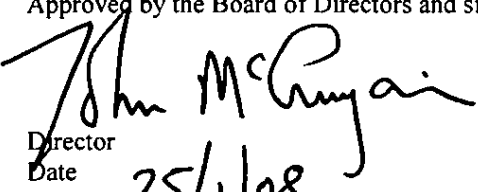
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's 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 expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

  
Director  
Date 25/1/08

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. The directors have chosen to prepare accounts for the company and the Group in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which 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 company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed,
- 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 which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report, which comply with the requirements of the Companies Act 1985.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARENA COVENTRY (2006) LIMITED**

We have audited the company financial statements of Arena Coventry (2006) Limited for the period from incorporation on 13 January 2006 to 31 May 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also 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 directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 circumstances of the company and the group, 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 company's affairs as at 31 May 2007 and of the company's profit for the period from incorporation on 13 January 2006 to 31 May 2007,
- 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*

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
25 January 2008

**PROFIT AND LOSS ACCOUNT**

**Period ended 31 May 2007**

	<b>Note</b>	<b>13 January 2006 to 31 May 2007 £</b>
<b>TURNOVER</b>	1	1,865,219
Administrative expenses		(32,530)
<b>OPERATING PROFIT</b>	2	1,832,689
Profit on disposal of fixed assets	3	1,250,000
Interest payable and similar charges	4	(1,440,803)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,641,886
Tax on ordinary activities		-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,641,886
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		1,641,886

All activity has arisen from continuing operations

The accompanying notes are an integral part of this profit and loss account

The company has no recognised gains or losses other than those reported above for the current period and consequently a statement of total recognised gains and losses has not been prepared

**BALANCE SHEET****31 May 2007**

	Note	2007 £
<b>CURRENT ASSETS</b>		
Debtors	6	22,112,598
		<u>22,112,598</u>
<b>CREDITORS: amounts falling due within one year</b>	7	(20,462,210)
		<u>1,650,388</u>
<b>NET CURRENT ASSETS</b>		
		<u>1,650,388</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		
		<u>1,650,388</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8	-
<b>ACCRUALS AND DEFERRED INCOME</b>	9	(8,500)
		<u>1,641,888</u>
<b>NET ASSETS</b>		
		<u>1,641,888</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	10	2
Profit and loss account	11	1,641,886
		<u>1,641,888</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		
		<u>1,641,888</u>

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

25/01/2008

Director

Date

*John McGuigan*  
25/01/08.

The accompanying notes are an integral part of this balance sheet



## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 May 2007

### 1. ACCOUNTING POLICIES

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

#### Accounting Convention

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

#### Turnover

Turnover represents amounts derived from rental income and associated service income excluding Value Added Tax. All turnover arises in the United Kingdom.

#### 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.

#### 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.

#### Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

#### 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 the 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 May 2007**

**2. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

**13 January  
2006 to  
31 May  
2007  
£**

Operating profit on ordinary activities before taxation is stated  
after charging/(crediting)

Auditors' remuneration  
- audit

2,500

Fees payable to Deloitte & Touche LLP for services other than the statutory audit of the company are not required to be disclosed since the consolidated accounts of the company's parent, Arena Coventry Limited disclose non-audit fees on a consolidated basis

**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**

**13 January  
2006 to  
31 May  
2007  
£**

Bank loans and overdrafts

1,440,803

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 May 2007**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(i) Factors affecting current tax charge for the year**

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30%

The differences are explained below

	<b>13 January 2006 to 31 May 2007 £</b>
Profit on ordinary activities before tax	<u>1,641,886</u>
Tax on profit on ordinary activities at the standard rate	(492,566)
Effects of	
Adjustment in respect of finance lease	(10,434)
Capital allowances in excess of depreciation	1,920,000
Deferred tax not recognised	<u>(1,417,000)</u>
Current tax charge for the period	<u><u>-</u></u>

**(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 2007 is £4,297,000

**6. DEBTORS**

Amounts falling due within one year

	<b>2007 £</b>
Amounts receivable on finance lease contracts	37,874
Amounts owed by group undertakings	<u>2</u>
	<u>37,876</u>

Amounts falling due after one year

Amounts receivable on finance lease contracts	22,074,722
	<u><u>22,112,598</u></u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2007 £</b>
Amounts owed to group undertakings	<u><u>20,462,210</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 May 2007**

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007
	£
Obligations under finance leases and hire purchase contracts	-

On the 2 June 2006 Arena Coventry (2006) Limited purchased the finance lease from Coventry North Regeneration Limited that Arena Coventry Limited 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.

**9. ACCRUALS AND DEFERRED INCOME**

	2007
	£
Accruals	8,500

**10. CALLED UP SHARE CAPITAL**

	2007
	£
<b>Authorised, allotted, called up and fully paid</b>	
2 Ordinary shares of £1 each	2

**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 ordinary shares shall be entitled to be paid £1.00 for every share held

**Voting rights**

Each member of shares shall have one vote for each share held by the member

**11. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share capital	Profit and loss account	Total
	£	£	£
Shares issued	2	-	2
Profit for the period transferred to reserves	-	1,641,886	1,641,886
<b>At 31 May 2007</b>	<b>2</b>	<b>1,641,886</b>	<b>1,641,888</b>

**12. CASH FLOW**

Under the provisions of Financial Reporting Standard No 1 (Revised), the company has not prepared a cash flow statement because its ultimate parent company, Arena Coventry Limited, which is registered in England and Wales, produces consolidated accounts which include the accounts of the company and are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 May 2007**

**13. FINANCIAL COMMITMENTS**

**Operating lease commitments**

At 31 May 2007 the Company had no operating leases

**14. CONTINGENT LIABILITIES**

The company has no contingent liabilities

**15. CAPITAL COMMITMENTS**

At the year end the company had no capital commitments

**16. RELATED PARTY TRANSACTIONS**

During the period the company purchased the head lease from Coventry North Regeneration Limited (CNR) for the Ricoh Arena which totalled £21,000,000. John McGuigan is a director of CNR. The balance owed to CNR at the year end was £NIL.

**17. POST BALANCE SHEET EVENTS**

There have been no significant events that have occurred since the balance sheet date, other than those set out in the accounts of Arena Coventry Limited.

**18. CONTROLLING PARTY**

The company is a wholly owned subsidiary of Arena Coventry Limited which is a joint venture 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. The Board are responsible for the management of the company.