

Registered number: 05675263

ARENA COVENTRY (2006) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020



ARENA COVENTRY (2006) LIMITED

COMPANY INFORMATION

Directors	N J Eastwood J M Isaac
Company secretary	N J Eastwood
Registered number	05675263
Registered office	Ricoh Arena Judds Lane Coventry CV6 6AQ
Independent auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

ARENA COVENTRY (2006) LIMITED

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ARENA COVENTRY (2006) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The directors present their strategic report for the year ended 30th June 2020.

Principal activity

The principal activity of the Company has continued to be the management of the Lease of the Ricoh Arena ("Arena") in Coventry. Arena Coventry Limited ("ACL") leases the 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.

Business review

The profit on ordinary activities after taxation amounted to £547k (2019: £703k).

Going concern

Details of the directors' assessment of going concern are set out in Note 2.

Brexit

We have considered the potential impact of Brexit on the Company and whilst there may be significant effects for the wider economy which could in turn affect the Company's performance, we have not identified any specific risk that is material enough to require further disclosure here.

Impact of COVID-19

The Company had been trading in line with expectations in the nine months to 31 March 2020, with business significantly impacted by the UK Government's public health restrictions, which have meant the temporary closure of the Ricoh Arena to all events since 21 March 2020.

We reacted quickly at the onset of the pandemic to keep our customers and team members safe, with several measures to preserve cash and reduce costs. To combat the impact of COVID-19 the Group has taken advantage of a number of UK Government measures to help to ensure operational continuity throughout the crisis. The Coronavirus Job Retention Scheme (CJRS), deferral of employment tax payments, VAT payment deferrals together with rates holidays afforded to the hospitality sector have all aided the Group in navigating the challenges presented by COVID-19 since March 2020. We continue to keep a tight control of our operational costs, whilst also retaining key members of staff who will be vital as we begin to remobilise the business.

The Company has a comprehensive reopening plan in place, with detailed operating procedures to ensure team member and visitor health and wellbeing. It has already held a number of positive conversations with customers already impacted by the UK Government restrictions and successfully rescheduled a number of events into 2021.

Principal risks and uncertainties

For the Company, the principal risks and uncertainties continue to be:

Closure of the Arena from unforeseen circumstances

Impact: reduced revenue from events at the Arena;

Mitigation: Insurance to cover lost profits (based on budget) reviewed twice per year for forecast changes and updated with the insurance company.

Ongoing COVID-19 restrictions

Impact: reduced revenue from events at the Arena;

Mitigation: Ongoing review of the cost base and working with customers to reschedule event

ARENA COVENTRY (2006) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Failure to meet Wasps Finance PLC bond covenants

Impact: Wasps penalised financially through increased interest rate or bond repayment.

Mitigation: Detailed long-term business plan with sensitivity analysis to support covenants. The formula methodology has been revised to enable shareholder contributions to be included in the covenant calculations.

Failure to refinance the Wasps Finance PLC bond

Impact: Wasps penalised financially through sale of assets to repay bond liability.

Mitigation: Discussions with various corporate finance advisors regards refinancing options available.

Valuation of Arena materially lower than revaluation

Impact: Asset cover reduced for bondholders;

Mitigation: Use professional valuation companies to provide an accurate valuation on a regular basis.

This report was approved by the board on 4 March 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'N J Eastwood', written over a faint, stylized circular graphic.

N J Eastwood
Director

ARENA COVENTRY (2006) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020. Certain requirements of the Directors' Report have been included in the Strategic Report above.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Principal activity

The principal activity of the Company has continued to be the management of the Lease of the Ricoh Arena ("Arena") in Coventry. Arena Coventry Limited ("ACL") leases the 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.

Results and Dividends

The profit on ordinary activities, after taxation, amounted to £547k (2019: £703k).

The directors recommend a final dividend of £nil (2019: £nil) be made in respect of the financial year ended 30 June 2020.

ARENA COVENTRY (2006) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

Directors

The directors who served during the year were:

N J Eastwood
J M Isaac

Company Secretary

The Company Secretary who served during the year was:

N J Eastwood

Future Developments

The Company's objective is to grow conference and events activities through the continued promotion and development of the Ricoh Arena and its facilities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnities

The Wasps Holdings Group has maintained Directors' and officers' liability insurance throughout the year for the benefit of the Company, the directors and its officers.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies act 2006.

This report was approved by the board on 4 March 2021 and signed on its behalf.



N J Eastwood
Director

ARENA COVENTRY (2006) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARENA COVENTRY (2006) LIMITED

Opinion

We have audited the financial statements of Arena Coventry (2006) Limited (the 'company') for the year ended 30 June 2020 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, we draw attention to note 2.2 in the financial statements concerning the company's ability to continue as a going concern, including the uncertainty regarding the ongoing support of the company's ultimate shareholder.

This note highlights the existence of material uncertainties which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

Explanation of material uncertainties

As described in note 2.2, the directors of the parent company, Wasps Holdings Limited, have reviewed and approved medium term forecasts including various stress-test scenarios, each reflecting the expected impact of COVID-19 and covering more than 12 months from the date of signing these financial statements. These forecasts show that the Wasps Holdings Limited Group continues to be dependent on the financial support of its ultimate shareholder, Derek Richardson, with additional financial contributions needed to fund ongoing cash flow requirements and to meet the financial covenants associated with the retail bond.

The directors of the parent company, Wasps Holdings Limited, have obtained a letter of support from Derek Richardson and, based on the undertakings in this letter, are satisfied that he will continue to provide the necessary financial contributions for the foreseeable future. However, this letter of support is not legally binding, and the directors have drawn attention to the risk that ultimate shareholder support is not forthcoming in disclosing a material uncertainty relating to the going concern basis of preparation of the financial statements.

Wasps Finance PLC is also dependent on Wasps Holdings Limited and Arena Coventry Limited being in a position to repay its loans to Wasps Finance PLC so that Wasps Finance PLC can meet the scheduled redemption of the retail bonds in 2022. The directors note that Wasps Holdings Limited is considering various refinancing options in this regard. However, the directors have drawn attention to the risk that refinancing may be not completed in time for the redemption of the bonds in 2022.

ARENA COVENTRY (2006) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARENA COVENTRY (2006) LIMITED

In forming our conclusions over going concern, we reviewed the directors' going concern assessment, including the medium term forecasts subject to stress-test scenarios to reflect the impact on COVID-19 for the company, key assumptions within these forecasts, and the letter of support received from its ultimate shareholder. We also evaluated the adequacy and appropriateness of the directors' disclosures in respect of their assessment of going concern.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

ARENA COVENTRY (2006) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARENA COVENTRY (2006) LIMITED

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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 auditor's 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.



William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 5 MARCH 2011

ARENA COVENTRY (2006) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Note	£'000	£'000
Turnover	4	1,900	1,900
Gross Profit		1,900	1,900
Administrative expenses		(923)	(918)
Operating Profit		977	982
Interest payable and expenses	7	(279)	(279)
Profit before tax		698	703
Tax on profit	8	(151)	-
Profit after taxation		547	703

There was no other comprehensive income for 2020 (2019: £nil).

All activities relate to continuing operations.

The accompanying notes form part of these financial statements.

ARENA COVENTRY (2006) LIMITED

REGISTERED NUMBER: 05675263

BALANCE SHEET AS AT 30 JUNE 2020

		2020	2019
	Note	£'000	£'000
Current assets	9	21,089	21,347
Creditors: amounts falling due within one year	10	(9,811)	(10,616)
Net current assets		11,278	10,731
Total assets less current liabilities		11,278	10,731
Net assets		11,278	10,731
Share capital	12	-	-
Profit and Loss Account		11,278	10,731
Capital and reserves		11,278	10,731

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the board on 4 March 2021 and were signed on its behalf.



N J Eastwood
Director

ARENA COVENTRY (2006) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
As at 30 June 2018	-	10,028	10,028
Comprehensive Income for the year			
Profit for the year	-	703	703
Total comprehensive income for the year	-	703	703
As at 30 June 2019	-	10,731	10,731
Comprehensive Income for the year			
Profit for the year	-	547	547
Total comprehensive income for the year	-	547	547
As at 30 June 2020	-	11,278	11,278

Share capital is £2 as at 30 June 2020 (2019: £2)

Share capital represents the nominal (par) value of shares that have been issued.

Profit and Loss account includes all current and prior period retained profits and losses.

The accompanying notes form part of these financial statements.

ARENA COVENTRY (2006) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

The Company is a private company limited by share capital incorporated and domiciled in England and Wales. The principal activity of the Company is the management of the Lease of the Ricoh Arena ("Arena") in Coventry.

The address of its registered office is:

Ricoh Arena
Judds Lane
Coventry
CV6 6AQ

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The Company has taken advantage of the following disclosure exemptions under FRS101:

- (a) the requirement of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of) paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 8e(a) 10(d), 10(f), 16, 38(a), 38(b), 38(c), 38(d), 40(a), 40(b), 40(c), 40(d), 111 and 134-136 of IAS 1 Preparation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraphs 17 of IAS 24 Related Party Disclosures (key management personnel); and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into.

2.2 Going Concern

The Wasps Holdings Group (the "Group") has net liabilities of £22.5m (2019: net liabilities of £8.9m) and made a loss after tax of £11.1m (2019: profit after tax of £3.6m) in the current year and has net current liabilities of £46.1m (2019: net current liabilities of £5.3m). The board of directors of the Group and Group's ultimate shareholder are committed to making the Group financially viable, including initiating a series of projects to increase both matchday and non-matchday (e.g. conference and exhibitions, hotels and concerts) revenues and manage costs accordingly.

In order to assess the adequacy of the financial facilities available to the Group, the directors have reviewed and approved financial projections and various stress test analyses, each reflecting the expected impact of COVID-19, to assess whether the Group can remain within its committed lending facilities and can meet the financial covenants associated with the retail bond. These projections indicate that the Group will require additional funding within the next 12 months to remain within its lending facilities and to meet the financial covenants.

ARENA COVENTRY (2006) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The directors anticipate that this funding will be obtained from government support through Sport England (with which funding discussions are ongoing) and/or financial support from the ultimate shareholder.

The directors of the Company have obtained a letter of support from the Group's ultimate shareholder outlining a continued commitment to the Group, and are satisfied that this support will continue to be forthcoming for the foreseeable future. However, this letter of support is not legally binding. If ultimate shareholder support were to be required and were not to be forthcoming, the Group may not have sufficient cash, without securing additional funding, to meet its ongoing liabilities and may not be able to meet the financial covenants associated with the retail bond. Consequently there would be a material uncertainty which may cast doubt about the Group's, and the Company's, ability to continue as a going concern and therefore about the going concern basis of preparation of these financial statements.

Wasps Finance PLC is dependent on Wasps Holdings Limited and Arena Coventry Limited being in a position to repay its loans so that it can meet the scheduled redemption of the retail bonds in 2022. The directors and senior management are considering various refinancing options in this regard. Although the directors are confident that the refinancing will be successful, as with any such exercise, there is a risk that refinancing may not be completed prior to the scheduled redemption of the bonds in 2022. Consequently, there would be a material uncertainty which may cast significant doubt about the Group's, and the Company's, ability to continue as a going concern and therefore about the going concern basis of preparation of these financial statements.

At the date of approval of the financial statements, the directors are confident that additional funding will be secured, that any required ultimate shareholder support will be forthcoming, and that the anticipated refinancing will be completed prior to the scheduled redemption of the bonds in 2022, and have therefore continued to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

2.3 New standards, amendments and IFRIC interpretations

IFRS16 is the new accounting standard that is effective for the year ended 30 June 2020. However, this new accounting standard has not had a material impact on the Company, as the company has not entered into any formal lease arrangements. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2020 which have had a material impact on the Company.

2.4 Revenue

Revenue is recognised when performance obligations have been satisfied and to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

An entity transfers control of a service over time and therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

ARENA COVENTRY (2006) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue represents amounts derived from rental income and associated service income.

2.5 Debtors

Debtors relate to amounts owed by group undertakings. Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

2.6 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets at amortised cost.

Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

ARENA COVENTRY (2006) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2.8 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Taxation

Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements the directors have considered the recoverability of amounts owed by group undertakings, and are satisfied that the debts are recoverable, and that their carrying value is appropriately stated. The amounts owed by group undertakings may be impaired if the future cash flows generated by Arena Coventry Limited do not enable it to repay or refinance payments due.

ARENA COVENTRY (2006) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

4. Turnover

An analysis of turnover, all of which arose in the United Kingdom, by class of business is as follows:

	2020	2019
	£'000	£'000
Rental income	1,900	1,900
	<u>1,900</u>	<u>1,900</u>

5. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2020	2019
	£'000	£'000
Audit Fees	7	5
	<u>7</u>	<u>5</u>

No other work was undertaken for the company by the auditor during either year.

6. Employees

The Company has no employees (2019 - no employees) other than the directors, who did not receive any remuneration (2019 - *£nil*).

7. Interest Payable and similar charges

	2020	2019
	£'000	£'000
Interest payable on amounts owed to group undertakings	279	279
	<u>279</u>	<u>279</u>

ARENA COVENTRY (2006) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

8 Taxation

	2020	2019
	£'000	£'000
Corporation Tax		
Group relief payable	151	-
Total current tax	<u>151</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	<u>698</u>	<u>703</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax at 19.00% (2019: 19.00%)	133	134
Effects of:		
Capital element of lease	18	18
Group relief received for nil payment	-	(152)
Total tax charge in the year	<u>151</u>	<u>-</u>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements which has resulted in a deferred tax charge of £nil (2019: £nil) in the current year.

9. Debtors

	2020	2019
	£'000	£'000
Amounts owed by group undertakings	21,089	21,347
	<u>21,089</u>	<u>21,347</u>

Amounts due from group undertakings are unsecured, interest-free and are repayable on demand.

ARENA COVENTRY (2006) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

10. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Accruals	(7)	(3)
Amounts owed to group undertakings	<u>(9,804)</u>	<u>(10,613)</u>
	<u>(9,811)</u>	<u>(10,616)</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

11. Financial instruments

	2020	2019
	£'000	£'000
Financial Assets		
Financial assets that are debt instruments measured at amortised cost	21,089	21,347
	<u>21,089</u>	<u>21,347</u>

	2020	2019
	£'000	£'000
Financial Liabilities		
Financial liabilities measured at amortised cost	(9,804)	(10,613)
	<u>(9,804)</u>	<u>(10,616)</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings. Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

12. Share Capital

	2020	2019
	£	£
Allotted, issued and fully paid		
2 Ordinary Shares of £1 each	2	2
	<u>2</u>	<u>2</u>

ARENA COVENTRY (2006) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13. Post balance sheet events

As communicated by Trading Statement RNS on 12 November 2020, the bond trustees have agreed to remove the adjusted EBITDA (to include shareholder loans and contributions) covenant from the terms and conditions of the bond held by Wasps Finance PLC effective from and including the year ended 30 June 2020. This in effect retains the original scheduled repayment date in May 2022. Wasps Finance is now also able to commit to additional borrowing if required. Management continue to review options to refinance the bond ahead of May 2022. See note 2.2 for further detail.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID-19. Since the Balance Sheet date, the global pandemic from the outbreak of COVID-19 has continued to develop and is causing widespread disruption to normal patterns of business activity across the world, including the United Kingdom. The full financial effect from the impact of COVID-19 cannot be currently estimated.

14. Controlling party

The Company's immediate parent is Arena Coventry Limited. The ultimate parent is Moonstone Holdings Limited, a company incorporated in Malta. The ultimate controlling party and ultimate shareholder is D A Richardson.

The parent of the largest and smallest group in which these financial statements are consolidated is Wasps Holdings Limited, incorporated in England and Wales.

The consolidated financial statements of Wasps Holdings Limited are available upon request from the registered office. The registered address of Wasps Holdings Limited is: Ricoh Arena, Judds Lane, Coventry, CV6 6AQ.