

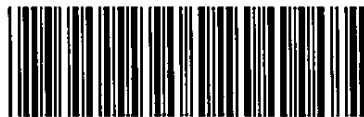
**Company Registration 5675263**

**ARENA COVENTRY (2006) LIMITED**

**Report and Financial Statements**

**31 May 2008**

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**ARENA COVENTRY (2006) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2008**

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## **ARENA COVENTRY (2006) LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J McGuigan  
P W Knatchbull-Hugessen

#### **SECRETARY**

P Ettridge (resigned on 2 March 2008)

#### **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 (2006) LIMITED

### DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 May 2008.

The directors' report has been prepared in accordance with the special provisions relating to 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 principal activity of the company is the lease of the Ricoh Arena in Coventry to Arena Coventry Limited.

### RESULTS AND DISTRIBUTIONS

The results for the year are set out on page 5. The company's profit for the year before taxation, amounted to £257,460 (period to 31 May 2007: £1,641,886).

The directors do not recommend the payment of a dividend (2007: none).

### DIRECTORS AND THEIR INTERESTS

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

### CHARITABLE AND POLITICAL DONATIONS

During the year the company made no charitable or political donations (2007: none).

### 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 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 (2006) LIMITED**

We have audited the financial statements of Arena Coventry (2006) Limited for the year ended 31 May 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 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**

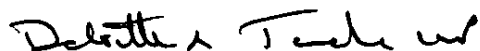
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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 company's affairs as at 31 May 2008 and of its 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 (2006) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 May 2008

	Note	Year to 31 May 2008 £	13 January 2006 to 31 May 2007 £
<b>TURNOVER</b>	1	1,862,125	1,865,219
Administrative expenses		(40,045)	(32,530)
<b>OPERATING PROFIT</b>	2	1,822,080	1,832,689
Profit on disposal of fixed assets		-	1,250,000
Interest payable and similar charges	3	(1,564,620)	(1,440,803)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		257,460	1,641,886
Tax on ordinary activities	5	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	10	257,460	1,641,886
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR/PERIOD</b>	10	257,460	1,641,886

All activity has arisen from continuing operations.

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

# ARENA COVENTRY (2006) LIMITED

## BALANCE SHEET 31 May 2008

	Note	2008 £	2007 £
<b>CURRENT ASSETS</b>			
Debtors	6	22,074,724	22,112,598
		<u>22,074,724</u>	<u>22,112,598</u>
<b>CREDITORS: amounts falling due within one year</b>	7	(19,846,629)	(20,462,210)
		<u>2,228,095</u>	<u>1,650,388</u>
<b>NET CURRENT ASSETS</b>			
		<u>2,228,095</u>	<u>1,650,388</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>2,228,095</u>	<u>1,650,388</u>
<b>ACCRUALS AND DEFERRED INCOME</b>	8	(328,747)	(8,500)
		<u>1,899,348</u>	<u>1,641,888</u>
<b>NET ASSETS</b>			
		<u>1,899,348</u>	<u>1,641,888</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2	2
Profit and loss account	10	1,899,346	1,641,886
		<u>1,899,348</u>	<u>1,641,888</u>
<b>SHAREHOLDER'S FUNDS</b>			
		<u>1,899,348</u>	<u>1,641,888</u>

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

2008.



Director

13 November 2008



# 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 year and prior 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.

### 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.

### 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.

## 2. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year to 31 May 2008 £	13 January 2006 to 31 May 2007 £
Operating profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
- fee payable for the audit of the company's annual accounts	2,580	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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2008**

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year to 31 May 2008 £	13 January 2006 to 31 May 2007 £
Amounts payable to group undertakings	1,564,620	1,440,803

**4. DIRECTORS' REMUNERATION**

The directors received no remuneration during the year (2007: £nil).

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

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

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:

	Year to 31 May 2008 £	13 January 2006 to 31 May 2007 £
Profit on ordinary activities before tax	257,460	1,641,886
Tax on profit on ordinary activities at the standard rate 29.67% (2007: 30%)	76,380	492,566
Effects of:		
Expenses not deductible for tax purposes	(30)	
Adjustment in respect of finance lease	11,236	10,434
Capital allowances in excess of depreciation	(808,094)	(1,920,000)
Deferred tax not recognised	720,508	1,417,000
Current tax charge for the year/ period	-	-

**(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 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 £5,327,811 (2007: £4,297,000).

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 May 2008**

**6. DEBTORS**

Amounts falling due within one year:

	2008	2007
	£	£
Amounts receivable on finance lease contracts	41,831	37,874
Amounts owed by group undertakings	2	2
	<u>41,833</u>	<u>37,876</u>

Amounts falling due after one year:

Amounts receivable on finance lease contracts	22,032,891	22,074,722
	<u>22,074,724</u>	<u>22,112,598</u>

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

	2008	2007
	£	£
Amounts owed to group undertakings	<u>19,846,629</u>	<u>20,462,210</u>

**8. ACCRUALS AND DEFERRED INCOME**

	2008	2007
	£	£
Accruals	12,080	8,500
Deferred Income	316,667	-
	<u>328,747</u>	<u>8,500</u>

**9. CALLED UP SHARE CAPITAL**

	2008	2007
	£	£
<b>Authorised, allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</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 ordinary shares shall be entitled to be paid £1 for every share held.

**Voting rights**

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

# ARENA COVENTRY (2006) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2008

### 10. RECONCILIATION OF RESERVES AND MOVEMENTS IN SHAREHOLDER'S FUNDS

	Share capital £	Profit and loss account £	Total £
At 1 June 2007	2	1,641,886	1,641,888
Profit for the period transferred to reserves	-	257,460	257,460
At 31 May 2008	2	1,899,346	1,899,348

### 11. 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.

### 12. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 May 2008 the company had no operating leases (2007: none).

### 13. CONTINGENT LIABILITIES

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

### 14. CAPITAL COMMITMENTS

At the year end the company had no capital commitments (2007: none).

### 15. RELATED PARTY TRANSACTIONS

There were no related party transactions undertaken during the year. During the period ending 31 May 2007 the company purchased the head lease for the Ricoh Arena from Coventry North Regeneration Ltd (CNR) which owns 50% of Arena Coventry Limited for £21,000,000. The balance owed to CNR at 31 May 2008 was £nil (2007: £nil).

### 16. 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 is responsible for the management of the company.