Registration number: 04187289

Wasps Holdings Limited

Annual Report and Consolidated Financial Statements

For the Year Ended 30 June 2018

Wasps Holdings Limited

Contents

Wasps Holdings Limited

Company Information

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D A Richardson

N J Eastwood

L N Dallaglio

R N Dawbarn

R W Gray

C J Holland

D J Armstrong

Company Secretary

N J Eastwood

Registered office

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Auditors

Mazars LLP
Tower Bridge House
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E1W 1DD

Wasps Holdings Limited

Chairman's Report for the Year Ended 30 June 2018

This was our third full year at the Ricoh Arena, a year which saw the Wasps Group continue to invest and mature as a business. We have built on the foundations established in the previous years and I am happy with the progress made during the year. Total revenue as reported is flat, at £32.8m (2017 as restated: £33.0m), but with underlying revenue (excluding the impact of knock-out games of £1.6m in 2017) having increased by £1.4m.

As reported last year, the financial covenant relating to EBITDA was not met and a Consent Solicitation meeting was consequently held on 19 January 2018, when revised covenants were proposed and agreed. I would like to thank the bondholders for their continued support. Following on from this, a detailed internal financial review was undertaken and assessed by the auditors resulting in a number of prior year adjustments to reserves and the Consolidated Statement of Financial Position. The result of this review gives us confidence that our balance sheet is in a robust position to continue to support our ambitions to invest in and grow the business.

The Wasps rugby team performed exceptionally well throughout the year, reaching the Premiership semi-finals to be knocked out by the eventual winners, Saracens. I am incredibly proud of the team who fought hard throughout the season. We have built on the successful 2017/18 season by developing and attracting further world class talent.

In addition, the Wasps Netball team retained their title as back-to-back Vitality Superleague Netball champions, a wonderful result for the team in its second year.

The Group continues to seek to maximise its use of the Ricoh. The continued engagement with new fans, businesses, clubs and schools resulted in another successful year of attendances for Wasps and business activities at the Arena.

The investment in the DoubleTree by Hilton hotel during 2015/16 provided further significant returns, with hotel income up year on year. This year saw us staging a number of events including international rugby union, the Rolling Stones in concert, Wasps Netball in the Ericsson Indoor Arena and we look forward to hosting further sporting and entertainment events in the future years.

I am delighted to continue as the Chairman of the Group, supported by Nick Eastwood as Group CEO, Dai Young as Director of Rugby and Mark Rigby as President. I would like to thank everyone involved in our organisation, from our players, to the Board, management, all our staff and to the wider community who have worked so hard and embraced the changes to make the past year a success. The Group is in a strong position to capitalise on the future opportunities available to us as one of the UK's leading sports, exhibition, conferencing and entertainment arenas.

Finally, I would like to thank our supporters for their wonderful support throughout last season and I look forward to their continued support for what promises to be another thrilling season!

9th November 2018

D A Richardson
Chairman

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2018

I am pleased with the progress made in our third full year at the Ricoh Arena, a move which has proved transformational for the Club. Although reported operating loss before depreciation, exceptional items and allocation to non-controlling interests declined from a profit of £1.3m to a loss of £2.1m, the underlying business is strong. The change in reported profit is due to a number of specific reasons; primarily the impact of knock-out games in 2017, an increased investment in the rugby squad to ensure that the team remain competitive at the highest level, and a number of one-off items and balance sheet movements, the total of all these items being £3.5m. The detailed review set out below provides us with greater clarity and visibility to make optimal decisions for the group going forward.

The Group continues to establish solid and stable foundations and we will seek to build on these in future years. Our overriding aim remains to challenge for honours in the Gallagher Premiership, European Champions Cup and Netball Superleague, underpinned by a successful business model as one of the UK's leading multi-purpose venues.

GROUP HIGHLIGHTS

Key financial metrics

- Revenues at £32.8m (Wasps: £15.5.m; ACL: £3.6m; IEC: £13.7m);
- Operating loss increased to £6.3m from £2.2m (as restated);
- Operating loss before exceptional items and allocation to non-controlling interests of £(4.4)m (2017: £(0.3)m as restated);
- Increased Operating loss before depreciation, exceptional items and allocation to non-controlling interests to £2.1m (2017: profit £1.3m as restated);
- Gross margin unchanged at 33%;
- Arena value maintained at £60m, (next due for a formal revaluation in 2019);
- Consolidated Senior Debt at 30 June 2018 of £37.3m (2017 as restated: £35.5m) mainly owed to Wasps Finance PLC, Barclays PLC and HSBC PLC;
- Premier Rugby P shares valuation of £9.7m (2017: £9.7m).

Wasps Holdings (Wasps) Highlights

- Average rugby attendance of 18,775;
- Aviva Premiership Rugby semi-finalists;
- Vitality Superleague Netball champions for the second year running;
- New sponsorship deals signed up with NPower, Wright Hassall, Under Armour, Pet XI and Lovell Netball.
- Renewal of Dell Technologies contract

Arena Coventry Limited (ACL) Highlights

- Rolling Stones concert held;
- Casino trading improvement with additional attendances;
- England Women's and U20's Rugby Union double-header event;
- Arthur J Gallagher signed as a commercial partner;
- Heineken and Coca Cola signed as new sponsors for pouring rights.

IEC Experience (IEC) Highlights

- Hotel Revpar increased by 6%;
- 39 major exhibitions held (2017: 42);
- Successful concerts hosted for The Rolling Stones and Stepback 80's.

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2018

SPORT

The Group grew its overall revenue from sport throughout the year. Average attendances for the season for Premiership and European rugby matches decreased to 18,775 from 19,338 due to the non-recurrence of a home semi-final. The team finished third in the Premiership, narrowly losing out in the playoff semi-finals to the eventual winners, Saracens. We were delighted with our performance in the Premiership and hope to compete for honours for the 2018/19 season.

The franchise for Wasps Netball enjoyed its second year in existence. The team played in the Vitality Superleague and achieved another stunning playoff win in the final against Loughborough Lightning. The second-year investment in the franchise will now lead into the further building of the community programme around netball. This, combined with the rugby, provides an excellent opportunity to engage with both boys and girls in schools, clubs and the wider community.

Hospitality and sponsorship had another good year, which reflects the addition of strong seasonal sales and new partners signed up in the last few years.

Season tickets sales for Rugby and Netball reached a record level, reflecting the strength of the teams.

Central rugby income from PRL and the RFU improved by 6%, due to the new RFU agreement and contracted Premiership Broadcasting rights. The retail store delivered another successful year of sales, with online sales showing particularly good growth.

The Group will continue to seek to capitalise on its position as the only leading UK conference and event centre with resident elite sports teams, to bring other sports to the Arena, having hosted the rugby union Women's and U20's double header event against Ireland in early 2018 and Wasps Netball in the Ericsson Arena during the year.

Engagement with our community remains a core part of our activity and we again exceeded our target of 50,000 active community engagements during the year, conducting over 60,000 engagements. This year has seen some fantastic achievements across the community programmes, some highlights being our SEND (special educational needs and disability) programme Playing Advantage which has seen over 40 young people take part in a weekly rugby club providing sporting opportunity outside of school, something that they previously struggled to engage with. The HITZ programme has gone from strength to strength with over 20 NEETs (not in education, employment or training) taking part in learning academy and gain English and Maths qualifications and progress to work experience or even into employment or further training. Three of our learners were shortlisted at the national HITZ awards with Jason Kitchin going on to win the Young Achiever Award. Whilst many of our programmes focuses on school age and young people, we also have run programmes for all ages and Move Like a Pro was a fitness programme for males aged 35+ who have lapsed from any regular activity. With over 100 people taking part in the 12 week programme we have seen some amazing results with a combined weight loss of over 750KG and a waist reduction of over 12 Metres. More importantly than this, many of the participants are now continuing to maintain physical activity setting up their own touch rugby clubs.

BUSINESS

The capacity of the stadium is 32,600, and it has over 20,000 sqm of flexible event space, including the 6,000 sqm Ericsson Exhibition Hall. The Arena contains one of the UK's largest casinos and an onsite 121-bedroom, four-star DoubleTree by Hilton hotel, which again grew its revenues. The facilities also include three onsite restaurants, five bars and more than 20 retail food and beverage outlets.

ACL turnover reduced year on year in line with expectations, due to fewer concerts and a reduction in naming rights revenues. The Group continues to work with Grosvenor, the operator of the casino, to build on the successful synergies already in place. Arena Event Services delivered increased contribution to the business over the 2017/18 year, and will continue to develop during the 2018/19 year.

The Arena is now the only leading UK conference and event centre with a resident elite sports teams, and the combination of the Wasps brand with the Arena facilities creates significant sponsorship and partnership synergies, thus providing opportunities for the growth and development of both. The Ericsson Arena and stadium now include a new high-density WI-FI network throughout the whole site to provide an enriched experience for conference, sports events, exhibition and concert attendees. A mobile application for IOS and Android devices was launched in December 2017 and brought together the Sport, Business and Entertainment elements of the Arena in one unique offering.

ENTERTAINMENT

The Arena is a leading concert venue with a maximum concert capacity of 40,500. Following on from a busy 2017 schedule, key highlights for the year included a stand-out performance from the Rolling Stones in the bowl and a Stepback 80's indoor concert held in the Ericsson Indoor Arena. The events improved overall contribution to the business and will continue to form a significant part of future growth plans, with the emphasis on stadium hire events. We are delighted to have been part of the successful bid by Coventry for the City of Culture for 2021 and look forward to developing various events with the city over the next few years.

BOND SOLICITATION PROCESS

As was detailed in last year's accounts the Group failed to meet the ratio of EBITDA to consolidated finance costs of at least 1:5 to 1.0 as at 30th June 2017 and, as a result, a proposal was put to the Bondholders of Wasps Finance PLC to waive this breach and amend the covenant to allow for any shareholder contributions to be included within the Covenant calculation. I would like to thank the bondholders for their support in this matter as the proposals were approved on 19th January 2018 with 98.8% of the votes cast, voting in favour.

GROUP COMMERCIAL UPDATE

The combination of Wasps and the Ricoh Arena creates unique sponsorship and partnership synergies and continues to result in a number of new partnerships. Since the previous year end, new partnership deals have been signed with Under Armour and Mizuna for playing kit and retail merchandise. The portfolio of high quality brands grows, with the addition of new partnership agreements with NPower, Wright Hassall, T M Lewin and Mizuno Netball.

Wright Hassall have agreed a long term deal for them to sponsor the playing kit and provide leading legal and professional services to the business.

T M Lewin will provide the match day attire for players, staff and coaches.

PRIOR YEAR RESTATEMENTS .

As highlighted in the Chairman's statement a thorough financial review was carried out in 2018. This highlighted that a number of items held on the balance sheet could not be substantiated and the move onto the new accounting system at the end of 2016 resulted in various transactions being recognised in the old system after the statutory accounts had been finalised. This has resulted in a £1.9m pre-tax restatement of prior period information and opening reserves. The result of this review gives us confidence that our balance sheet is in a robust position to continue to support our ambitions to invest in and grow the business.

GOING CONCERN

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared medium term financial forecasts which show that the Group is dependent upon the financial support of its ultimate shareholder to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bond. The board of directors and ultimate shareholder are committed to making the group financially self-sustainable through a series of initiatives to increase both matchday and non-matchday revenues and manage costs accordingly.

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2018

The directors of the company have obtained a letter of support from the ultimate shareholder outlining a continued commitment to the Group and are satisfied that the existing ultimate shareholder support will continue to be forthcoming.

As with any company placing reliance on shareholders for financial support, the directors acknowledge that this letter of support is not legally binding. If ultimate shareholder support should not be forthcoming, the Group at the present time would have insufficient cash without securing additional funding to meet its ongoing liabilities, which include the payment of interest by the Group. There is also a risk that the Retail Bond covenants would also not be met, in which case the bondholders could call for immediate repayment of the bonds, and the Company has insufficient cash to repay the bonds without securing additional funding. However, at the date of approval of the financial statements, the directors have no reason to believe that ultimate shareholder support will not be forthcoming.

The directors therefore have a reasonable expectation that the Company has access to adequate resources to continue to operate as normal for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

In the event that shareholder support is not forthcoming 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.

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.

9 November 2018

N J Eastwood

Group Chief Executive

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2018

The directors present their strategic report for the year ended 30 June 2018.

FAIR REVIEW OF THE BUSINESS

The Group

The Group's principal activity is to play rugby union in the Aviva Premiership and European cup competitions, and to operate the Arena as a conference, exhibition and events venue. Arena Coventry Limited (ACL) operates out of the Arena. As at 30 June 2018, ACL owned 77% of IEC Experience Limited (IEC) and given the control exercised by the Company, is considered a subsidiary. Collectively the Company and these subsidiaries are referred to as the Group.

The Objective

Our overall objective is to operate the highest quality sport, business and entertainment venue in the Midlands. The Group objectives are directly linked to the performance of the Wasps rugby squad on the field of play, and maximising the utilisation of the facilities at the Arena. The squad is based on working strictly within the limits of the Salary Cap and providing elite sports coaches and elite facilities to improve the team performance year on year. The Arena consists of 20,000sqm of flexible event space including a 6,000sqm pillar free indoor arena, 121 room hotel and 80 versatile suites which catered for over 800 individual events during the last 12 months. The playing objective is to continue to compete for honours in the Aviva Premiership and the European Champions Cup, a goal we believe to be realistic due to the investment in the players, coaches and support staff.

Key Performance Indications ("KPIs")

The Group measures its performance based on both financial and non-financial KPIs. The Group's KPIs together with explanations and commentary are as follows:

	Comment	2018	2017
League position	1	3rd	1st
Average attendance	2	18,775	19,338
Adjusted operating loss	3	£4.4m	£0.3m
Exhibitions held	4	39	42
Hotel Rev Par	5	£52	£49
F&B spend per head	6	£6.16	£6.41

1 League position – being the final league position for Wasps; another strong season finished with a loss to Saracens in the Premiership semi-final.
2 Average attendance – being the average attendance for home games in the Aviva Premiership and European cup competitions; higher attendances also drive improved match day spending on food and beverage and merchandise.
3 Adjusted operating loss – defined as the operating result before exceptional items and allocation to non-controlling interests; refer to financial performance later in this report
4 Exhibitions held – represents the number of exhibitions that the Arena hosted in the year.
5 Hotel Rev Par – defined as the revenue per room available; this is a standard hotel industry measurement.
6 F&B spend per head – being the average amount spent on food and beverage per person at home rugby matches.

Hospitality – IEC Experience
IEC strives to provide a best in class catering, exhibition, conference and hospitality service for visitors to the leisure destination. The contribution to the Group is shown below.

Arena – Arena Coventry and Arena Coventry 2006 (a subsidiary of ACL)
ACL has a long-term lease (235 years remaining) with Coventry City Council over the Ricoh Arena. Leases over other operational space include new rentals, multi-year renewals and new opportunities; this will combine for a better than anticipated rental yield. The property was valued in March 2017 at £60m by professional RICS valuers Gerald Eve LLP. The directors have reviewed this valuation and consider it to still be reasonable. The next external valuation is due in 2019.

Wasps Rugby
Wasps turnover reduced 5% on the previous year, partly due to the non-reoccurrence of a Premiership home semi-final. The Company is looking to grow revenue levels for 2018/19 and beyond. Attendance remains a significant KPI for the Group. The policy of the Group is to continue to invest in the playing/coaching squad, whilst strictly adhering to the Salary Cap.

Wasps Netball
The Wasps netball team participated in its second Superleague competition, headed up by Tamsin Greenway as Director of Netball. The team produced an outstanding performance in its second year, beating Loughborough Lightning for a second time in the Final at the Copper Box Arena, London. We are immensely proud of the team performance in their second season and look forward to another successful season. Netball provides an additional element to the Wasps brand and our presence in the West Midlands community.

FINANCIAL PERFORMANCE

Summary
The Group generates its income principally from rugby matches, hospitality, sponsorship, central revenues, conferences, exhibitions and other events. The utilisation of the facilities is paramount to the Group.

	2018	2017 (as restated note 2)
	£'m	£'m
Revenue	**32.8**	33.0
Cost of sales	**(22.0)**	(22.1)
Gross profit	**10.8**	10.9
Gross margin	***33%***	*33%*
Other income	**-**	0.2
Administrative expenses before depreciation	**(12.9)**	(9.8)
Operating (loss) / profit before depreciation, exceptional items and allocation to non-controlling interests	**(2.1)**	1.3
Depreciation	**(2.3)**	(1.6)
Allocation to non-controlling interests	**(1.3)**	(1.6)
Exceptional costs	**(0.6)**	(0.3)
Operating loss	**(6.3)**	(2.2)
Finance costs	**(3.4)**	(2.5)
Loss before tax	**(9.7)**	(4.7)

Revenues

Group revenue contribution

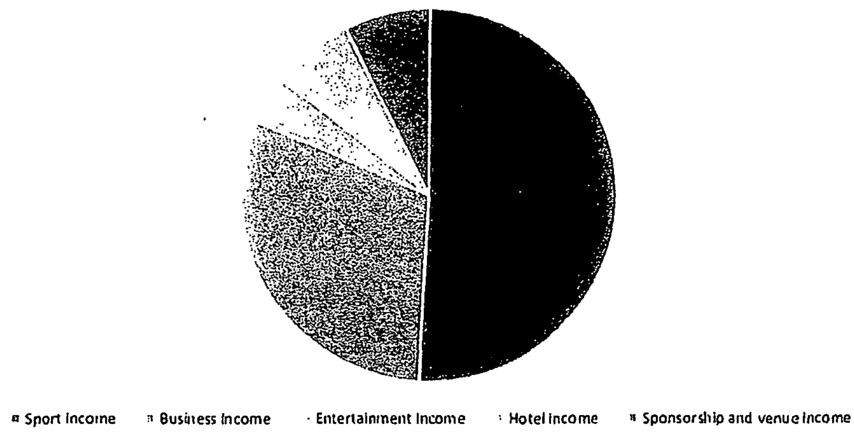
The Group's revenues comprise the following:

	2018	2017 (as restated note 2)
	£'m	£'m
Wasps	15.5	15.8
ACL	3.6	3.6
IEC	13.7	13.6
Total Revenue	32.8	33.0

Revenue by segment

The diversification of the Group's business provides both financial stability and opportunities to drive complementary revenue streams from each event at the Arena. The information below provides an update and demonstrates the diversified income streams within the Group:

Segment Income 2017/18



Sport

Central rugby income (being mainly broadcasting and central sponsorship revenues) improved over the previous year due to the new RFU agreement and contracted Premiership broadcasting rights. Seasonal hospitality sales and ticket income decreased year on year, due to the non-reoccurrence of a significant contribution from knock-out games in the prior year. This was offset by record season ticket sales which grew 19% year on year.

The 2018/19 season will see 17 home Wasps rugby fixtures, nine home Wasps netball fixtures and Coventry City Football Club will stage a further minimum 23 home league matches.

Business

Food and beverage sales decreased year on year, following a decreased spend per head at sporting events and conferences. Conference and exhibition income performed well with a similar level of income, and improved margins for the year.

The improvement in the transport links to the area have seen around 10% of visitors using the new railway station for events and conferences.

Entertainment

The Arena staged one bowl concert (The Rolling Stones) which saw over 30,000 fans at the event. Indoor concerts and events included the Stepback 80's concert. We will continue to seek to attract further events for 2018/19.

Hotel

The DoubleTree by Hilton saw significant growth. Income was 6% up on the 2016/17 year and Revpar finished at £52. Hotel revenue for the first part of 2018/19 has improved on the equivalent period in the prior year.

Sponsorship and venue

Sponsorship and partnership income increased year on year with new partnerships and sponsors signed up. These include Arthur J Gallagher, Scutum, Wright Hassall and Npower who joined the Wasps group of commercial partners and sponsors.

Cost of sales and administrative expenses

Costs of sales represent the direct costs of staging rugby and football matches and business events at the Arena, whilst administrative expenses represent the costs of managing the Group. Total costs have increased by 11.4% as detailed in note 5 and work is ongoing to manage these appropriately.

There has been further investment in the playing squad and coaching staff, the former in line with the increase in the Salary Cap, which is matched by an increase in funding from Premiership Rugby and the RFU. Our policy is to invest in the team to the maximum amount stipulated, whilst fully complying with the Salary Cap regulations, providing the Director of Rugby with the best possible opportunity to achieve success.

Indebtedness

Consolidated Senior Debt stood at £37.3m as at 30 June 2018 (2017: as restated £35.5m).

Net debt is defined as bank loans, overdraft, finance company loans, less cash balances. As at 30 June 2018 the balance was £55.8m (2017 as restated: £48.3m), which comprised Wasps Finance PLC £33.4m (2017: £33.2m), DA Richardson £18.6m (2017: £12.9m), HSBC PLC £0.2m (2017: £0.5m), asset finance £0.1m (£0.2m) and bank overdrafts of £3.5m (2017: £1.5m).

Exceptional items and allocation to non-controlling interest

During this and the previous year the Group incurred costs that due to their size and nature were deemed 'exceptional'. The Group's definition of exceptional is based on the classification of non-recurring items as such to enable the normal financial performance of the Group to be better understood. During the year costs in relation to the bond solicitation process and judicial review work have been deemed exceptional. Last year the judicial review and additional audit investigation costs have been deemed exceptional.

The allocation to non-controlling interest relates to management fees payable to Compass under the IEC shareholder agreement. This agreement ended after the year end on 14 July 2018.

The Group's exceptional items comprise the following:

	2018 £'m	2017 £'m
Bond related costs	0.2	-
Judicial review costs (note 30)	0.4	0.1
Prior auditor review costs	-	0.2
Total	0.6	0.3

Finance costs

The Group's finance costs comprise the following:

	2018 £'m	2017 (As restated note 2) £'m
Loan and overdraft interest	0.2	-
Other interest	0.9	0.2
Interest due to Wasps Finance PLC	2.3	2.3
Total	3.4	2.5

Valuations

The Group revalued the property located at Judds Lane on which the stadium is located during 2017. The revaluation brought the value in the financial statements to £60.0m. Management have reviewed the valuation in the current year and have no reason for the valuation amount to be changed.

The P shares in Premier Rugby Limited have been recognised at their fair value of £9.7m (2017: £9.7m). Management have reviewed the valuation in the current year and have no reason to change the value. The basis of this valuation is the Net Present Value of contracted income for Premier Rugby Limited, discounted at 6% and multiplied by 1.5 times, as prescribed in the Premiership Rugby Shareholders Agreement. This reflects the fair value of the P shares if sold.

Prior year adjustments

The Chief Executive's report has highlighted the prior year adjustments, which are outlined in the Accounting policies note 2 to the accounts.

Post balance sheet events

On the 14 July 2018, IEC Experience Limited agreed a long-term strategic partnership with global hospitality giants, Delaware North Companies (UK) Hospitality Services Limited. They are a global leader in hospitality with unique knowledge of working with venues like ourselves both here in the UK and abroad. We very much look forward to building on this partnership. This arrangement ended the joint venture agreement between IEC Experience Limited and Compass Group UK Limited which was in place for the year ended 30 June 2018 and has resulted in IEC becoming a wholly owned subsidiary of ACL. The Group would like to thank the Compass Group for all their hard work and contribution to helping grow the business over the past four years.

During July 2017 the High Court dismissed a claim that Coventry City Council's extension of ACL's lease on the Ricoh Arena in 2013 represented state aid. In November 2017 the Court of Appeal upheld a challenge on one aspect of this ruling, and a court hearing was held in June 2018. The directors have taken advice and are satisfied that this claim has no merit. The court decision was released on 12 October 2018 and dismissed the challenge. On 19 October 2018, the Court of Appeal refused permission to appeal to the Supreme Court.

Going concern

The Group and company are financed by a retail bond issued by Wasps Finance PLC which contains financial covenants based on the financial performance of the Group. The Chief Executive's report has already outlined on pages 5 and 6 the position in relation to the Group.

Directors' indemnities

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

PRINCIPAL RISKS AND UNCERTAINTY

For the Group the principal risks and uncertainties continue to be:

Success of the first team and relegation from the Aviva Premiership
Impact: Reduced revenues that would necessarily involve a reduction in expenditure to compensate.
Mitigation: Continued investment in the playing squad and coaching staff to ensure playing performance is at the very least maintained.

Reduced funding from the RFU, PRL and main sponsors
Impact: Reduced revenue from central contracts and sponsors.
Mitigation: Continued development of players who will feature in England/International squads thus maximising certain elements of revenue from the RFU and PRL. Utilising sponsorship money to improve infrastructure and customer experience thus improving match day spend per head.

Failure to comply with Premiership or RFU regulations or changes in regulations
Impact: Wasps penalised financially for non-conformance to regulations.
Mitigation: Maintain regulation returns and inspection reports as per regulations, particularly in relation to Salary Cap and minimum standards reporting.

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. Risk insurance policies evaluated and taken where appropriate to support profitability. The formula methodology has been revised to enable shareholder contributions to be included in the covenant calculations. This assumes continued ultimate shareholder support as outlined within the going concern statement.

Closure of the Arena due to 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 insurance company.

Valuation of Arena materially lower than revaluation
Impact: Asset cover reduced for Bondholders.
Mitigation: Use professional valuation companies to provide accurate valuation on a regular basis. Long term contracts and income growth to support valuation.

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2018

Conference and exhibition growth targets not met
Impact: Reduced revenues from conference and exhibition business, resulting in reduced profits.
Mitigation: Provision for long term contracts and dedicated sales and marketing team, providing 12-month order book and maximising competitive yield and margin.

Approved by the Board on 9 November 2018 and signed on its behalf by:

N J Eastwood
Director

Wasps Holdings Limited

Directors' Report for the Year Ended 30 June 2018

The directors present their report and the consolidated financial statements for the year ended 30 June 2018.

General overview

In May 2015 Wasps Finance PLC, a sister company to the Group, raised £35m by issuing a Retail Bond on the London Stock Exchange. The Group (excluding IEC) is a guarantor to this Retail Bond and have drawn down £33.8m from Wasps Finance PLC.

A consequence of being the guarantor of the Retail Bond is that the Group is required to produce these audited annual financial statements in accordance with International Financial Reporting Standards. Therefore, these financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU.

Dividends

The directors do not recommend the payment of a dividend (2017: £Nil).

Directors of the Group

The directors who held office during the year were as follows:
D A Richardson
N J Eastwood
R N Dawbarn
R W Gray
L N Dallaglio
D J Armstrong
C J Holland
J C M Parker (resigned 28 February 2018)

Company secretaries

The company secretaries who held office during the year were as follows:
N J Eastwood (appointed 1 March 2018)
J C M Parker (resigned 28 February 2018)

Financial instruments

The financial risk management objectives and policies of the Group and the exposure of the Group to credit risk, liquidity risk and interest rate risk are included in note 26.

Going concern

The Group and Company are financed by a retail bond issued by Wasps Finance PLC which contains financial covenants based on the financial performance of the Group. Further detail of the position in relation to the Group is noted within the going concern paragraphs included within the Chief Executive's report.

Future developments

For the financial year to June 2019, the Board is concentrating on the further consolidation of the Group's position.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Post balance sheet events

On the 14th July 2018, the Company agreed a long-term strategic partnership with global hospitality giants, Delaware North Companies (UK) Hospitality Services Limited. They are a global leader in hospitality with unique knowledge of working with venues like ourselves both here in the UK and abroad. We look forward to working together and building upon this partnership. This arrangement ended the supply agreement with Compass Group UK Limited which was in place for the year ended 30 June 2018, and as part of this termination Arena Coventry Limited purchased the 23 B shares held by the Compass Group.

During July 2017 the High Court dismissed a claim that Coventry City Council's extension of ACL's lease on the Ricoh Arena in 2013 represented state aid. In November 2017 the Court of Appeal upheld a challenge on one aspect of this ruling, and a court hearing was held in June 2008. The directors have taken advice and are satisfied that this claim has no merit. The court decision was released on 12 October 2018 and dismissed the challenge. On 19 October 2018, the Court of Appeal refused permission to appeal to the Supreme Court.

Re-appointment of auditors

Mazars LLP was appointed auditor during the period, and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 9 November 2018 and signed on its behalf by:

N J Eastwood
Director

Wasps Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the consolidated 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 prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Group and the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's as adopted by the European Union 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 company and the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 board of directors of Wasps Holdings is committed to ensuring the highest standards across the Group for the benefit of its shareholders, employees, investors, fans and other stakeholders.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Wasps Holdings Limited

Opinion

We have audited the Wasps Holdings Limited's group financial statements and the company financial statements (the 'parent company') for the year ended 30 June 2018 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 in the financial statements concerning the company's ability to continue as a going concern and the uncertainty regarding the ongoing support of the company's ultimate shareholder. As stated in note 2 this condition indicates the existence of a material uncertainty 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.

Note 2 to the financial statements details the Directors' disclosures of the material uncertainty relating to going concern. The directors of Wasps Holdings Limited have prepared medium term forecasts which covers more than 12 months from the date of signing these financial statements. These medium term forecasts show that Wasps Holdings Limited continues to be dependent on the financial support of its ultimate shareholder, Derek Richardson, with financial contributions needed to fund ongoing cash flow requirements and to meet bond covenants.

The directors are satisfied that ultimate shareholder support will continue to be forthcoming for the foreseeable future. The directors of Wasps Holding Limited have obtained a letter of support from the ultimate shareholder. However, as this letter of support is not legally binding the directors have drawn attention to the risk that

Independent auditor's report to the members of Wasps Holdings Limited

ultimate shareholder support is not forthcoming in disclosing a material uncertainty relating to going concern in the basis of preparation to the financial statements.

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 group and the parent 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 16, 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.

Independent auditor's report to the members of Wasps Holdings Limited

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

Richard Metcalfe
(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: 9 November 2018

Wasps Holdings Limited

Consolidated Income Statement for the Year Ended 30 June 2018

	Note	2018 £'000	2017 (as restated note 2) £'000
Revenue	4	**32,827**	32,992
Cost of sales	5	**(22,046)**	(22,097)
		10,781	10,895
Other income	4	**-**	158
Administrative expenses	5	**(15,200)**	(11,324)
Operating loss before exceptional items and allocation to non-controlling interest		**(4,419)**	(271)
Exceptional items	6	**(603)**	(300)
Allocation to non-controlling interests	6	**(1,299)**	(1,583)
Operating loss		**(6,321)**	(2,154)
Finance costs	7	**(3,402)**	(2,551)
Loss before tax		**(9,723)**	(4,705)
Taxation	11	**-**	(1,272)
Loss for the year		**(9,723)**	(5,977)
Loss attributable to:			
Owners of the company		**(9,696)**	(5,919)
Non-controlling interests		**(27)**	(58)
		(9,723)	(5,977)

The above results were derived from continuing operations.

The accompanying notes are an integral part of these financial statements.

Wasps Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2018

	Note	2018 £'000	2017 (as restated note 2) £'000
Loss for the year		(9,723)	(5,977)
Other comprehensive income for the year that will not be reclassified to profit and loss			
Surplus on revaluation of long leasehold property	12	-	11,839
Income tax effect	11	-	(1,662)
		-	10,177
Items that may be reclassified subsequently to profit and loss			
Surplus on revaluation of available for sale financial assets	15	-	-
Income tax effect	11	-	97
		-	97
Total comprehensive (expense)/income for the year		(9,723)	4,297
Total comprehensive (expense)/income attributable to:			
Owners of the company		(9,696)	4,355
Non-controlling interests		(27)	(58)
		(9,723)	4,297

The accompanying notes are an integral part of these financial statements.

Wasps Holdings Limited

Consolidated Statement of Financial Position as at 30 June 2018

	Note	2018 £'000	2017 (as restated note 2) £'000
Assets			
Non-current assets			
Property, plant and equipment	12	67,605	69,515
Intangible assets	13	885	780
Available for sale financial assets	15	9,725	9,725
		78,215	80,020
Current assets			
Inventories	16	509	430
Trade and other receivables	17	7,665	6,064
Cash and cash equivalents	18	-	-
		8,174	6,494
Total assets		86,389	86,514
Equity and Liabilities			
Equity			
Share Capital	19	(776)	(776)
Share Premium		(6,341)	(6,341)
Revaluation reserve		(33,802)	(33,802)
Capital contribution reserve		(638)	-
Available for sale reserve		(8,071)	(8,071)
Other reserve		1,879	1,764
Accumulated losses		48,504	38,923
Equity attributable to owners of the company		755	(8,303)
Non-controlling interests		(586)	(613)
Total Equity		169	(8,916)
Non-current liabilities			
Loans and other creditors	20	(51,841)	(46,364)
Other payables	23	(1,879)	(1,764)
Deferred tax liabilities	11	(6,936)	(6,936)
Deferred income	24	(4,867)	(5,608)
		(65,523)	(60,672)
Current liabilities			
Trade and other payables	23	(12,668)	(10,299)
Loans and borrowings	20	(4,026)	(1,942)
Deferred income	24	(4,341)	(4,685)
		(21,035)	(16,926)
Total liabilities		(86,558)	(77,598)
Total equity and liabilities		(86,389)	(86,514)

The accompanying notes are an integral part of these financial statements.

Approved by the Board on 9 November 2018 and signed on its behalf by:

N J Eastwood
Director

Wasps Holdings Limited

Company Statement of Financial Position as at 30 June 2018

(Registration number: 04187289)

	Note	2018 £'000	2017 (as restated note 2) £'000
Assets			
Non-current assets			
Property, plant and equipment	12	391	1,137
Investments	14	5,917	5,917
Available for sale financial assets	15	9,725	9,725
		16,033	16,779
Current assets			
Inventories	16	231	166
Trade and other receivables	17	4,637	3,283
Cash and cash equivalents	18	-	-
		4,868	3,449
Total assets		20,901	20,228
Equity and Liabilities			
Equity			
Share Capital	19	(776)	(776)
Share Premium		(6,341)	(6,341)
Capital contribution reserve		(554)	-
Available for sale reserve		(8,071)	(8,071)
Accumulated losses		54,462	47,263
Total Equity		38,720	32,075
Non-current liabilities			
Loans and borrowings	20	(46,275)	(40,169)
		(46,275)	(40,169)
Current liabilities			
Trade and other payables	23	(6,939)	(7,768)
Loans and borrowings	20	(3,869)	(1,243)
Deferred income	24	(2,538)	(3,123)
		(13,346)	(12,134)
Total liabilities		(59,621)	(52,303)
Total equity and liabilities		(20,901)	(20,228)

The Company's loss for the year was £7.2m (2017: £4.3m as restated).

The accompanying notes are an integral part of these financial statements.

Approved by the Board on 9 November 2018 and signed on its behalf by:

N J Eastwood

Director

Wasps Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2018

	Share Capital	Share Premium	Other reserve	Capital Contribution reserve	Revaluation reserve	Available for sale Reserve	Accumulated losses	Equity attributable to owners of the company	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 July 2016 (as previously reported)	776	6,341	-	-	23,833	7,974	(32,412)	6,512	671	7,183
Impact of prior period restatement (note 2)	-	-	(1,656)	-	-	-	(908)	(2,564)	-	(2,564)
As at 1 July 2016 (as restated)	776	6,341	(1,656)	-	23,833	7,974	(33,320)	3,948	671	4,619
Loss for the year (as previously reported)	-	-	-	-	-	-	(3,748)	(3,748)	(61)	(3,809)
Impact of prior period restatement (note 2)	-	-	-	-	-	-	(2,171)	(2,171)	3	(2,168)
Loss for the year (as restated)	-	-	-	-	-	-	(5,919)	(5,919)	(58)	(5,977)
Revaluation of Arena	-	-	-	-	10,177	97	-	10,274	-	10,274
Total comprehensive income / (expense)	-	-	-	-	10,177	97	(5,919)	4,355	(58)	4,297
Transfer between reserves	-	-	(108)	-	(208)	-	316	-	-	-
As at 30 June 2017 (as restated)	776	6,341	(1,764)	-	33,802	8,071	(38,923)	8,303	613	8,916
Loss for the year	-	-	-	-	-	-	(9,696)	(9,696)	(27)	(9,723)
Capital contribution	-	-	-	638	-	-	-	638	-	638
Total comprehensive income / (expense)	-	-	-	638	-	-	(9,696)	(9,058)	(27)	(9,085)
Transfer between reserves	-	-	(115)	-	-	-	115	-	-	-
As at 30 June 2018	776	6,341	(1,879)	638	33,802	8,071	(48,504)	(755)	586	(169)

Other reserve represents the discounted future liability payable to Compass Group in June 2030 (see note 3 for detail).

The accompanying notes are an integral part of these financial statements.

Wasps Holdings Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2018

	Share Capital	Share Premium	Capital contribution reserve	Available for sale Reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 July 2016 (as previously reported)	776	6,341	-	7,974	(42,858)	(27,767)
Impact of prior period restatement (note 2)	-	-		-	(43)	(43)
As at 1 July 2016 (as restated)	**776**	**6,341**	**-**	**7,974**	**(42,901)**	**(27,810)**
Loss for the year (as previously reported)	-	-	-	-	(3,862)	(3,862)
Impact of prior period restatement (note 2)	-	-	-	-	(402)	(402)
Loss for the year (as restated)	-	-	-	-	(4,264)	(4,264)
Other comprehensive income	-	-	-	97	(97)	-
Total comprehensive income/(expense)	-	-	-	97	(4,361)	(4,264)
As at 30 June 2017 (as restated)	**776**	**6,341**	**-**	**8,071**	**(47,263)**	**(32,075)**
Loss for the year	-	-	-	-	(7,199)	(7,199)
Capital contribution	-	-	554	-	-	554
Total comprehensive income / (expense)	-	-	554	-	(7,199)	(6,645)
As at 30 June 2018	**776**	**6,341**	**554**	**8,071**	**(54,462)**	**(38,720)**

The accompanying notes are an integral part of these financial statements.

Wasps Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 £'000	2017 (as restated note 2) £'000
Cash flows from operating activities			
Loss for the year		**(9,723)**	(5,977)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	12,13	**2,270**	1,602
Finance costs	7	**3,402**	2,551
Taxation	11	**-**	1,272
		(4,051)	(552)
Working capital adjustments			
Increase in inventories	16	**(79)**	(145)
(Increase) / decrease in trade and other receivables	17	**899**	(582)
Increase / (decrease) in trade and other payables	23	**199**	(2,152)
(Decrease) / increase in deferred income	24	**1,085**	2,003
Net cash flows used in operating activities		**(1,947)**	(1,428)
Cash flows from investing activities			
Acquisitions of intangible assets		**(218)**	-
Acquisitions of property plant and equipment		**(883)**	(1,642)
Proceeds from disposal Assets under construction		**636**	-
Net cash flows used in investing activities		**(465)**	(1,642)
Cash flows from financing activities			
Interest paid		**(2,534)**	(2,328)
Proceeds from other borrowing draw downs		**5,167**	5,182
Repayment of other borrowing		**(2,141)**	(1,606)
Net cash flows generated from financing activities		**492**	1,248
Net decrease in cash and cash equivalents		**(1,920)**	(1,822)
Cash and cash equivalents at 1 July		**(1,543)**	279
Cash and cash equivalents at 30 June (note 20)		**(3,463)**	(1,543)

The accompanying notes are an integral part of these financial statements.

Wasps Holdings Limited

Company Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 £'000	2017 (as restated note 2) £'000
Cash flows from operating activities			
Loss for the year		(7,199)	(4,264)
Adjustments to cash flows from non-cash items		-	-
Depreciation	12	426	366
Finance costs		2,122	1,423
Income tax credit		-	-
		(4,651)	(2,475)
Working capital adjustments			
Increase in inventories	16	(65)	(6)
Increase in trade and other receivables	17	1,145	(1,230)
Increase in trade and other payables	23	(829)	346
(Decrease) / increase in deferred income	24	(585)	1,713
Net cash flows used in operating activities		(4,985)	(1,652)
Cash flows from investing activities			
Acquisitions of property plant and equipment	12	(165)	(830)
Disposal of assets under construction		485	-
Net cash flows used in investing activities		320	(830)
Cash flows from financing activities			
Interest paid		(1,453)	(1,308)
Proceeds from other borrowing draw downs		4,968	2,903
Repayment of other borrowing		(1,533)	(281)
Net cash flows generated from financing activities		1,982	1,314
Net decrease in cash and cash equivalents		(2,683)	(1,168)
Cash and cash equivalents at 1 July		(1,161)	7
Cash and cash equivalents at 30 June (note 20)		(3,844)	(1,161)

The accompanying notes are an integral part of these financial statements.

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.
The address of its registered office is:
Ricoh Arena
Judds Lane
Coventry
CV6 6AQ.

2 Accounting policies

Statement of compliance
The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules, as modified by the revaluation of land and buildings and available for sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a larger degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed in note 3.

Prior year restatements
In the financial statements of the prior year £210k had been incorrectly recognised too early as revenue and has been reversed, resulting in a reduction in turnover and a reduction in Debtors of £59k and an increase in accruals and deferred income of £151k. In addition, insurance related costs of £132k, employment costs of £88k, and various sundry costs of £283k were missed or held as prepayments and have been added to cost of sales and administration with a corresponding reduction in prepayments (£195k) and increase in creditors and accruals (£308k). Expenditure previously capitalized of 53k has been charged to administration and assets reduced.

As has been highlighted in Wasps Finance Plc, transaction costs of £808k incurred by Wasps Holdings Limited when the Bond was issued were written off in the period to June 2016. It has subsequently been identified that they should have been capitalised and written off over the period of the Bond liability. An unamortised transaction costs prepayment £678k has therefore been added back to reserves at 30 June 2016 and a charge of £115k included in the prior year profit and loss account accordingly. This is held as a reduction of the loan with Wasps Finance Plc and will be written off over the remaining life of the Wasps Finance plc Bond.

In the financial statements of the prior year an option available to Compass plc to require Arena Coventry Ltd to acquire it's B shares in IEC Experience Ltd for £4.0m had been highlighted in note 24 as a future contingent liability. It has been identified that this option crystalises in 2030 and should have been recognized as an actual liability discounted at an appropriate discount rate. A deferred creditor has therefore been created as at March 2016 of £1.656m and an annual charge included in finance costs in the prior year of £107k using a discount rate of 6.5%.

A detailed financial review of the balance sheet assets and liabilities also highlighted a number of historical transactions from 2015/16 or earlier, that should have been written off which have been identified following a change of accounting systems. These relate to MTV and concert costs of £413k, employment costs £193k, accrued interest £179k purchasing income of £162k, sundry prepayments £446k, rent collection of £34k, acquisition costs £41k, ledger take on balance differences of £79k, and historical accrued income £114k. These have resulted in a reduction in opening reserves of £907k and changes to debtors (£149k), trade creditors (£11k), prepayments and accrued income (£1,022k), accruals (£442k), and creditors (£38).

Deferred consideration relating to the initial purchase of ACL of £200k was identified that should have been accrued for at the time of purchase. This has resulted in the creation of additional goodwill on acquisition (£200k), the creation of a deferred creditor (£133k) and a write back of payments previously charged to profit of £77k.

Also, in the consolidated financial statements of the prior year, a deferred tax asset of £1,175k was recognised in respect of cumulative trading losses of Arena Coventry Ltd. It was incorrectly assumed that these tax losses would be available for group relief. To correct this error, the prior year comparatives have been adjusted to reduce the deferred tax asset recognised by £1,175k, as set out in note 11.

In summary, the year ended 30 June 2017 the pre-tax profit and loss for the year has been reduced by £993k and the year ended 30 June 2016 and prior years by £907k.

Standards adopted in the year

The following amendments to standards issued by the IASB have been adopted by the Group in the year with no significant impact:

- IAS 12 – Income taxes: Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- IAS 7 – Statement of Cash Flows: Disclosure Initiative

Standards issued but not yet effective

Impact of transition to IFRS 9 and IFRS 15 (effective 1 July 2018)

There are no material adjustments anticipated from transition to IFRS 9 and IFRS 15 effective from 1 July 2018. The Group has decided not to early adopt these new standards.

Impact of transition to IFRS 16 (effective 1 July 2019)

IFRS 16 (effective 1 July 2019) eliminates the classification of leases as either operating or finance leases and introduces a single accounting model. It will require the Group to recognise substantially all of its current operating lease commitments on the Statement of Financial Position.

The Group has performed an impact assessment by collating all lease information and assessing relevant information against the IFRS 16 requirements. Material judgements and estimates are required in identifying and accounting for leases, determining the discount rate, as well as choosing the transition methodology. The Group is continuing to assess the impact of these, and based on current information and range of transition methodologies, expects a material impact to the statement of financial position's assets in the range of £0.1m to £0.2m, liabilities in the range of £0.1m to £0.2m, and reserves in the range of £0.1m to £0.2m. However, due to the various judgements that remain under consideration and the possibility of entering into new leases or exiting existing leases without replacement between the date of the Annual Report and date of adoption of IFRS 16 on 1 July 2019, the final adjustment may be materially different to the ranges mentioned above.

The Group has decided not to early adopt these new standards.

Company loss for the year
As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The Group's loss for the year includes the Company's loss for the year of £7.2m (2017 as restated: £4.3m).

Going concern
The Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (April 2017) provides guidance to directors on disclosures regarding the adoption of the going concern basis of accounting.

The receipt of interest receivable and compliance with the Retail Bond financial covenants for Wasps Finance PLC (the "Company") are dependent upon the performance of the Wasps Holdings Group of companies, and therefore this note refers to the performance of that Group.

The Wasps Holdings Group (the "Group") has net liabilities of £0.2m (2017 as restated net assets of £8.9m) but made a loss of £9.7m (2017 as restated: £6.0m) in the current year and has net current liabilities of £12.9m (2017 as restated: £10.4m).

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared medium term financial forecasts which show that the Group is dependent upon the financial support of its ultimate shareholder to remain within its committed lending facilities, and to meet the financial covenants, as amended in January 2018, associated with the Retail Bond. The board of directors and ultimate shareholder are committed to making the Group financially self-sustainable through a series of initiatives to increase both matchday and non-matchday revenues and manage costs accordingly.

The directors of the company have obtained a letter of support from the ultimate shareholder outlining a continued commitment to the Group and are satisfied that existing ultimate shareholder support will continue to be forthcoming.

As with any company placing reliance on shareholders for financial support, the directors acknowledge that this letter of support is not legally binding. If ultimate shareholder support should not be forthcoming, the Group would have insufficient cash without securing additional funding to meet its ongoing liabilities, which include the payment of interest by the Group. There is a risk that the Retail Bond covenants would also not be met in which case the Bondholders could call for immediate repayment of the bonds, and the Company has insufficient cash to repay the bonds without securing additional funding. However, at the date of approval of the financial statements, the directors have no reason to believe that ultimate shareholder support will not be forthcoming.

The directors therefore have a reasonable expectation that the Company has access to adequate resources to continue to operate as normal for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

In the event that shareholder support is not forthcoming 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.

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.

Basis of consolidation
The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2018.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest they acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The Group recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company activities.

Revenue is recognised in respect of match-day income, including season tickets, match-day tickets, executive boxes, hospitality packages and other match-day income, when the relevant match takes place.

For annual income streams such as central funding and sponsorship arrangements, revenue is recognised in equal instalments across the relevant period.

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.

Income received relating to conference and exhibitions in future periods is included as deferred income until the revenue recognition criteria are met.

Revenue received in relation to license fees is included in deferred income and released to income over the life of the license.

Other income
Risk mitigation insurance policies are assessed and taken out where appropriate to better predict profitability across the Group. The income is recognised where the outcome of the mitigation event is certain.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment excluding the Arena leasehold is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Land and buildings comprise mainly the Arena. The Arena is shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed every 2 years by independent valuers and reviewed by management in the intervening years, to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Increases in the carrying amount arising on revaluation of the Arena are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'retained earnings' to 'revaluation reserve'.

Depreciation
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Land and buildings - Arena	Over the life of the lease
Land and buildings - Other	Over the life of the lease
Fixtures, fittings and equipment	Between 2% and 50% per annum on a straight-line basis

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or Groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Intangible assets – software costs
Intangible assets – software costs are initially measured at cost less any accumulated amortisation and impairment losses.

These assets are amortised (and charged to administrative expenses) over its estimated useful life when the assets are completed and ready for use, as assessed by management. The estimated useful life of capitalised software costs is 3-5 years.

Investments in subsidiaries
Investments in subsidiaries are included at cost less any accumulated impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are amounts due from customers for conference and exhibitions sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value (usually recorded at the amount of proceeds received), net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Operating leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Rental income

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement within 'finance costs' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets classified as available for sale are recognised in other comprehensive income.

Impairment

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Exceptional items

In order to improve the understanding of the financial statements, the Directors have identified separately, on the face of the income statement, those items of income and charge which by their size, nature and/or incidence are exceptional to the financial statements for the year.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Groups accounting policies

Going Concern
The going concern assumptions have been detailed in note 2, Accounting Policies, and the critical judgements outlined here are all based upon that policy.

Control of IEC Experience Limited ("IEC")
Assessing whether the Group controls IEC requires judgment. The Group holds 77% of the voting rights of IEC and has a 67% majority representation on the board but through the shareholders agreement there a number of decisions that require unanimous consent of all the shareholders. The Group has assessed that the decisions that require unanimous consent give protective rights only and that the control of the day to day operating decisions and strategic financial decisions is retained by the Group. Therefore, the Group considers that IEC is a subsidiary of the Wasps Holdings Limited and the results of IEC are included in the Group financial statements.

Note - as at 14 July 2018, IEC became a fully owned subsidiary of ACL as a result of the purchase of 23 B Shares from Compass. See note 30 for further information.

Classification of the P share investment in Premier Rugby Limited ("PRL") as an "available-for-sale" financial asset
The Group follows the guidance of IAS 39 to determine the classification of the P share investment in PRL. This determination requires significant judgement. In making this judgement, the Group has evaluated that the P Share investment in PRL does not meet the definition of the other classes of financial assets within the scope of IAS 39 as;

- the investment is not held for short term investing so it is not held for trading;
- there is no maturity date so it is not held for maturity, and
- the investment is not a loan or receivable as payments are not fixed.

Therefore, the Group considers the P Share investment in PRL to be an "available-for-sale" financial asset and have recognised this in accordance with the accounting policy stated in note 2.

Key accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of the Arena
The Group assesses the value of Arena on an annual basis in accordance with the accounting policy stated in note 2. This valuation follows the principles of IFRS 13 and is based on an income approach. This approach requires estimation of the future income streams, length of the leasehold and a number of other market-based assumptions. Any changes in these assumptions will impact the carrying value of the Arena. The Arena was revalued as at 31st March 2017 by an independent valuer, Gerald Eve LLP. This valuation was at a point in time and does not reflect changes in the business since that date. Management have prepared forecasts for future years which support the carrying value of the Arena. The projections show a continued improvement in the underlying trade which if not achieved could result in a downward revaluation. The next formal valuation is due in 2019.

Compass Group investment in IEC

In 2012, ACL entered into an agreement whereby Compass Group purchased a 23% shareholding in IEC for £4m, which allowed for further infrastructure investment in the Arena. Compass had been granted the irrevocable right to exercise a put option at a stated price at the occurrence of an option event. If no option event occurs before 30 June 2030, the contract requires ACL to purchase Compass Group's 23% share for £4m. This future liability has been recognised on the balance sheet and discounted at 6.5%.

4 Revenue and other income

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2018 £'000	2017 (as restated note 2) £'000
Sport income	16,720	16,180
Business income	9,981	10,551
Entertainment income	1,278	1,155
Hotel income	2,293	2,070
Sponsorship and venue income	2,555	3,036
	32,827	32,992
Other income	-	158

Sponsorship and venue income includes £467k (2017: £467k) in respect of the release of deferred income for license fees received in advance.

Other income in the prior year relates to contract insurance revenue received.

5 Expenses by nature

The analysis of the Group's expenses by nature from continuing operations is as follows:

	2018 £'000	2017 (As restated note 2) £'000
Wages and salaries	13,394	12,342
Food, drink and bought in goods and services	9,349	8,768
Heat, light and power	1,974	2,067
Repairs and maintenance	1,031	641
Rent and rates	354	137
Event / Match day related	768	1,416
Legal and professional	496	319
Depreciation of fixed and intangible assets	2,270	1,602
Ticketing	252	365
Marketing	1,154	1,403
Retail	671	555
Insurance	546	327
Selling and Administration	1,508	728
Other	3,479	2,751
Total	37,246	33,421

6 Exceptional items and Allocation to non-controlling interests

	2018	2017
	£'000	£'000
Bond related costs	223	-
Judicial review costs (note 30)	380	93
Prior auditor review costs	-	207
Total	603	300

The Group's definition of exceptional includes the identification of non-recurring costs or revenues that enables the normal financial performance of the Group to be better understood. During the current year costs in relation to the bond solicitation process and continuing judicial review work have been deemed exceptional; and in the prior year the additional audit investigation and judicial review costs were deemed exceptional.

The allocation to non-controlling interest relates to the share of profits payable to Compass under the IEC Shareholders Agreement.

7 Finance costs

	2018	2017 (As restated note 2)
	£'000	£'000
Loan and overdraft interest	259	53
Other Interest	868	223
Interest due to Wasps Finance PLC	2,275	2,275
Total	3,402	2,551

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018	2017 (as restated note 2)
	£'000	£'000
Wages and salaries	11,946	11,147
Social security costs	1,218	1,057
Pension costs, defined contribution scheme	230	138
	13,394	12,342

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2018	2017
	No	No
Players	52	53
Management and administration	181	153
	233	206

9 Directors' and key management remuneration

The directors' remuneration for the year was as follows:

	2018 £'000	2017 £'000
Aggregate emoluments	390	777
Contributions paid to money purchase scheme	8	16
	398	793

During the year the number of directors who were receiving benefits was as follows:

In respect of the highest paid director:

	2018 £'000	2017 £'000
Remuneration	170	370
Contributions paid to money purchase scheme	1	1
	171	371

Key management includes the statutory directors of the Group and other members of the executive board. The compensation paid or payable to key management for employee services is shown below:

	2018 £'000	2017 £'000
Aggregate emoluments	1,116	1,189
Contributions paid to money purchase scheme	15	16
	1,131	1,205

10 Auditor's remuneration

	2018 £'000	2017 £'000
Audit of these financial statements	39	203
Audit of the financial statements of subsidiaries of the company pursuant to legislation	51	34
	90	237

Prior year costs relate to audit fees incurred with PWC LLP.

11 Income Tax

	2018	2017 (as restated note 2)
	£'000	£'000
Current tax	-	-
Deferred tax:		
On tax loss for the year	(1,368)	(668)
Impact of change in tax rate	-	454
Adjustment in respect of prior periods	1,368	1,486
Total tax charge	-	1,272

The tax on loss before tax for the year is different to the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2017 – 19.75%). The differences are reconciled below:

	2018	2017 (as restated note 2)
	£'000	£'000
Loss before tax	(9,723)	(4,705)
Corporation tax at standard rate	(1,847)	(929)
Increase from effect of capital allowances depreciation	361	49
Increase/(decrease) from effect of expenses not deductible in determining taxable loss	118	16
Recognition of previously unrecognized tax losses	1,368	311
Remeasurement of deferred tax – change in tax rate	-	650
Derecognition of losses brought forward for which deferred tax asset was previously recognised	-	1,175
Total tax charge	-	1,272

Deferred tax

Group - Deferred tax assets and (liabilities)

2018	Asset	Liability
	£'000	£'000
Revaluation of property	-	(6,936)
Available-for-sale financial assets	-	(1,654)
Trading losses	1,654	-
	1,654	(8,590)

2017	Asset	Liability
	£'000	£'000
Revaluation of property	-	(6,936)
Available-for-sale financial assets	-	(1,654)
Trading losses	1,654	-
	1,654	(8,590)

Deferred tax movement during the year:

	At 1 July 2017	Recognised in other comprehensive income	Credit to the income statement	At 30 June 2018
	£'000	£'000	£'000	£'000
Revaluation of property	(6,936)	-	-	(6,936)
Available-for-sale financial assets	(1,654)	-	-	(1,654)
Trading losses	1,654	-	-	1,654
Net tax liabilities	(6,936)	-	-	(6,936)

Deferred tax movement during the prior year:

	At 1 July 2016	Recognised in other comprehensive income	Credit to the income statement	At 30 June 2017
	£'000	£'000	£'000	£'000
Revaluation of property	(5,274)	(1,662)	-	(6,936)
Available-for-sale financial assets	(1,751)	97	-	(1,654)
Trading losses	2,926	-	(1,272)	1,654
Net tax liabilities	(4,099)	(1,565)	(1,272)	(6,936)

There are £47.8m of unused tax losses (2017: £33.1m) for which no deferred tax asset is recognised in the statement of financial position.

There is an unrecognised deferred tax asset of £2.9m relating to unclaimed capital allowances.

Deferred tax

Company - Deferred tax assets and (liabilities)

2018	Asset £'000	Liability £'000
Available-for-sale financial assets	-	(1,654)
Trading losses	1,654	-
	1,654	(1,654)

2017	Asset £'000	Liability £'000
Available-for-sale financial assets	-	(1,654)
Trading losses	1,654	-
	1,654	(1,654)

Deferred tax movement during the year:

	At 1 July 2017 £'000	Recognised in other comprehensive income £'000	Charge to the income statement £'000	At 30 June 18 £'000
Available-for-sale financial assets	(1,654)	-	-	(1,654)
Trading losses	1,654	-	-	1,654
Net tax liabilities	-	-	-	-

Deferred tax movement during the prior year:

	At 1 July 2016 £'000	Recognised in other comprehensive income £'000	Charge to the income statement £'000	At 30 June 17 £'000
Available-for-sale financial assets	(1,751)	97	-	(1,654)
Trading losses	1,751	-	(97)	1,654
Net tax liabilities	-	97	(97)	-

There are £38.3m of unused tax losses (2017: £32.9m) for which no deferred tax asset is recognised in the statement of financial position.

12 Property, Plant & Equipment

Group

	Long-term leasehold property £'000	Other land and buildings - leasehold £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 July 2016	48,500	250	11,888	352	60,990
Additions	-	-	1,242	400	1,642
Revaluation surplus	11,500	-	-	-	11,500
Transfer	-	3,206	(3,180)	(26)	-
At 30 June 2017	60,000	3,456	9,950	726	74,132
At 1 July 2017 (as reported - note 2)	60,000	3,456	9,950	726	74,132
At 1 July 2017 (impact of restatement - note 2)	-	-	(201)	201	-
Transfer to intangible assets - note 13	-	-	-	(391)	(391)
At 1 July 2017 (as restated - note 2)	60,000	3,456	9,749	536	73,741
Disposals	-	-	-	(636)	(636)
Additions	-	51	732	100	883
At 30 June 2018	60,000	3,507	10,481	-	73,988
Accumulated Depreciation					
At 1 July 2016	194	231	2,538	-	2,963
Revaluation	(339)	-	-	-	(339)
transfer	-	657	(657)	-	-
Charge for the year	208	15	1,379	-	1,602
At 30 June 2017	63	903	3,260	-	4,226
At 1 July 2017 (as reported - note 2)	63	903	3,260	-	4,226
At 1 July 2017 (impact of restatement - note 2)	-	-	-	-	-
Transfer to intangible assets - note 13	-	-	-	-	-
At 1 July 2017 (as restated - note 2)	63	903	3,260	-	4,226
Charge for the year	251	346	1,560	-	2,157
Transfer to intangible assets - note 13	-	-	-	-	-
At 30 June 2018	314	1,249	4,820	-	6,383
Carrying Value					
At 30 June 2018	59,686	2,258	5,661	-	67,605
At 30 June 2017	59,937	2,553	6,489	536	69,515
At 1 July 2016	48,306	19	9,350	352	58,027

The net book value of tangible fixed assets held under finance leases as at 30 June 2018 was £138k (2017: £38k).

The Company revalued the Arena during the prior year, this was performed by professional valuers, Gerald Eve LLP as at 31 March 2017, and which valued the Arena leasehold interest at £60m. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. Management have prepared forecasts for future years which support the carrying value of the Arena in the current year and have no reason for the valuation amount to be changed or differ from its fair value. In the absence of level 1 and 2 information (prices based on quoted information), the valuation of the Arena has been based using the best information available to management (level 3). The next formal valuation is due in 2019.

The Group (excluding IEC) are guarantors of the Retail Bond held within Wasps Finance PLC. The bond raised is secured against the leasehold property.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Property, Plant & Equipment

Company

	Land and Buildings	Fixture, fittings and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2016	250	957	352	1,559
Additions	-	671	159	830
Transfers	-	26	(26)	-
At 30 June 2017	250	1,654	485	2,389
At 1 July 2017	250	1,654	485	2,389
Disposals	-	-	(485)	(485)
Additions	-	165	-	165
At 30 June 2018	250	1,819	-	2,069
Accumulated Depreciation				
At 1 July 2016	231	655	-	886
Charge for the year	15	351	-	366
At 30 June 2017	246	1,006	-	1,252
At 1 July 2017	246	1,006	-	1,252
Charge for the year	4	422	-	426
At 30 June 2018	250	1,428	-	1,678
Carrying Value				
At 30 June 2018	-	391	-	391
At 30 June 2017	4	648	485	1,137
At 1 July 2016	19	302	352	673

13 Intangible Assets

	Software costs £'000	Goodwill £'000	Total (as restated note 2) £'000
Cost			
At 1 July 2016 (as reported)	-	**189**	**189**
At 1 July 2016 (impact of restatement note 2)	-	200	200
At 1 July 2016 (as restated note 2)	-	**389**	**389**
Transfers from tangible fixed assets (note 12)	391	-	391
At 1 July 2017	**391**	**389**	**780**
Additions	218	-	218
At 30 June 2018	**609**	**389**	**998**
Amortisation			
At 1 July 2017	-	-	-
Charge for the year	113	-	113
Revaluation	-	-	-
At 30 June 2018	**113**	-	**113**
Net Book Value			
At 30 June 2018	**496**	**389**	**885**
At 30 June 2017	391	389	780
At 30 June 2016	-	389	389

The net book value of intangible assets held under finance leases as at 30 June 2018 was £387k (2017: nil).

Goodwill represents the benefits and synergies acquired by the Group as a result of the acquisition of Arena Coventry Limited on 8 October 2014. Management have prepared forecasts and cashflow projections based upon the value in use method, using a discount rate of 6.5% and a steady state 2% increase in underlying profits and determined that no adjustments are required.

14 Investments in subsidiaries

Group subsidiaries

Details of the group subsidiaries as at 30 June 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group	
			2018	2017
Arena Coventry Limited*	Management of the Ricoh Arena	England and Wales	100%	100%
Arena Coventry (2006) Limited	Management of the lease of the Ricoh Arena	England and Wales	100%	100%
IEC Experience Limited	Hospitality, catering and facilities management	England and Wales	77%	77%
Canmango Limited*	Dormant	England and Wales	100%	100%

* indicates direct investment of Wasps Holdings Limited.

The registered address for all of the above companies is the same as for Wasps Holdings Ltd, being Judds Lane, Longford, Coventry, CV6 6AQ.

For information on the financial information of IEC Experience Limited, please refer to their financial statements available at Companies House.

On the 14th July 2018, the Board agreed a long-term strategic partnership with global hospitality giants, Delaware North Companies (UK) Hospitality Services Limited. This arrangement ended the joint venture agreement between IEC Experience Limited and Compass Group UK Limited which was in place for the year ended 30 June 2018. This resulted in the shareholding of IEC Experience Limited increasing from 77% to 100%.

Summary of the company investments	2018 £'000	2017 £'000
Investments in subsidiaries (as previously reported)	5,917	5,717
Investments in subsidiaries (impact of restatement note 2)	-	200
Investments in subsidiaries (as restated)	5,917	5,917

Subsidiaries	2018 £'000	2017 £'000
Carrying amount (as previously reported)	5,917	5,717
Carrying amount (impact of restatement note 2)	-	200
Carrying amount in subsidiaries (as restated)	5,917	5,917

15 Available for sale financial assets

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Non-current financial assets				
Available for sale financial assets	**9,725**	9,725	**9,725**	9,725

Movement in available for sale assets - Group and Company

	2018	2017
	£'000	£'000
Cost		
At 1 July	**9,725**	9,725
Revaluation	**-**	-
At 30 June	**9,725**	9,725
Carrying amount		
At 30 June	**9,725**	9,725

Available for sale financial assets comprise the Group's holding of P shares in Premier Rugby Limited. They have been presented at their fair value resulting in no change in their revaluation £9,725k (2017: £9,725k). The basis of this valuation is the Net Present Value of contracted income for Premier Rugby Limited, discounted at 6% and multiplied by 1.5 times as prescribed in the Premier Rugby Limited Shareholders' Agreement. This reflects the fair value of the P shares if sold, which can only occur as prescribed in the Premier Rugby Limited Shareholders Agreement. Management have reviewed the valuation in accordance with IFRS 13 in the current year and have no reason to change it. Per guidance within IFRS 13, management have based their measure of fair value based on level 3 inputs (i.e. the best information available in the circumstances) in the absence of level 1 or 2 inputs (i.e. quoted market prices).

16 Inventories

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Merchandise	**231**	256	**231**	166
Consumables	**278**	174	**-**	-
Inventories	**509**	430	**231**	166

Stock is stated after provision for impairment of £15k (2017: £15k).

17 Trade and other receivables

	Group 2018 £'000	Group 2017 (as restated note 2) £'000	Company 2018 £'000	Company 2017 (as restated note 2) £'000
Trade Receivables	3,191	3,456	1,150	1,456
Provision for the impairment of trade receivables	(7)	(10)	(5)	(5)
Net trade receivables	3,184	3,446	1,145	1,451
Loans to related parties	-	-	-	165
Accrued income	234	1,080	164	824
Prepayments	940	1,045	353	337
Other receivables	3,307	493	2,975	506
Total current trade and other receivables	7,665	6,064	4,637	3,283

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note "Financial risk management and impairment of financial assets - company".

The disclosure of the credit quality of financial assets that are neither past due nor impaired is not deemed applicable due to the mix of the customer base and the low rate of default.

As of 30 June 2018, Group trade receivables of £902k (2017: £1,440k) and Company trade receivables of £669k (2017: £259k) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables that are past due but not impaired is as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Up to 3 months	624	1,187	393	125
3 to 6 months	212	47	212	14
6 months to 1 year	32	139	29	65
Over 1 year	34	67	33	58
	902	1,440	667	262

The provision for impairment of trade receivables (analysed below) is the difference between the carrying value and the present value of the expected proceeds.

	Group 2018 £'000	Group 2017 £'000
Over 1 year	7	10

18 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash on hand	-	-	-	-
Cash at bank	-	-	-	-
	-	-	-	-

19 Share Capital

Allotted, called up and fully paid shares

	2018 No.	2018 £'000	2017 No.	2017 £'000
Alloted, called up and fully paid shares				
Ordinary shares of £1 each	760,039	760	760,039	760
"B" Ordinary shares of £1 each	15,511	16	15,511	16
	775,550	776	775,550	776

The share classes in issue have separate rights to dividends. In all other respects the shares rank pari passu.

20 Loans and other creditors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Non-current loans and Creditors				
Other borrowings	52,287	46,926	46,721	40,731
Unamortised borrowing costs	(446)	(562)	(446)	(562)
	51,841	46,364	46,275	40,169

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Current loans and borrowings				
Bank overdraft (net)	3,463	1,543	3,844	1,161
Other borrowings	563	399	25	82
	4,026	1,942	3,869	1,243

Group

The balance of the loan from Wasps Finance PLC was £33.8m (2017: £33.8m). The loan is repayable in a lump sum repayment in 2022 and is subject to an interest rate of 6.5%.

In the current year the Group borrowed £0.3m from Close Finance, the balance at 30 June 2018 was £0.025m (2017: £0.1m).

In the prior year the Group borrowed £0.17m from PEAC Finance, the balance at 30 June 2018 was £0.1m (2017: £0.1m).

In the prior year the Group borrowed £0.11m from Bute Finance, the balance at 30 June 2018 was £0.1m (2017: £0.1m).

The Group also owes £0.1m under asset finance as at 30 June 2018 (2017: £0.1m).

In the current year the Group had net overdrafts totalling £3.5m at the year-end (2017: £1.5m), at Barclays Bank plc (Overdrawn - £3.8m) and HSBC (£0.3m).

In the prior year the Group borrowed £0.8m from HSBC PLC, the balance at 30 June 2018 was £0.2m (2017: £0.5m). The Loan is repayable over a 36-month period and is unsecured.

The Group has also been provided with a loan of £18.6m (2017: £12.9m) from D A Richardson. The interest has been waived for the year. The loan is at 4% above Barclays Bank PLC base rate and is repayable after giving 12 months and one day's notice.

Company

In the year the Company has borrowed £19.4m (2017: £19.4m) from Wasps Finance PLC. The loan is repayable in a lump sum repayment in 2022 and is subject to an interest rate of 6.5%.

The Company has also been provided with a loan of £16.7m (2017: £10.9m) from D A Richardson. The loan interest has been waived for the year and repayable after giving 12 months and one day's notice.

The Company had an overdraft at Barclays bank Plc of £3.8m at the year-end (2017: £1.1m). The Company has also been provided with a loan of £10.6m (2017: £10.6m) from a subsidiary Company, Canmango Limited. The loan is interest free and repayable after 12 months and one day's notice.

21 Leases

Group
Operating leases

The total future value of minimum lease payments is as follows:

	2018	2017
	£'000	£'000
Within one year	100	107
In two to five years	191	291
	291	398

The amount of non-cancellable operating lease payments recognised as an expense during the year was £107k (2017: £79k).

Future minimum rentals receivable under non-cancellable operating leases is as follows:

	2018	2017
	£'000	£'000
Within one year	553	573
After one year but not more than five years	700	1,057
More than five years	276	472
	1,529	2,102

22 Pension and other schemes

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £108k (2017: £136k).

23 Trade and other payables

Current trade and other payables	Group		Company	
	2018	2017 (as restated note 2)	2018	2017 (as restated note 2)
	£'000	£'000	£'000	£'000
Trade Payables	9,468	6,662	5,536	5,630
Accrued expenses	1,716	2,126	513	1,154
Social security and other taxes	1,056	1,255	764	984
Other payables	428	256	126	-
	12,668	10,299	6,939	7,768

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note. The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 26 "Financial risk management and impairment of financial assets".

Non- current trade and other payables	Group		Company	
	2018	2017 (as restated note 2)	2018	2017
	£'000	£'000	£'000	£'000
Other creditors	1,879	1,764	-	-
	1,879	1,764	-	-

Other creditors falling due after one year represents ACL's obligation to repurchase Compass Group's 23% shareholding in IEC in June 2030. This liability has been discounted at 6.5%.

24 Deferred Income

	Group		Company	
	2018	2017 (as restated note 2)	2018	2017
	£'000	£'000	£'000	£'000
Non-current Deferred Income				
Licence fee	4,867	5,599	-	-
Other	-	9	-	-
	4,867	5,608	-	-

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Current Deferred Income				
Licence fee	467	467	-	-
Season tickets	1,419	1,274	1,419	1,274
Sponsorship	800	1,206	424	715
Other	1,655	1,738	695	1,134
	4,341	4,685	2,538	3,123

Revenue received in relation to license fees is included in deferred income and released to income over the life of the license.

As at 14 July 2018, Arena Coventry Ltd terminated its contract with Compass resulting in the unamortised balance on the license fee deferred income becoming payable to Compass and acquired its B shares in IEC Experience Limited.

25 Financial instruments

Group

Financial assets

	Carrying value		Fair Value	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	-	-	-	-
Loans and receivables	6,491	3,839	6,491	3,839
	6,491	3,839	6,491	3,839

Valuation methods and assumptions

There is no difference between the total carrying amount and the fair value of trade receivables and cash and cash equivalents. Further detail of cash and cash equivalents and trade and other receivables can be found in notes 17 and 18.

Available for sale

	Carrying value		Fair Value	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Shared in Premiership Rugby Limited	9,725	9,725	9,725	9,725
	9,725	9,725	9,725	9,725

Shares in Premiership Rugby Limited: The Group's and the Company's share in Premier Rugby Limited has been valued by reference to the Premiership Rugby Shareholders' Agreement. There is no difference between the total carrying value and the fair value of available for sale assets. Further detail can be found in note 15.

Financial liabilities (held at amortised cost)

	Carrying value		Fair Value	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade and other payables	11,775	8,682	11,775	8,682
Borrowings	56,312	48,868	56,312	48,868
	68,087	57,550	68,087	57,550

Description of instruments

Trade and other payables:
Further details of Group trade and other payables can be found in note 23.

Borrowings:
Further details of Group borrowings can be found in note 20.

Financial liabilities are measured at amortised cost. There is no difference between the total carrying value and the fair value of trade and other payables.

Company

Financial assets

	Carrying value		Fair Value	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	-	-	-
Trade and other receivables	4,120	1,957	4,120	1,957
	4,120	1,957	4,120	1,957

Valuation methods and assumptions

There is no difference between the total carrying amount of trade receivables and cash and cash equivalents. Further detail of cash and cash equivalents and trade and other receivables can be found in notes 17 and 18.

Financial liabilities (held at amortised cost)

	Carrying value		Fair Value	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade and other payables	5,662	5,630	5,662	5,630
Borrowings	50,589	41,974	50,589	41,974
	56,251	47,604	56,251	47,604

Trade and other payables:
Further details of company trade and other payable can be found in note 23.

Borrowings:
Further details of company borrowings can be found in note 20.

Financial liabilities measured at fair value.

26 Financial risk management and impairment of financial assets

The Group is exposed to risks arising from the use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Group, from which financial instruments risk arises, are trade receivables, cash and cash equivalents, trade and other receivables and financial liabilities.

The Group is exposed through its operations to the following financial instrument risk: credit risk and liquidity risk. The policy for managing these risks is set by the Board. The overall objective of the Board is to set policies that reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk and impairment
Credit risk arises from the Group's trade and other receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument. The Group is mainly exposed to credit risk from credit sales. It is the Group's policy, implemented locally, to assess the credit risk of new customers before entering into contracts. Such credit ratings are then factored into the credit assessment process to determine the appropriate credit limit for each customer. The Group does not enter into derivatives to manage credit risk. The carrying amount represents managements view of the best estimate of the Group's maximum exposure.

All cash is held with A-rated banks.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges on its borrowings. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The liquidity of each Group company is managed locally and monitored by the Board at Group level. The level of the Group's facilities is approved periodically by the Board and negotiated with the Group's current bankers. At the balance sheet date, cash flow projections were considered by the Board and the Group is forecast to have sufficient funds available funding facilities to meet obligations as they fall due, under all reasonably expected circumstances. We continue to monitor the working capital requirements and tailor the financing requirements to ensure the Group will have sufficient funds to finance its ongoing trading requirements.

Maturity analysis

2018	Within 6 months	After 1 year	After 1 to 15 years	Total
	£'000	£'000	£'000	£'000
Trade and other payables	12,668	-	1,879	14,547
Other borrowings	4,026	18,459	33,828	56,312
	16,694	18,459	35,707	70,860

2017	Within 6 months	After 1 year	After 1 to 15 years	Total
	£'000	£'000	£'000	£'000
Trade and other payables	9,060	-	1,764	10,824
Other borrowings	1,942	13,108	33,818	48,868
	11,002	13,108	35,582	59,692

Changes in liabilities arising from financing activities

	Group			
	2017	Cash flows	Other	2018
Short-term borrowings	1,942	2,084	-	4,026
Long-term borrowings	46,364	2,862	2,615	51,841
Total liabilities from financing activities	48,306	4,946	2,615	55,867

	Group			
	2016	Cash flows	Other	2017
Short-term borrowings	250	1,692	-	1,942
Long-term borrowings	42,715	3,534	115	46,364
Total liabilities from financing activities	42,965	5,226	115	48,306

	2017	Company Cash flows	Other	2018
Short-term borrowings	1,243	2,626	-	3,869
Long-term borrowings	40,169	3,491	2,615	46,275
Total liabilities from financing activities	**41,412**	**6,117**	**2,615**	**50,144**

	2016	Company Cash flows	Other	2017
Short-term borrowings	-	1,243	-	1,243
Long-term borrowings	38,200	1,854	115	40,169
Total liabilities from financing activities	**38,200**	**3,097**	**115**	**41,412**

In the year ended 30 June 2018 for the Group and Company, the "Other" column represents payments received after the year-end and the effect of the amortisation of transaction costs relating to the Wasps Finance PLC bond being amortised over the period to May 2022. In the year ended 30 June 2017 for the Group and Company, the "Other" column represents the effect of the amortisation of transaction costs relating to the Wasps Finance PLC bond being amortised over the period to May 2022.

Capital risk management

Capital components

The Group is both equity and debt funded, and these two elements combine to make up the capital structure of the business. Equity comprises share capital, share premium and reserves and is equal to the amount shown as 'Total equity' in the balance sheet. Debt comprises non-convertible loans as set out in note 20.

Capital management

The Group's objectives when maintaining capital are:

To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

During the year ended 30 June 2018, the Group's strategy, which is unchanged from the previous year, was to keep net debt to a minimum, through profitable trading and good cash management.

27 Consolidated Statement of Financial Position (Year ended 30 June 2016)

	2016 (as restated note 2) £'000
Assets	
Non-current assets	
Property, plant and equipment	58,027
Intangible assets	389
Available for sale financial assets	9,725
	68,141
Current assets	
Inventories	286
Trade and other receivables	5,482
Cash and cash equivalents	279
	6,047
Total assets	74,188
Equity and Liabilities	
Equity	
Share Capital	(776)
Share Premium	(6,341)
Revaluation reserve	(23,833)
Capital contribution reserve	-
Available for sale reserve	(7,974)
Other reserve	1,656
Accumulated losses	33,320
Equity attributable to owners of the company	(3,948)
Non-controlling interests	(671)
Total Equity	(4,619)
Non-current liabilities	
Loans and borrowings	(42,715)
Other payables	(1,649)
Deferred tax liabilities	(4,099)
Deferred income	(6,066)
	(54,529)
Current liabilities	
Trade and other payables	(12,566)
Loans and borrowings	(250)
Deferred income	(2,224)
	(15,040)
Total liabilities	(69,569)
Total equity and liabilities	(74,188)

	2016 (as restated note 2) £'000
Assets	
Non-current assets	
Property, plant and equipment	673
Investments	5,917
Available for sale financial assets	9,725
	16,315
Current assets	
Inventories	160
Trade and other receivables	2,740
Cash and cash equivalents	7
	2,907
Total assets	19,222
Equity and Liabilities	
Equity	
Share Capital	(776)
Share Premium	(6,341)
Capital contribution reserve	-
Available for sale reserve	(7,974)
Accumulated losses	42,901
Total Equity	27,810
Non-current liabilities	
Loans and borrowings	(38,200)
	(38,200)
Current liabilities	
Trade and other payables	(7,422)
Deferred income	(1,410)
	(8,832)
Total liabilities	(47,032)
Total equity and liabilities	(19,222)

29 Related party transactions

Loans from related parties - D A Richardson

2018	**£'000**
1 July 2017	**12,855**
Capital projects	(745)
Community expenditure	(758)
Advanced and committed	7,260
30 June 2018	**18,612**

2017	**£'000**
1 July 2016	**9,086**
Repaid	(132)
Community expenditure	(987)
Advanced and committed	4,888
30 June 2017	**12,855**

Letheby & Christopher Ltd (a company in which a director of IEC Experience Limited sits on the Board)
The Group received income of £664k (2017: £525k) and at the year end was owed £Nil (2017: £Nil). The Group incurred costs of £7,775k (2017: £7,329k) and at the end of the year owed £5,746k (2017: £2,624k). Usual commercial terms of business apply.

Kennedys Law LLP (an LLP in which R Dawbarn has an interest)
The Group received income of £1k (2017: £Nil) and at the year-end was owed £Nil (2017: £Nil). The Group incurred costs of £391k (2017: £88k), and at the year end owed £162k (2017: £86k). Usual commercial terms of business apply.

Keith Prowse Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Group received income of £4k (2017: £1k). There were no outstanding amounts at the year end (2017: £Nil). Usual commercial terms of business apply.

Premiership Rugby Limited (a company in which a director of Wasps Holdings Limited sits on the Board)
The Group received income of £5,339k (2017: £4,088k), incurred costs of £277k (2017: £235k) and at the year-end was owed £250k (2017: £115k). Usual commercial terms of business apply.

Twickenham Experience Limited (a company in which a director of IEC Experience Limited sits on the Board)
The Group incurred costs of £4k (2017: £3k). There were no outstanding amounts at the year end (2017: £Nil). Usual commercial terms of business apply.

BBH Limited (a company in which L Dallaglio is a director)
The Group incurred costs of £30k (2017: £30k). The amount outstanding at the year end was £36k (2017: £Nil). Usual commercial terms of business apply.

Wasps Finance PLC (a company with the same controlling party as Wasps Holdings Limited)
The Group incurred, and paid, finance charges of £2,275k (2017: £2,275k) in the year. Usual commercial terms of business apply.

Scutum International S.A. (previously Orion Security Limited and company in which a director of Wasps Holdings Limited sits on the Board)
The Group received income of £147k (2017: £16k) in the year. The amount outstanding at the year-end was £Nil. Usual commercial terms of business apply.

WNTG Ltd (a company in which a director of Wasps Holdings Limited sits on the Board)
The Group incurred costs of behalf of WNTG Ltd of £25k (2017: £1k) in the year. The amount outstanding at the year-end was £26k (2017: £1k). Usual commercial terms of business apply.

WPS Trading Ltd (a company in which a director of Wasps Holdings Limited sits on the Board)
The Group received income of £22k (2017: £Nil) in the year. The amount outstanding at the year-end was £26k (2017: £26k). Usual commercial terms of business apply.

30 Post Balance sheet events

On the 14 July 2018, IEC Experience Limited agreed a long-term strategic partnership with global hospitality giants, Delaware North Companies (UK) Hospitality Services Limited. They are a global leader in hospitality with unique knowledge of working with venues like ourselves both here in the UK and abroad. This arrangement ended the joint venture agreement between IEC Experience Limited and Compass Group UK Limited which was in place for the year ended 30 June 2018 and as part of this termination Arena Coventry Limited purchased the 23 B shares held by the Compass group.

During July 2017, the High Court dismissed a claim that Coventry City Council's extension of ACL's lease on the Ricoh Arena in 2013 represented state aid. In November 2017 the Court of Appeal upheld a challenge on one aspect of this ruling, and a court hearing was held in June 2018. The directors have taken advice and are satisfied that this claim has no merit. The court decision was released on 12 October 2018 and dismissed the challenge. On 19 October 2018, the Court of Appeal refused permission to appeal to the Supreme Court.

31 Control

The Company's immediate parent is Moonstone Holdings Limited, a company incorporated in Malta, which is ultimately controlled by D A Richardson (the ultimate shareholder).