

Registration number: 04187289

Wasps Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2016

Wasps Holdings Limited

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Wasps Holdings Limited

Company Information

Directors

D J Armstrong

L N Dallaglio

R N Dawbarn

N J Eastwood

R W Gray

D A Richardson

J C M Parker

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Auditors

PricewaterhouseCoopers LLP

1 Kingsway

Cardiff

CF10 3PW

Wasps Holdings Limited

Chairman's Report for the Year Ended 30 June 2016

Following the successful acquisition of the new home of Wasps in Coventry last year, the Group has spent much of the year developing the foundations started in 2015, with a new DoubleTree by Hilton hotel conversion, the return of concerts to the Arena, the launch of a new event service team and of course two semi-final appearances for Wasps rugby.

I am delighted to continue as the Chairman for the Group, supported by Nick Eastwood the Deputy Chairman, David Armstrong the Group CEO, Dai Young who continues to be Director of Rugby and Mark Rigby as President. I would like to thank everyone within the Group who has worked hard and embraced the changes over the past year. The Group is now in a good position to look forward and develop the opportunities that are available.

I am pleased that we have built solid links with new fans, businesses, clubs and schools. This has resulted in record attendances for Wasps, the highest ever business activity at the Arena and the return of concerts. The team managed a fantastic finish in both the European Champions Cup and Premiership, finishing in the semi-final of both competitions.

The Group's Public Listed Bond performed well and is trading above the market rate at between £105 and £110 in the last quarter. The Board that supports me has provided important advice and guidance over the last year and I thank them for their assistance and continued support.

The Group recorded an operating loss of £3.8m (2015; loss of £2.4m) before exceptional items and profit allocation in the year 30 June 2016. This is a little more than expected with an indifferent result for the MTV Crashes event and the delay in the timing of acquisitions and partnerships. I am pleased to report that turnover has increased by 44% to £30.9m, together with margin improvements from 24.8% up to 33.5% in the first full year of trading at the Arena.

The investment in a Double Tree by Hilton during the year is already providing a return with hotel income up over 60% in the first quarter of 2016/17. The investment in the squad in the 2015/16 season saw the likes of George Smith, Charles Piutau and Siale Piutau joining the club for the season; with two semi-final appearances in 2015/16 we have looked to build on this by bringing in further world class talent for the 2016/17 campaign. The Group has looked to utilise the Arena to its fullest, which saw England U21 football, concerts in the year and next year will hold netball and rugby league internationals to build on bringing sport and entertainment back to Coventry.

A new RFU agreement for the release of elite players has been reached off the back of an economically successful Rugby World Cup in England. This will significantly improve the income for the development of the game.

I would like to thank everyone involved in the past year, from the community to our first team, the Board, Executives and staff of the Group.

Finally, I would like to thank our supporters for their terrific support throughout the last year and I look forward to your continued support for what promises to be an exciting season ahead.

31 October 2016



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D A Richardson
Chairman

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2016

This is my second Annual Report as the Group Chief Executive of Wasps Holdings Limited (“Wasps”) since joining the Company in 2014 and our transformational move to the Ricoh Arena in October 2014. This set of results is the first full year of trading since the move to the Arena. The Group reported an operating loss of £3.8m before exceptionals and allocation to non-controlling interests in the year to 30 June 2016, compared with £2.4m for the year to 30 June 2015. Group turnover was up from £21.4m to £30.9m, an increase of £9.5m.

The year has seen continued change and growth for the Group with Wasps turnover improving to £11.9m (33%), Arena Coventry Limited (“ACL”) improving to £5.2m (112%) and IEC Experience Limited (“IEC”) improving to £13.8m (38%). The playing squad and coaching staff have relocated to the area and are now training full time at our temporary, high quality facilities at Broadstreet Rugby Club. The concentration for the Group is to establish financial stability under the trading sectors of “Sport” “Business” and “Entertainment”. Our aim remains to underpin our sporting ambitions to challenge for honours in both the Aviva Premiership and the European Champions Cup with a solid business model and to cement our unique position as one of the UK’s leading multi-purpose venues for these sectors.

SPORT

Wasps average attendances for the season (Premiership and European matches) increased to 16,916 from 11,401, partially boosted by the full year at the Arena. The team finished with two semi-final appearances in the European Champions Cup and Premiership, but were knocked out at this stage by Saracens, the eventual winners in Europe, and Exeter the runner up in the Premiership. We are pleased that the team achieved our aim of finishing in the top six, achieving third place in the league, a significant improvement on the 2014/15 season. This continues to demonstrate the competitiveness of the Premiership which saw another close finish.

Hospitality and Sponsorship improved 86% on 2014/15 and shows early signs of significant improvement in 2016, with seasonal hospitality up over 60% for the 2016/17 year. Season ticket sales have followed this and are up 24% on 2015/16. Ticket income improved by 19% and is targeted to achieve further improvement during 2016/17. Central income from PRL and the RFU improved by 9% and with the signing of a new RFU agreement will improve central revenue by over 25% for the 2016/17 year. The launch of the new retail store was initially delayed but when opened fully, exceeded budget and delivered record sales. A full year of trading in 2016/17 promises to deliver good growth and development of the online sales channels.

A new Xtragrass pitch was installed during the summer of 2015 enabling the Group to attract its first England Football U21 game; this was watched by over 13,000 fans. Coventry City Football Club also benefited with a good performance in the league finishing eighth and improving attendances to over 10,000 on average. The Group continues to look at other sports to bring to the Arena, with rugby league Four Nations event being the next attraction to utilise the facilities in November 2016.

During the year the Group bid for and won a netball franchise which will extend for four seasons from 2017, the team will retain the Wasps brand and is headed up by Director of Netball Tamsin Greenway, who arrives in the Group with a clear winning pedigree. Having coached Surry Storm to the previous two Super League titles, Tamsin will build a team to compete at the highest level next year.

Our community programme targeted over 50,000 active engagements during the year, a level that was achieved by the end of April 2016. Alongside this, the community programs signed up over 3,000 new junior members, 5,600 children on match day experiences, over £10,000 cashback to local clubs and 4,500 children involved in multi-curriculum programs from numeracy to healthy lifestyle education. We will look to build on this good start whilst adding community netball to our portfolio.

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2016

BUSINESS

The capacity of the stadium is 32,600, and has over 20,000 sqm of flexible event space, including the 6,000 sqm Ericsson Exhibition Hall - hosting conferences and concerts. The Arena contains one of the UK's largest casinos and a 121bedroom four star DoubleTree by Hilton hotel onsite. The Arena is a leading concert venue of 40,500 maximum capacity, that hosted some of the world's biggest acts (Bruce Springsteen, Rihanna and MTV Crashes) during the year. The facilities include three onsite restaurants, five bars and more than 20 retail food and beverage outlets.

The conversion and rebranding of the hotel to a DoubleTree by Hilton was completed in the year and the hotel opened fully in February 2016; initial income since the opening has improved significantly with above target return on investment.

ACL turnover improved with Ricoh remaining naming rights partner of the Arena for the year. It is anticipated that this will be replaced by a new partner during 2017. The rental of the space within the Arena improved 32%, and is anticipated to be maintained going forward. The Arena houses one of the largest casinos in the UK and with its operator Grosvenor, the Group is looking for new ways integrate the partnership and build on the successful synergies already exploited.

Arena Event Services was launched during the year which sees the Event Services team delivering production and logistics to Exhibitions, Events and Concerts. The Event Service business expects to deliver over £250,000 in contribution to the business over the 2016/17 year.

The Arena is now the only leading UK conference and event centre with a resident elite sports team and the combination of the Wasps brand with the Arena facilities has created more sponsorship and partnership synergies which together offer multiple opportunities for the growth and development of both. The latest partner to be added is Ericsson who replace Jaguar as the sponsor of the Indoor Arena and are installing a new high density WI-FI throughout the Arena to provide an enriched experience for conferences, sports events, exhibitions and concerts.

ENTERTAINMENT

Our Entertainment business sector has developed through the year with Danny Howard (Ministry of Sound DJ), Echo and the Bunnymen, Jess Glynn, MTV Crashes, Bruce Springsteen and Rihanna performing at the Arena during the year. Although there were significant successes with Bruce Springsteen and Rihanna, MTV Crashes fell below expectation and as such we are reviewing the appropriate economic model for future stadium concerts. Concerts form a significant part of the growth during the year from having no concerts in the previous year, the concentration remains to make Coventry a centre of entertainment excellence. The Group anticipates adding to this lineup during the 2016/17 year, and further developing the sector into more diverse revenue streams over the coming years. The Group has sponsored the Coventry bid for the City of Culture for 2021 and a number of new events will be developed in conjunction with and to support the bid, the first of which has seen Rahat Fateh Ali Khan play at the Arena in August 2016.

Financial Highlights

The financial highlights for this year reflect the full year trading of ACL and IEC.

There are significant exceptional items totaling £0.9m (2015: £1.9m) that relate to the final relocation of the squad and coaching team from London to the Coventry area, as detailed later in the report.

Group Highlights

Turnover increased to a record high £30.9m, up by £9.5m (44%) on previous year. Split:
- Wasps: £11.9m; ACL: £5.2m; IEC: £13.8m.

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2016

Operating loss before exceptionals and profit allocation increased from £2.4m lossto £3.8m.
Consolidated Senior Debt at 30 June 2016 stood at £34.6m owed to Wasps Finance Plc and HSBC Plc.
Cash balance at 30 June 2016 of £0.3m.
Arena value £48.3m, due for revaluation in 2017.
Premier Rugby P shares value £9.7m.

Wasps Highlights

Average attendance at the new Arena: 16,916 up from 11,401 in the previous year.
Semi final appearances in European Champions Cup and Premiership.
Hospitality and Sponsorship up 86% on previous year.
Ticket income up 19% on previous year.
Record merchandise sales.
Netball franchise gained and added to the Group.

ACL Highlights

Hotel conversion completed to DoubleTree by Hilton
Railway station construction complete improving infrastructure and funded by third parties.
Return of concerts to the Arena.
Event Services launched and showing significant growth.
Casino trading improvement with additional attendance.
Football attendances over 10,000 and maintaining spend per head.

IEC Highlights

Revenue up 38% on previous year.
Improving Revpar on Hotel, nearly £42 compared with £36 in the prior year and further growth into 2017.
139 days where 95% or more of the facilities are used, up from 121 in the previous year.
777 events, conferences, exhibitions and meetings.

Group Commercial Update

The combination of Wasps and the Ricoh Arena has created unique sponsorship and partnership synergies for companies and has resulted in a number of new partnerships. Since the previous year end new partnership deals have been signed with Jaguar Land Rover, Under Armour, Purity and Hilton. The portfolio of recognisable quality brands grows with the addition of new partnership agreements with Ericsson, Coca Cola, Matrix, Fitbit and Lear. The timing of the naming rights for the Arena are nearing completion. The impact of Britain's decision to exit the European Union has resulted in uncertainty in the market but I remain confident that we will achieve the desired partnership outcome in 2017.

Ericsson have joined the Group with their naming rights of the Indoor Arena and a partnership on the forthcoming development of a high density WI-FI throughout the Arena. This will enrich the environment though the development of an Arena/Wasps application providing visitors with relevant content, whether here for a conference, match or concert.

Our new wearable technology partner Fitbit, a global market leading wearable technology brand, will provide the Wasps squad with wearable technology to monitor conditioning information.

The gym equipment at the new training centre, based at Broadstreet Rugby Club, has been provided by Matrix, a leading brand in high technology gym equipment. This enables the squad to train using the most up to date techniques and equipment.

Lear Corporation have partnered the Wasps Academy, supporting the development of young rugby players.

Wasps Holdings Limited

Group Chief Executive's Report for the Year Ended 30 June 2016

The conversion of the hotel in the Arena to a DoubleTree by Hilton has progressed well and the opening of the new hotel took place in October 2015. This has been a major transformational project for the Arena and the new hotel, complete with new bar, restaurants and coffee shop, has become the focal point for all Sports, Business and Entertainment guests in the Arena during their time here. The 2015/16 year saw over 4,800 rooms unavailable due the conversion. Hotel revenue for the first quarter of 2016/17 is up 62% on the previous year, with ancillary income in the restaurants and coffee shop up over 100%.

Conference and Exhibition business finished the year weaker than expected, although still achieving £13.8m turnover for the year. This year has started well with confirmed bookings on track for a record level and tracking with the expected budget for revenue for the forthcoming year. Supplementing this are new events to the Arena rugby league Four Nations, additional concerts, Wasps Netball and additional Wasps rugby matches (Anglo Welsh Cup), where food and beverage income is expected to be significant.

Training Ground

Planning permission has been received for a new training facility, located at the Higgs Centre in Coventry. The design and specification will provide the highest level of quality training facility for professional rugby, whilst providing the local community with elite sport touch points. We expect this facility to be completed during 2017.

The transition and relocation of the business has been successful, this could not have been achieved without the hard work put in by all the staff, and is very much appreciated. Good luck for the year ahead.

31 October 2016



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D J Armstrong

Group Chief Executive

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

The directors present their strategic report for the year ended 30 June 2016.

Fair review of the business

The Group

Wasps principal activity is to play rugby union in the Aviva Premiership and European cup competition, together with the operation of the Arena, as a Conference and Exhibition venue based in Coventry. ACL operates out of the Arena. ACL owns 77% of IEC and, given the control exercised by the Company, IEC is considered a subsidiary. The Company also owns 100% of Canmango Limited (a dormant company). Collectively the Company and these subsidiaries are referred to as the Group.

The Objective

Our objective is to deliver the highest quality Sport, Business and Entertainment venue in the Midlands. The Group objectives are directly linked with the performance of the Wasps rugby squad on the field of play, and the utilisation of the facilities at the Arena. The squad is based on working strictly within the limits of the Salary Cap, 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 777 individual events during the last 12 months.

The squad objective for the 2016/17 season is to continue to compete for honours in the Aviva Premiership and the European Champions Cup, made achievable by bolstering the playing squad with the highest ever investment in the players, coaches and support staff. Combined with the full year effect of being based at the Arena, Wasps will further take advantage of the fact that the Company now owns its own ground for the first time in over 19 years which will continue to lead to enhanced revenues and profits.

Key Performance Indications (“KPIs”)

The Group measures its performance based on both financial and non-financial KPIs. The Group’s KPIs are:

- Final league position
- Average attendance at Wasps home fixtures
- Operating profit/loss before depreciation, exceptional items and allocation to non-controlling interests
- Total event days
- Hotel Rev Par - revenue achieved for the rooms available
- Food and Beverage spend per head (revenue per person in each event)

	Comment	2016	2015
League position	1	3rd	6th
Average attendance	2	16,916	11,401
Operating loss before depreciation, exceptional items and allocation to non-controlling interests (£'000)	3	(2,199)	(1,669)
Total event days	4	139	121
Hotel Rev Par	5	£41.72	£36.00
F&B spend per head (rugby)	6	£5.81	£4.97

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

Comments

1. League position – the improvement in the final league position to third ensured European Champions Cup rugby at the Arena in 2016/17. A good run in the European Champions Cup finished with defeat in the semi-finals against the eventual winners Saracens. A similar finish to the Premiership saw Wasps lose out to Exeter in the semi-final.
2. Average attendance – attendance increased with the move to the Arena to an average of 16,916, up from 11,401 in 2014/15. The higher attendances drive improved match day spending on Food and Beverage and Merchandise.
3. Operating loss before depreciation, exceptional items and allocation to non-controlling interests – Operational activities required to generate sufficient earnings before depreciation, interest, tax, minority allocation of profit and exceptional items. Refer to financial performance later in this report.
4. Total event days – represents the number of event days that the Arena is 95% booked out for. The 139 days out of 364 (excluding Christmas day), included 777 events in the Arena and main halls, compared with 634 in the previous year. The number of events held at the Arena leads to higher revenue opportunity and complementary benefits in each business unit.
5. Hotel Rev Par – defined as the revenue per room available, this is a standard hotel industry measurement. The higher the number the more revenue per room that is being achieved.
6. Food and beverage spend per head – self-explanatory for rugby only, the higher spend per head on Food and Beverage the higher the revenue and associated profits.

Hospitality – IEC Experience

The Group and Compass Group UK have now paved the way for 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 remaining a 249 year lease with Coventry City Council. The leasing of other operational space contains new rentals, multi-year renewals and new opportunities; this will combine for a better than anticipated rental yield. The property was valued at £48.5m by professional RICS valuers' Strutt and Parker LLP during the 2015 year.

Wasps - Rugby

The first full year at the Arena has brought about significant rises in match day revenues; Wasps turnover is up 33% on the previous year. The Company has pledged continued investment in the playing/coaching squad, whilst strictly adhering to the Salary Cap. Attendance remains a significant KPI for the Group. The Company is looking to maintain growth into 2016/17 with Season Tickets up 24% and match tickets showing good signs of achieving similar levels.

Wasps - Netball

Wasps has won a franchise to host a Super league netball team for the first time, headed up by Tamsin Greenway (Director of Netball), with a wealth of experience and a pedigree backed up by two titles in the last two years. Tamsin will be supported by quality national and international signings and Mel Mansfield as assistant manager. This will provide another keystone to the Wasps brand and gain further reach into the West Midlands community.

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

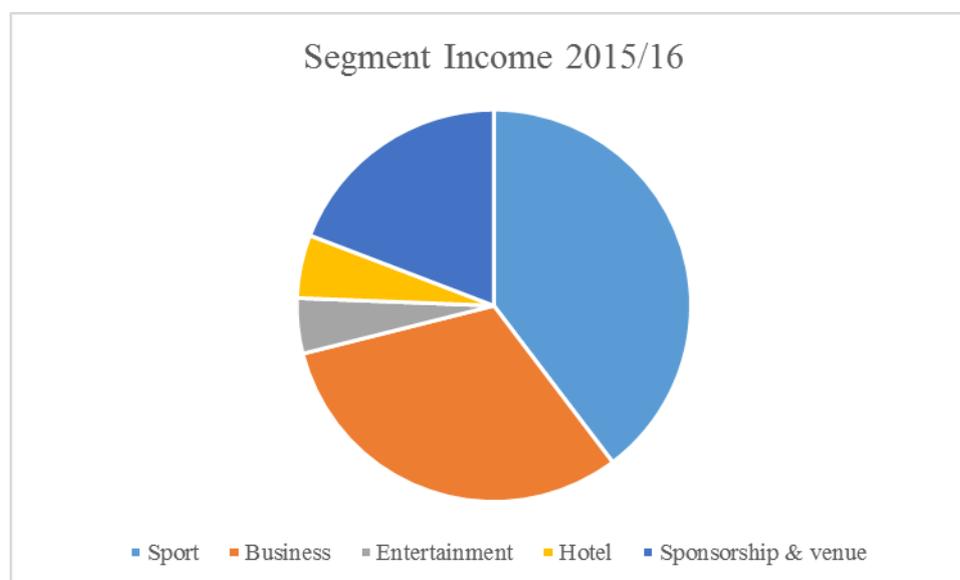
Financial Performance

Summary

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

	2016	2015
	£'m	£'m
Group revenue	30.9	21.4
Cost of sales	(20.6)	(16.1)
Gross profit	10.3	5.3
<i>Margin</i>	<i>33.5%</i>	<i>24.8%</i>
Administrative expenses	(12.5)	(7.0)
Operating loss before depreciation, exceptional items and allocation to non-controlling interests	(2.2)	(1.7)
Depreciation	(1.6)	(0.7)
Allocation of profit - Compass	(1.5)	(0.9)
Exceptional costs	(0.9)	(1.9)
Operating loss	(6.2)	(5.2)
Finance costs	(3.1)	(1.1)
Loss before tax	(9.3)	(6.3)

The diversification of the Group revenue underpins the stability of the Group, which enables complementary revenue streams to benefit from each event at the Arena. The information below provides an update and demonstrates the diversified income streams within the Group:



Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

Sport

As anticipated Central Income improved by 9% over the previous year and with the new RFU agreement and Premiership broadcasting rights in place the anticipated improvement will be in excess of 25% for the forthcoming year.

Seasonal hospitality sales have reached record levels for 2016/17 and promise to support the growth plan.

Ticket income again increased significantly with the move to the Arena, up 19% on 2015 and is anticipated to improve further following the Rugby World Cup and return of the Anglo Welsh Cup in 2016.

During the 2016/17 season the Arena there will be a minimum of 16 home competitive matches for Wasps with a pre-season match. In addition, Coventry City Football Club will stage a further 23 Home league matches. The management team continue to look for additional matches which will further the Arena's standing and income streams.

Business

Food and beverage sales improved significantly up 52%, with the highest level of activity know at the Arena in the last 12 months. The majority of this improvement coming from the inclusion of 12 months of IEC income, and a full rugby season.

Conference and Exhibition income performed well with much of this growth is as a result of the inclusion of a full year trading and a change in strategy to take on long term profitable contracts, that require multi facets of the Group.

Transport links to the area have been improved with the opening of the Arena Railway station which has further improved the accessibility for events.

Entertainment

Concerts have been reintroduced to the Arena with sales totaling £1.4m and the Group intends to host a full programme of concerts during the 2016/17 year to further enhance the establishment of the Arena as an entertainment venue.

Hotel

The DoubleTree by Hilton was completed in the year and opened fully in February 2016 and initial income since the opening has improved significantly with above target return on investment. Hotel revenue for the first quarter of 2016/17 is 62% up on the previous year.

Sponsorship and Venue

Sponsorship and Partnership Income improved by 36% during the year with significant gains coming from Ericsson, Coca Cola, Matrix and Fitbit. This was aided by the full year inclusion of ACL partnership income. Future growth will come from naming rights, technology partnerships and growth in the contracts signed during the year.

Administrative expenses

Administrative expenses in the business represent the costs of managing the Group whilst costs of sales represent the direct costs of staging rugby and football matches and business events at the Arena. The costs of operating the Arena have risen in line with the income in the proportions expected for the first full year trading as one entity. Costs for 2016/17 are expected to remain broadly at 2015/16 levels through margin improvements and initial set-up costs not being repeated. There has been further investment in the playing squad, coaching staff and management of the Group during the year which will provide a solid base for driving success both on the field and off it. Changes in the Salary Cap will lead to a further £1m investment in the 2016/17 squad in order to keep the investment at the top of the salary cap level; this is more than matched by an increase in funding from Premiership Rugby and the Rugby Football union. The Wasps rugby policy is to invest in the team at the top of the Salary Cap, whilst fully complying with the Salary Cap regulations, providing the Director of Rugby with the best possible opportunity to gain success. The ultimate that continued investment will bring better results and in turn increased attendances and success.

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

Group Revenue Contribution

	2016	2015
	£'m	£'m
Wasps	11.9	9.0
ACL	5.2	2.4
IEC	13.8	10.0
Total Revenue	30.9	21.4

Indebtedness

Consolidated Senior Debt stood at £34.6m as at 30 June 2016.

Net debt is defined as bank loans, overdraft, finance company loan less cash balances. As at 30 June 2016 the balance was £43.4m (2015: £27.7m), which comprised Wasps Finance Plc £33.8m, DA Richardson £9.1m, HSBC Plc £0.7m, less cash balances of £0.3m.

Exceptional items and allocation to non-controlling interest

During the current and 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 that enables the normal financial performance of the Group to be better understood. During the year and previous year the relocation costs of the main rugby business to Coventry have been deemed exceptional, along with the associated refinancing and acquisition of the Group companies.

The allocation to non-controlling interest relates to management fees payable to Compass under the IEC shareholder agreement.

The Group's exceptional items are analysed as follows:

	2016	2015
	£'m	£'m
Early repayment charge	-	(0.2)
Bond issue costs	-	(0.4)
Group acquisition and relocation costs	(0.9)	(0.7)
Marketing and compensation	-	(0.6)
Total	(0.9)	(1.9)

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Strategic Report for the Year Ended 30 June 2016

Finance costs

The Group's finance cost is analysed as follows:

	2016	2015
	£'m	£'m
Loan interest	-	(0.7)
Bond issue costs	(0.8)	-
Wasps Finance Plc interest	(2.3)	(0.4)
Total	(3.1)	(1.1)

Valuations

The Group revalued the property located at Judds Lane on which the stadium is located during 2015. The revaluation brought the value in the financial statements to £48.5m. Management believe that there is no impairment of this value for 2016.

The P shares in Premier Rugby Limited have been recognised at their fair value. There is no change in the value (2015 upward revaluation of £4.3m). The basis of this valuation is the Net Present Value of contracted income for Premier Rugby Limited, discounted at 6% and multiplied up by 1.5 times, as prescribed in the Premiership Rugby Shareholders Agreement. This reflects the fair value of the P shares if sold.

Principal Risks and Uncertainty

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

Wasps Holdings Limited

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: Business plan to support covenants with sensitivity analysis.

Arena Coventry Limited

Closure of the Arena from unforeseen circumstances

Impact: Reduced revenue from events at the Arena.

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

Wasps Holdings Limited

Strategic Report for the Year Ended 30 June 2016

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.

IEC Experience Limited

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 31 October 2016 and signed on its behalf by:



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D J Armstrong
Director

Wasps Holdings Limited

Directors' Report for the Year Ended 30 June 2016

The directors present their report and the consolidated financial statements for the year ended 30 June 2016.

General overview

In October 2014 the Group acquired a controlling interest in the share capital of Arena Coventry Limited and completed the acquisition of 100% of the issued share capital in November 2015.

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. At 30 June 2016, the Group has £1.2m available for further draw down.

Exceptional losses of £0.9m have been incurred as a result of the transactions highlighted above. Further detail is included in note 6.

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 (2015 - £Nil).

Directors of the group

The directors who held office during the year were as follows:

D J Armstrong

R N Dawbarn

N J Eastwood

R W Gray

D A Richardson

J C M Parker (Appointed 30 March 2016)

L N Dallaglio (Appointed 1 January 2016)

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.

Wasps Holdings Limited

Directors' Report for the Year Ended 30 June 2016

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for the Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared detailed cash flow forecasts for the 12 months from the date of signing of these accounts, together with a higher level five-year plan. These forecasts show the Group moving from its current loss-making position to generating sufficient profits to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bond. The directors are satisfied that sufficient headroom exists in the forecasts to absorb reasonable sensitivity analysis, and that existing shareholder support will continue to be forthcoming in the event of a cash shortfall.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Future developments

For the financial year to June 2017 the Board is concentrating on the consolidation of the Group's position following the acquisitions in 2014. Further detail on the future development of the Group is contained in the Strategic Report.

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.

Reappointment of auditors'

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 31 October 2016 and signed on its behalf by:



.....
D J Armstrong
Director

Wasps Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 IFRSs 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 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.

Wasps Holdings Limited

Independent auditors' report to the members of Wasps Holdings Limited

Report on the financial statements

Our opinion

In our opinion:

- Wasps Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2016 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the 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.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Company Statements of Financial Position as at 30 June 2016;
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statement of Cash Flows for the year then ended;
- the Consolidated and Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Wasps Holdings Limited

Independent auditors' report to the members of Wasps Holdings Limited

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Mark Ellis BSc ACA (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Cardiff

31 October 2016

Wasps Holdings Limited

Consolidated Income Statement for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Revenue	4	30,931,150	21,406,593
Cost of sales	5	<u>(20,568,045)</u>	<u>(16,088,538)</u>
Gross profit		10,363,105	5,318,055
Administrative expenses	5	<u>(14,135,054)</u>	<u>(7,709,551)</u>
Operating loss before exceptional items and allocation to non-controlling interests		(3,771,949)	(2,391,496)
Exceptional items	6	(936,328)	(1,889,575)
Allocation to non-controlling interest	6	<u>(1,504,000)</u>	<u>(873,377)</u>
Operating loss		(6,212,277)	(5,154,448)
Finance costs	7	<u>(3,084,183)</u>	<u>(1,168,368)</u>
Loss before tax		<u>(9,296,460)</u>	<u>(6,322,816)</u>
Taxation	11	<u>7,024,688</u>	<u>-</u>
Loss for the year		<u>(2,271,772)</u>	<u>(6,322,816)</u>
Loss attributable to:			
Owners of the company		(2,210,822)	(6,273,272)
Non-controlling interests		<u>(60,950)</u>	<u>(49,544)</u>
		<u>(2,271,772)</u>	<u>(6,322,816)</u>

The above results were derived from continuing operations.

The notes on pages 27 to 56 form an integral part of these financial statements.

Wasps Holdings Limited

Consolidated Statement of Comprehensive Income for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Loss for the year		(2,271,772)	(6,322,816)
Other comprehensive income for the year that will not be reclassified to profit and loss			
Surplus on revaluation of long leasehold property	12	-	29,301,423
Income tax effect	11	586,029	(5,860,285)
		586,029	23,441,138
Items that may be reclassified subsequently to profit or loss			
Surplus on revaluation of available for sale financial assets	15	-	4,328,594
Income tax effect	11	194,492	(811,758)
		194,492	3,516,836
Total comprehensive (expense)/income for the year		(1,491,251)	20,635,158
Total comprehensive (expense)/income attributable to:			
Owners of the company		(1,430,301)	20,684,702
Non-controlling interests		(60,950)	(49,544)
		(1,491,251)	20,635,158

The notes on pages 27 to 56 form an integral part of these financial statements.

Wasps Holdings Limited

Consolidated Statement of Financial Position as at 30 June 2016

	Note	2016 £	2015 £
Non-current assets			
Property, plant and equipment	12	58,026,963	53,779,620
Intangible assets	13	188,710	188,710
Available for sale financial assets	15	9,724,622	9,724,622
		67,940,295	63,692,952
Current assets			
Inventories	16	285,186	14,085
Trade and other receivables	17	6,651,999	3,850,483
Cash and cash equivalents	18	279,233	12,399,062
		7,216,418	16,263,630
Total assets		75,156,713	79,956,582
Equity and liabilities			
Equity			
Share capital	19	(775,550)	(775,550)
Share premium		(6,340,989)	(6,340,989)
Revaluation reserve		(23,833,167)	(23,441,138)
Available for sale reserve		(7,974,190)	(7,779,698)
Retained earnings		28,314,065	26,297,243
Equity attributable to owners of the company		(10,609,831)	(12,040,132)
Non-controlling interests		(671,003)	(731,953)
Total equity		(11,280,834)	(12,772,085)
Non-current liabilities			
Loans and borrowings	20	(43,391,600)	(40,136,409)
Deferred tax liabilities	11	-	(7,805,209)
		(43,391,600)	(47,941,618)
Current liabilities			
Trade and other payables	23	(11,943,762)	(9,409,559)
Loans and borrowings	20	(250,000)	-
Deferred income	24	(8,290,517)	(9,833,320)
		(20,484,279)	(19,242,879)
Total liabilities		(63,875,879)	(67,184,497)
Total equity and liabilities		(75,156,713)	(79,956,582)

Approved by the Board on 31 October 2016 and signed on its behalf by:



.....D J Armstrong
Director

The notes on pages 27 to 56 form an integral part of these financial statements

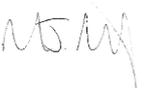
Wasps Holdings Limited

(Registration number: 04187289)

Company Statement of Financial Position as at 30 June 2016

	Note	2016 £	2015 £
Assets			
Non-current assets			
Property, plant and equipment	12	673,354	143,897
Investments	14	5,717,143	5,717,143
Available for sale financial assets	15	9,724,622	9,724,622
		16,115,119	15,585,662
Current assets			
Inventories	16	159,880	14,085
Trade and other receivables	17	3,034,982	3,263,946
Cash and cash equivalents	18	7,166	2,914,355
		3,202,028	6,192,386
Total assets		19,317,147	21,778,048
Equity and liabilities			
Equity			
Share capital	19	(775,550)	(775,550)
Share premium		(6,340,989)	(6,340,989)
Available for sale reserve		(7,974,190)	(7,779,698)
Retained earnings		42,049,986	36,765,938
Total equity		26,959,257	21,869,701
Non-current liabilities			
Loans and borrowings	20	(38,070,444)	(37,290,846)
Deferred tax liabilities	11	-	(1,944,924)
		(38,070,444)	(39,235,770)
Current liabilities			
Trade and other payables	23	(6,795,595)	(2,640,046)
Deferred income	24	(1,410,365)	(1,771,933)
		(8,205,960)	(4,411,979)
Total liabilities		(46,276,404)	(43,647,749)
Total equity and liabilities		(19,317,147)	(21,778,048)

Approved by the Board on 31 October 2016 and signed on its behalf by:


.....

D J Armstrong

Director

The notes on pages 27 to 56 form an integral part of these financial statements

Wasps Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital £	Share premium £	Revaluation reserve £	Available for sale reserve £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 July 2015	775,550	6,340,989	23,441,138	7,779,698	(26,297,243)	12,040,132	731,953	12,772,085
Loss for the year	-	-	-	-	(2,210,822)	(2,210,822)	(60,950)	(2,271,772)
Other comprehensive income	-	-	586,029	194,492	-	780,521	-	780,521
Total comprehensive expense	-	-	586,029	194,492	(2,210,822)	(1,430,301)	(60,950)	(1,491,251)
Transfer between reserves	-	-	(194,000)	-	194,000	-	-	-
At 30 June 2016	775,550	6,340,989	23,833,167	7,974,190	(28,314,065)	10,609,831	671,003	11,280,834

	Share capital £	Share premium £	Revaluation reserve £	Available for sale reserve £	Retained earnings £	Total £	Non- controlling interests £	Total equity £
At 1 July 2014	775,550	6,340,989	-	4,262,862	(20,023,971)	(8,644,570)	-	(8,644,570)
Loss for the year	-	-	-	-	(6,273,272)	(6,273,272)	(49,544)	(6,322,816)
Other comprehensive income	-	-	23,441,138	3,516,836	-	26,957,974	-	26,957,974
Total comprehensive income/(expense)	-	-	23,441,138	3,516,836	(6,273,272)	20,684,702	(49,544)	20,635,158
Acquisition of subsidiaries, increase/(decrease) in equity	-	-	-	-	-	-	781,497	781,497
At 30 June 2015	775,550	6,340,989	23,441,138	7,779,698	(26,297,243)	12,040,132	731,953	12,772,085

The notes on pages 27 to 56 form an integral part of these financial statements

Wasps Holdings Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital	Share premium	Available for sale reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2015	775,550	6,340,989	7,779,698	(36,765,938)	(21,869,701)
Loss for the year	-	-	-	(5,284,048)	(5,284,048)
Other comprehensive income	-	-	194,492	-	194,492
Total comprehensive expense	-	-	194,492	(5,284,048)	(5,089,556)
At 30 June 2016	775,550	6,340,989	7,974,190	(42,049,986)	(26,959,257)

	Share capital	Share premium	Available for sale reserve	Retained earnings	Total
	£	£	£	£	£
At 1 July 2014	775,550	6,340,989	4,262,862	(30,641,769)	(19,262,368)
Loss for the year	-	-	-	(6,124,169)	(6,124,169)
Other comprehensive income	-	-	3,516,836	-	3,516,836
Total comprehensive income/(expense)	-	-	3,516,836	(6,124,169)	(2,607,333)
At 30 June 2015	775,550	6,340,989	7,779,698	(36,765,938)	(21,869,701)

The notes on pages 27 to 56 form an integral part of these financial statements

Wasps Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the year		(2,271,772)	(6,322,816)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		1,572,775	723,112
Finance costs	7	3,084,183	1,168,368
Income tax credit	11	(7,024,688)	-
		<u>(4,639,502)</u>	<u>(4,431,336)</u>
Working capital adjustments			
Increase in inventories	16	(271,101)	(14,085)
Increase in trade and other receivables	17	(2,801,516)	(2,243,525)
Increase in trade and other payables	23	2,534,203	2,367,089
(Decrease)/increase in deferred income	24	(1,542,803)	8,723,503
Net cash flow from operating activities		<u>(6,720,719)</u>	<u>4,401,646</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment		(5,821,451)	(1,784,203)
Proceeds from sale of property plant and equipment		1,333	733
Acquisition of subsidiaries (net of cash acquired)		-	(3,926,056)
Net cash flows from investing activities		<u>(5,820,118)</u>	<u>(5,709,526)</u>
Cash flows from financing activities			
Interest paid		(1,735)	(789,201)
Proceeds from other borrowing draw downs		2,443,576	31,605,305
Repayment of other borrowing		(2,020,833)	(17,199,308)
Net cash flows from financing activities		<u>421,008</u>	<u>13,616,796</u>
Net (decrease)/increase in cash and cash equivalents		(12,119,829)	12,308,916
Cash and cash equivalents at 1 July		<u>12,399,062</u>	<u>90,146</u>
Cash and cash equivalents at 30 June		<u>279,233</u>	<u>12,399,062</u>

The notes on pages 27 to 56 form an integral part of these financial statements

Wasps Holdings Limited

Company Statement of Cash Flows for the Year Ended 30 June 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the year		(5,284,048)	(6,124,169)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		130,627	87,852
Finance costs		1,289,167	485,939
Income tax credit		(1,750,432)	-
		<u>(5,614,686)</u>	<u>(5,550,378)</u>
Working capital adjustments			
Increase in inventories	16	(145,795)	(14,085)
Decrease/(increase) in trade and other receivables	17	228,964	(2,899,861)
Increase in trade and other payables	23	4,155,549	1,485,227
(Decrease)/increase in deferred income	24	(361,568)	662,116
Net cash flow from operating activities		<u>(1,737,536)</u>	<u>(6,316,981)</u>
Cash flows from investing activities			
Acquisition of subsidiaries		-	(5,609,442)
Acquisitions of property plant and equipment		(661,417)	(152,204)
Proceeds from sale of property plant and equipment		1,333	733
Net cash flows from investing activities		<u>(660,084)</u>	<u>(152,204)</u>
Cash flows from financing activities			
Interest paid		-	(272,650)
Proceeds from other borrowing draw downs		1,490,431	18,141,943
Repayment of other borrowing		(2,000,000)	(2,967,190)
Net cash flows from financing activities		<u>(509,569)</u>	<u>14,902,103</u>
Net (decrease)/increase in cash and cash equivalents		(2,907,189)	2,824,209
Cash and cash equivalents at 1 July		<u>2,914,355</u>	<u>90,146</u>
Cash and cash equivalents at 30 June		<u><u>7,166</u></u>	<u><u>2,914,355</u></u>

The notes on pages 27 to 56 form an integral part of these financial statements

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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

These financial statements were authorised for issue by the Board on 31 October 2016.

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.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 July 2015 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 July 2015 and which have not been adopted early, are expected to have a material effect on the financial statements.

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 £5,284,048 (2015: £6,124,169).

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for the Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared detailed cash flow forecasts for the 12 months from the date of signing of these accounts, together with a higher level five-year plan. These forecasts show the Group moving from its current loss-making position to generating sufficient profits to remain within its committed lending facilities, and to meet the financial covenants associated with the Retail Bond. The directors are satisfied that sufficient headroom exists in the forecasts to absorb reasonable sensitivity analysis, and that existing shareholder support will continue to be forthcoming in the event of a cash shortfall.

The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June 2016.

Subsidiaries are all entities (including structured 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 in 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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.

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Property, plant and equipment

Property, plant and equipment 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 of the Arena. The Arena is shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity 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 period 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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.

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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 values (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.

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.

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Financial assets and liabilities

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, 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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) 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.

(c) 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 are 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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

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.

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 in the prior year by an independent valuer, Strutt and Parker LLP. Management have prepared forecasts for future years which support the carrying value of the Arena in the current year.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

4 Revenue

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

	2016	2015
	£	£
Sport income	12,299,844	8,688,213
Business income	9,648,304	7,273,768
Entertainment income	1,403,775	-
Hotel income	1,603,838	1,176,065
Sponsorship and venue income	5,975,389	4,268,547
	<u>30,931,150</u>	<u>21,406,593</u>

5 Expenses by nature

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

	2016	2015
	£	£
Wages and salaries	17,408,710	12,610,827
Food and drink	5,633,012	3,872,862
Heat, light and power	1,757,722	1,034,951
Repairs and maintenance	1,067,254	907,596
Rent and rates	493,174	551,262
Matchday costs	482,550	719,717
Legal and professional	1,053,199	1,036,646
Depreciation	1,572,775	723,112
Ticketing costs	374,045	178,350
Other	4,860,658	2,162,766
	<u>34,703,099</u>	<u>23,798,089</u>

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

6 Exceptional items and allocation of non-controlling interest

	2016	2015
	£	£
Early repayment charges	-	(183,272)
Bond issue costs	-	(424,799)
Group acquisition and relocation costs	(936,328)	(674,179)
Public relations and compensation costs	-	(607,325)
	<u>(936,328)</u>	<u>(1,889,575)</u>

During the current and previous year the Group incurred costs and revenues that due to their size and nature were deemed “exceptional”. The Groups 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 year the relocation costs of the main rugby business to Coventry have been deemed exceptional. In the prior year refinancing and acquisition of the Group companies and the early repayment charges relate to the settlement of the Close loans following refinancing of the Group. The marketing charges relate to one-off prior year costs in managing the public relations move to the Arena and compensation paid to season ticket holders for disruption to their season ticket package.

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

7 Finance costs

	2016	2015
	£	£
Finance costs		
Loan interest	(1,735)	(789,201)
Bond issuing cost	(807,448)	-
Wasps Finance Plc interest	(2,275,000)	(379,167)
Total finance costs	<u>(3,084,183)</u>	<u>(1,168,368)</u>

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

8 Staff costs

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

	2016	2015
	£	£
Wages and salaries	16,149,404	11,398,329
Social security costs	1,150,910	1,053,816
Pension costs, defined contribution scheme	65,820	155,739
Other employee expense	42,576	2,943
	17,408,710	12,610,827

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

	2016	2015
	No.	No.
Players	57	57
Management and administration	159	150
	216	207

9 Directors' and key management remuneration

The directors' remuneration for the year was as follows:

	2016	2015
	£	£
Aggregate emoluments	888,602	422,819
Contributions paid to money purchase schemes	16,078	15,392
	904,680	438,211

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

	2016	2015
	No.	No.
Accruing benefits under money purchase pension scheme	3	2

In respect of the highest paid director:

	2016	2015
	£	£
Remuneration	407,255	235,399
Company contributions to money purchase pension schemes	366	15,000

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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:

	2016	2015
	£	£
Aggregate emoluments	1,219,527	605,791
Company contributions to money purchase schemes	16,809	20,792
	1,236,336	626,583

10 Auditors' remuneration

	2016	2015
	£	£
Audit of these financial statements	34,000	32,500
Audit of the financial statements of subsidiaries of the company pursuant to legislation	32,500	32,500
	66,500	65,000

Other fees to auditors

Bond prospectus costs	-	90,000
	-	90,000

11 Income Tax

	2016	2015
	£	£
Current tax	-	-
Deferred tax:		
On tax loss for the year	(1,967,013)	-
Impact of change in tax rate	780,521	-
Adjustment in respect of prior periods	(5,838,196)	-
	(7,024,688)	-
Total tax credit	(7,024,688)	-

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

11 Income Tax (continued)

The tax on loss before tax for the year is different to the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20%). The differences are reconciled below:

	2016	2015
	£	£
Loss before tax	(9,296,460)	(6,322,816)
Corporation tax at standard rate	(1,859,292)	(1,264,563)
Increase/(decrease) from effect of capital allowances depreciation	70,752	(76,795)
(Decrease)/increase from effect of expenses not deductible in determining taxable profit (tax loss)	(178,473)	302,986
Increase from effect of unrelieved tax losses carried forward	-	1,038,372
Utilisation of previously unrecognized tax losses	(5,838,196)	-
Remeasurement of deferred tax – change in tax rate	780,521	-
Total tax credit	<u>(7,024,688)</u>	<u>-</u>

Deferred tax

Group - Deferred tax assets and (liabilities)

	Asset	Liability
	£	£
2016		
Revaluation of property	-	(5,274,256)
Available-for-sale financial assets	-	(1,750,432)
Trading losses	7,024,688	-
	<u>7,024,688</u>	<u>(7,024,688)</u>

	Asset	Liability
	£	£
2015		
Revaluation of property	-	(5,860,285)
Available-for-sale financial assets	-	(1,944,924)
	<u>-</u>	<u>(7,805,209)</u>

Deferred tax movement during the year:

	At 1 July 2015	Recognised in other comprehensive income	Credit to the income statement	At 30 June 2016
	£	£	£	£
Revaluation of property	(5,860,285)	586,029	-	(5,274,256)
Available-for-sale financial assets	(1,944,924)	194,492	-	(1,750,432)
Trading losses	-	-	7,024,688	7,024,688
Net tax liabilities	<u>(7,805,209)</u>	<u>780,521</u>	<u>7,024,688</u>	<u>-</u>

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Deferred tax movement during the prior year:

	At 1 July 2014	Recognised in other comprehensive income	At 30 June 2015
	£	£	£
Revaluation of property	-	5,860,285	5,860,285
Available-for-sale financial assets	1,133,166	811,758	1,944,924
Net tax liabilities	1,133,166	6,672,043	7,805,209

There are £13,000,000 of unused tax losses (2015 - £42,000,000) for which no deferred tax asset is recognised in the statement of financial position.

Company

Deferred tax assets and (liabilities)

	Asset	Liability
	£	£
2016		
Available-for-sale financial assets	-	(1,750,432)
Trading losses	1,750,432	-
	1,750,432	(1,750,432)

	Asset	Liability
	£	£
2015		
Available-for-sale financial assets	-	(1,944,924)

Deferred tax movement during the year:

	At 1 July 2015	Recognised in other comprehensive income	Credit to the income statement	At 30 June 2016
	£	£	£	£
Available-for-sale financial assets	(1,944,924)	194,492	-	(1,750,432)
Trading losses	-		1,750,432	1,750,432
Net tax liabilities	(1,944,924)	194,492	1,750,432	-

Deferred tax movement during the prior year:

	At 1 July 2014	Recognised in other comprehensive income	At 30 June 2015
	£	£	£
Available-for-sale financial assets	1,133,166	811,758	1,944,924

There are £8,500,000 of unused tax losses (2015 - £32,000,000) for which no deferred tax asset is recognised in the statement of financial position.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

12 Property, Plant & Equipment

Group

	Arena - leasehold £	Other land and building - leasehold £	Furniture, fittings and equipment £	Assets in the course of construction £	Total £
Cost or valuation					
At 1 July 2014	-	219,686	527,688	-	747,374
Additions	1,048,000	-	736,203	-	1,784,203
Acquired through business combinations	18,150,577	-	5,186,984	-	23,337,561
Revaluation surplus	29,301,423	-	-	-	29,301,423
Disposals	-	-	(733)	-	(733)
At 30 June 2015	48,500,000	219,686	6,450,142	-	55,169,828
At 1 July 2015	48,500,000	219,686	6,450,142	-	55,169,828
Additions	-	30,573	5,438,702	352,176	5,821,451
Disposals	-	-	(1,333)	-	(1,333)
At 30 June 2016	48,500,000	250,259	11,887,511	352,176	60,989,946
Depreciation					
At 1 July 2014	-	218,075	449,021	-	667,096
Charge for the year	-	1,611	721,501	-	723,112
At 30 June 2015	-	219,686	1,170,522	-	1,390,208
At 1 July 2015	-	219,686	1,170,522	-	1,390,208
Charge for the year	194,000	10,819	1,367,956	-	1,572,775
At 30 June 2016	194,000	230,505	2,538,478	-	2,962,983
Carrying amount					
At 30 June 2016	48,306,000	19,754	9,349,033	352,176	58,026,963
At 30 June 2015	48,500,000	-	5,279,620	-	53,779,620
At 1 July 2014	-	1,611	78,667	-	80,278

The Group acquired and then successfully extended the lease at Phoenix Way, where the stadium is located, to 250 years. The Arena leasehold interest was then revalued on a market value basis at 23 April 2015 by Strutt and Parker LLP, and has been valued at £48,500,000. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. There is no historical cost information to disclose as the Arena has always been held under lease.

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 2016

Company

	Land and buildings £	Furniture, fittings and equipment £	Assets in the course of construction £	Total £
Cost				
At 1 July 2014	219,686	527,688	-	747,374
Additions	-	152,204	-	152,204
Disposals	-	(733)	-	(733)
At 30 June 2015	219,686	679,159	-	898,845
At 1 July 2015	219,686	679,159	-	898,845
Additions	30,573	278,668	352,176	661,417
Disposals	-	(1,333)	-	(1,333)
At 30 June 2016	250,259	956,494	352,176	1,558,929
Depreciation				
At 1 July 2014	218,075	449,021	-	667,096
Charge for the year	1,611	86,241	-	87,852
At 30 June 2015	219,686	535,262	-	754,948
At 1 July 2015	219,686	535,262	-	754,948
Charge for the year	10,819	119,808	-	130,627
At 30 June 2016	230,505	655,070	-	885,575
Carrying amount				
At 30 June 2016	19,754	301,424	352,176	673,354
At 30 June 2015	-	143,897	-	143,897
At 1 July 2014	1,611	78,667	-	80,278

13 Intangible Assets

Group

	Goodwill £
Cost or valuation	
At 30 June 2016 and at 30 June 2015	188,710
Carrying amount	
At 30 June 2016 and at 30 June 2015	188,710

Goodwill represents the benefits and synergies acquired by the Group as a result of the acquisition of Arena Coventry Limited on 8 October 2014.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

14 Investments in subsidiaries

Group subsidiaries

Details of the group subsidiaries as at 30 June 2016 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	
			2016	2015
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.

Summary of the company investments

	2016 £	2015 £
Investments in subsidiaries	5,717,143	5,717,143
Subsidiaries		£
Valuation and carrying amount		
At 1 July 2015		5,717,143
Additions		-
At 30 June 2016		5,717,143

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

15 Available for sale financial assets

	Available for sale financial assets			
	Group 2016 £	2015 £	Company 2016 £	2015 £
Non-current financial assets				
Available for sale financial assets	9,724,622	9,724,622	9,724,622	9,724,622

Movement in available for sale assets - Group and Company

	2016 £	2015 £
Cost		
At 1 July	9,724,622	9,724,622
Revaluation	-	-
At 30 June	9,724,622	9,724,622
Carrying amount		
At 30 June	9,724,622	9,724,622

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 £Nil (2015 - £4,328,594). An update to the P share valuation is due in December 2016 and will be reflected in the 2016/17 financial year. 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

16 Inventories

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Merchandise	159,880	14,085	159,880	14,085
Consumables	125,306	-	-	-
Inventory	<u>285,186</u>	<u>14,085</u>	<u>159,880</u>	<u>14,085</u>

17 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade receivables	4,324,396	2,480,315	1,197,936	814,867
Provision for impairment of trade receivables	(8,004)	(5,000)	(5,000)	(5,000)
Net trade receivables	4,316,392	2,475,315	1,192,936	809,867
Loans to related parties	-	-	1,140,000	2,000,000
Accrued income	263,886	78,238	-	-
Prepayments	1,204,472	918,132	369,132	329,710
Other receivables	867,249	378,798	332,914	124,369
Total current trade and other receivables	<u>6,651,999</u>	<u>3,850,483</u>	<u>3,034,982</u>	<u>3,263,946</u>

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 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

As of 30 June 2016, Group trade receivables of £878,000 (2015 - £681,000) and Company trade receivable of £774,000 (2015 - £306,000) 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 is as follows:

Age of trade receivables that are past due but not impaired

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Up to 3 months	725,000	575,000	582,000	204,000
3 to 6 months	70,000	94,000	118,000	71,000
6 months to 1 year	83,000	12,000	74,000	31,000
	878,000	681,000	774,000	306,000

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

Age of impaired trade receivables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Over 1 year	8,003	5,000	5,000	5,000

18 Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash on hand	6,159	996	3,948	78
Cash at bank	273,074	12,398,066	3,218	2,914,277
	279,233	12,399,062	7,166	2,914,355

19 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	760,039	760,039	760,039	760,039
'B' Ordinary shares of £1 each	15,511	15,511	15,511	15,511
	775,550	775,550	775,550	775,550

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

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

20 Loans and borrowings

	Group 2016 £	2015 £	Company 2016 £	2015 £
Non-current loans and borrowings				
Other borrowings	43,391,600	40,136,409	38,070,444	37,290,846

	Group 2016 £	2015 £	Company 2016 £	2015 £
Current loans and borrowings				
Other borrowings	250,000	-	-	-
Other borrowings	250,000	-	-	-

Group

Other borrowings

The balance of the loan from Wasps Finance Plc was £33,828,244 (2015 - £30,774,751) and has £1,171,756 of undrawn committed borrowing facilities available at 30 June 2016. The loan is repayable in a lump sum repayment in 2022 and is subject to an interest rate of 6.5%.

In the year the Group has borrowed £750,000 from HSBC Plc, the balance at 30 June 2016 was £727,431 (2015 - £Nil). The Loan is repayable over a 36 month period and is unsecured.

The Group has also been provided with a loan of £9,085,925 (2015 - £9,361,658) 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

Other borrowings

In the year the Company has borrowed £18,569,969 (2015 - £17,311,387) 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 £8,882,676 (2015 - £9,361,658) from D A Richardson. The loan interest has been waived for the year and repayable after giving 12 months and one days notice.

The Company has also been provided with a loan of £10,617,799 (2015 - £10,617,799) from a subsidiary Company, Canmango Limited. The loan is interest free and repayable after 12 months and one day's notice.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

21 Obligations under leases

Group

Operating leases

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

	2016	2015
	£	£
Within one year	141,751	294,886
In two to five years	74,849	191,923
	216,600	486,809

The amount of non-cancellable operating lease payments recognised as an expense during the year was £304,073 (2015 - £331,944)

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 £187,406 (2015 - £155,739).

23 Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade payables	4,519,171	2,608,658	2,066,663	833,047
Accrued expenses	6,824,206	4,189,940	4,127,654	950,441
Social security and other taxes	151,365	2,100,817	122,741	350,192
Other payables	449,020	510,144	478,537	506,366
	11,943,762	9,409,559	6,795,595	2,640,046

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 "Financial risk management and impairment of financial assets - company".

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

24 Deferred income

	Group	
	2016	2015
	£	£
License fee	6,533,333	7,000,000
Lease assignment fee	-	807,724
Season tickets	1,010,274	695,223
Sponsorship	378,774	167,167
Other	368,136	1,163,206
	8,290,517	9,833,320

	Company	
	2016	2015
	£	£
Season tickets	1,010,274	695,223
Sponsorship	28,000	37,500
Other	372,091	1,039,210
	1,410,365	1,771,933

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

The lease assignment fee represents an inducement payment received by a subsidiary within the Group in 2009 for accepting the transfer of a lease of land and buildings which is being released to the profit and loss account equally to 2016.

25 Financial instruments

Group

	Financial assets			
	Carrying value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
Cash and cash equivalents	279,233	12,399,062	279,233	12,399,062
Trade and other receivables	5,447,527	2,932,351	5,447,527	2,932,351
	5,726,760	15,331,413	5,726,760	15,331,413

Valuation methods and assumptions

Receivables:

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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Available for sale

	Carrying value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
Shares in Premiership Rugby Limited	9,724,622	9,724,622	9,724,622	9,724,622

Valuation methods and assumptions

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. Further detail can be found in note 15.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
Trade and other payables	11,943,762	9,409,559	11,943,762	9,409,559
Borrowings	43,641,600	40,136,409	43,641,600	40,136,409
	55,585,362	49,545,968	55,585,362	49,545,968

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.

Valuation methods and assumptions

Financial liabilities are measured at amortised cost.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

Company

Financial assets

	Carrying value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
Cash and cash equivalents	7,166	2,914,355	7,166	2,914,355
Trade and other receivables	2,582,865	2,934,236	2,582,865	2,934,236
	<u>2,590,031</u>	<u>5,848,591</u>	<u>2,590,031</u>	<u>5,848,591</u>

Valuation methods and assumptions

Receivables:

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

Financial liabilities at amortised cost

	Carrying value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
Trade and other payables	6,795,595	2,640,046	6,795,595	2,640,046
Borrowings	38,070,444	37,290,846	38,070,444	37,290,846
	<u>44,866,039</u>	<u>39,930,892</u>	<u>44,866,039</u>	<u>39,930,892</u>

Description of instruments

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.

Valuation methods and assumptions

Financial liabilities measured at amortised cost.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

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 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.

All cash is held with A-rated banks.

Other than cash held by the Group's bank at 30 June 2016 there are no other significant concentrations of credit risk within the group at the balance sheet date.

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

	Within 6 months	After 1 year	After 1 to 5 years	After more than 5 years	Total
2016	£	£	£	£	£
Trade and other payables	11,943,762	-	-	-	11,943,762
Other borrowings	-	9,085,925	727,431	34,137,891	43,951,257
	11,943,762	9,085,925	727,431	34,137,891	55,895,019

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

2015	Within 6 months £	After 1 year £	After more than 5 years £	Total £
Trade and other payables	9,409,559	-	-	9,409,559
Other borrowings	-	9,361,658	30,774,751	40,136,409
	9,409,559	9,361,658	30,774,751	49,545,968

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 2016, 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.

Wasps Holdings Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

27 Related party transactions

Loans from related parties - D A Richardson

2016	£
1 July	9,361,658
Repaid	(2,000,000)
Advanced	<u>1,724,267</u>
30 June	<u>9,085,925</u>
2015	£
1 July	8,531,104
Advanced	<u>830,554</u>
30 June	<u>9,361,658</u>

Letheby & Christopher Ltd (a company in which a director of IEC Experience Limited sits on the Board)

The Group received income of £500,000 (2015 - £8,101,052) and at the year end was owed £Nil (2015 - £1,627). The Group incurred costs of £10,678,109 (2015 - £9,905,220) and at the end of the year owed £1,588,596 (2015 - £991,497).

Kennedys Law LLP (an LLP in which R Dawbarn has an interest)

The Group incurred costs of £166,971 (2015 - £336,842), received income of £Nil (2015 - £2,775) and at the year end owed £82,116 (2015 - £2,700).

Calco Services Limited (a company in which W Gray is a non-executive director)

The Group received income of £613 (2015 - £630). There were no outstanding amounts at the year end (2015 - £Nil).

Keith Prowse Limited (a company in which a director of IEC Experience Limited sits on the Board)

The Group received income of £Nil (2015 - £2,955). There were no outstanding amounts at the year end (2015 - £Nil).

Premiership Rugby Limited (a company in which a director of Wasps Holdings Limited sits on the Board).

The Group received income of £3,340,330 (2015 - £3,912,697), incurred costs of £396,141 (2015 - £243,769) and at the was owed £179,957 (2015 - £58,060).

Twickenham Experience Limited (a company in which a director of IEC Experience Limited sits on the Board)

The Group incurred costs of £1,966 (2015 - £22,131). There were no outstanding amounts at the year end (2015 - £Nil).

BBH Limited (a company in which L Dallaglio is a director)

The Group incurred costs of £30,000 (2015 - £48,000). The amount outstanding at the year end was Nil.

28 Control

The Company's immediate parent is Moonstone Holdings Limited, a company incorporated in Malta, which is controlled by D A Richardson.