

Registered number: 09435073

WASPS FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

WASPS FINANCE PLC

COMPANY INFORMATION

Directors	N J Eastwood D A Richardson
Company secretary	N J Eastwood
Registered number	09435073
Registered office	Ricoh Arena Judds Lane Coventry CV6 6AQ
Independent auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

WASPS FINANCE PLC

CONTENTS

	Page
Strategic Report	1 – 2
Directors' Report	3 - 5
Independent Auditor's Report	6 – 10
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 – 21

WASPS FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Introduction

The directors present their Strategic Report with the financial statements of the company for the year from 1 July 2017 to 30 June 2018. The company was incorporated in England and Wales on 11 February 2015.

Business review

The results for the year are set out in detail on page 11. There was no retained profit/loss for the year; the Balance Sheet on page 12 shows that the company had net assets of £50,000 at 30 June 2018 (2017: £50,000).

Strategy, Objectives and Principal Risks

The company's principal activity is a bond issuing vehicle for the Wasps Holdings Group (the "Group") and the directors do not propose introducing further business activities in this company. The Wasps Holdings Group consists of Wasps Holdings Limited, Arena Coventry Limited, Arena Coventry (2006) Limited and IEC Experience Limited.

In May 2015, Wasps Holdings Limited undertook a refinancing exercise which involved the issue of £35m of Retail Bonds in the Retail Bond Market (LSE) by the company ("the Issuer"). The proceeds of the issue were then remitted as loans to Wasps Holdings Limited and Arena Coventry Limited, net of the associated issue costs. Utilising cross company guarantees, the bonds were secured via a first legal mortgage over commercial property held by Arena Coventry (2006) Limited, a subsidiary of Arena Coventry Limited, and the "P" shares invested within Premiership Rugby by Wasps Holdings Limited.

The bonds have been issued with a seven-year term maturing in May 2022 and a fixed coupon of 6.5% payable bi-annually. The issue of bonds with a fixed coupon minimises any financial risk to the company as a result of interest rate fluctuations. The covenant levels on the Retail Bonds are the aggregate value of the P Shares within Premiership Rugby and value of the Arena is at least 1.4:1 to that of the Retail Bonds at each financial year end, and for each financial year the ratio of consolidated EBITDA of the Group to consolidated finance costs for the Group is required to be at least 1.5:1. At any time the total consolidated senior debt of the Group must not exceed the higher of £40million and four times the consolidated EBITDA for the most recently ended two full six month periods.

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

The directors are satisfied that existing ultimate shareholder support will continue to be forthcoming. The directors of the company have obtained a letter of support from the ultimate shareholder outlining a continued commitment to the Group, although this is not legally binding.

Apart from the above, the Company considers its principal risks to be the impact on the Group of the UK conference and exhibition market followed by the performance of Wasps RFC, which could impact on the ability of the Group to service the interest on the bonds in issue and repay the loan when due for repayment. The Group manages these risks with increased investment of the sales and marketing teams within the conference and exhibitions business and further development of the first and academy teams.

WASPS FINANCE PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Key Performance Indicators ("KPIs")

The Company measures its performance based on financial KPIs. The Company's KPIs are:

	2018	2017 (as restated note 3.2)
Interest Receivable	£2.4m	£2.4m
Interest Payable	(£2.4m)	(£2.4m)
Total debtors	£33.8m	£33.7m

The directors monitor the KPIs prepared by the Group for consideration of the impact on bond covenants.

Employees

The Company has no employees other than the directors.

This report was approved by the board on 9 November 2018 and signed on its behalf.

N J Eastwood
Director

WASPS FINANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The result for the year, after taxation, amounted to £nil (2017: £nil). No dividend can be distributed for the year ended 30 June 2018.

Going Concern

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

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

During the completion of the Wasps Holdings Group's prior year results, it was identified that a shareholder contribution of £1.1m had been incorrectly treated as revenue instead of as a capital contribution and that the required balance on the interest reserve account had not been maintained. Consequently, the Group had failed to maintain a ratio of consolidated EBITDA to consolidated Finance costs of at least 1.5:1.0 as at 30 June 2017, as required by the Wasps Finance plc bond. As a result of this, a proposal was put to Bondholders to waive this breach; to amend the covenant in order to allow any shareholder contributions to be included within the covenant calculation; and to replenish the interest reserve account by way of a shareholder contribution. These changes provide greater flexibility for the group and increased security for the Bondholders. The Bondholders approved these changes on 19 January 2018, with 98.88% of votes cast, voting in favour and the interest reserve account has been replenished. These changes better suit the Group's operations and cashflow, and are an important part of the future development and success of the business.

WASPS FINANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

In the event that shareholder support is not forthcoming there would be a material uncertainty which may cast significant doubt about the Group's, and the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Future developments

The company has adequate resources to continue to operate for the foreseeable future, and the changes to the covenants have provided for greater future flexibility.

Financial instruments

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

The company is exposed through its operations to the following financial instrument risks: 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 seek to reduce risk as far as possible.

Credit risk

Credit risk arises from the company's receivables, which are the amounts due from the Wasps Holdings Group of companies. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument to then allow for the company to service its capital and interest liabilities. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The company does not enter into derivatives to manage credit risk. All cash is held with A-rated banks.

Other than cash held by the company's bank at 30 June 2018, there are no other significant concentrations of credit risk within the company at the balance sheet date.

WASPS FINANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges on its borrowings. It is a risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The liquidity of the company is managed and monitored by the Board and the company is forecast to have sufficient funds available for funding facilities to meet its obligations as they fall due, under all reasonably expected circumstances.

Capital risk management

The company is both equity and debt funded and these two elements combine to make up the capital structure of the business. Equity comprises share capital and reserves and is equal to the amount shown as shareholders' funds in the balance sheet. Debt consists of a £35million tradable bond held on the LSE Retail Bond market. The company's objective when maintaining capital is to provide an adequate repayment of interest and capital to bondholders.

Disclosure of information to auditors

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

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

Directors' indemnities

The Group has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Group, the Directors and its officers. This is paid for by Arena Coventry Limited and no recharge has been incurred by the Company.

Directors

The directors who served during the year were:

- N J Eastwood
- D A Richardson

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

Certain items of the Directors' Report are contained in the Strategic Report.

This report was approved by the board on 9 November 2018 and signed on its behalf.

N J Eastwood

Director

WASPS FINANCE PLC

Independent auditor's report to the members of Wasps Finance PLC

Opinion

We have audited the financial statements of Wasps Finance PLC (the 'company') for the year ended 30 June 2018 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

In forming our opinion on the financial statements we draw attention to note 3.3 in the financial statements concerning the company's ability to continue as a going concern and the uncertainty regarding the ongoing support of the company's ultimate shareholder. As stated in note 3.3 this condition indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Explanation of material uncertainty

Note 3.3 to the financial statements details the Directors' disclosures of the material uncertainty relating to going concern. As described there, the company is dependent on the financial performance of the Wasps Holdings Limited, a related group of companies to service the interest on the retail bonds, meet the associated financial covenants and meet the operational costs incurred by Wasps Finance PLC. In order to assess future compliance with the bond covenants, the directors of Wasps Holdings Limited prepared medium term forecasts for the Wasps Holdings Limited group which covers more than 12 months from the date of signing these financial statements.

These medium term forecasts show that the Wasps Holdings Limited group continues to be dependent on the financial support of its ultimate shareholder, Derek Richardson, with financial contributions needed to fund ongoing cash flow requirements and to meet bond covenants.

The directors are satisfied that ultimate shareholder support will continue to be forthcoming for the foreseeable future. The directors of the Wasps Holding Limited have obtained a letter of support from the ultimate shareholder. However, as this letter of support is not legally binding the directors have drawn attention to the risk that ultimate shareholder support is not forthcoming in disclosing a material uncertainty relating to going concern in the basis of preparation to the financial statements.

What procedures we performed

In concluding on the material uncertainty relating to going concern, our audit procedures included understanding the shareholder funding requirement shown by the Wasps Holdings Limited forecasts and confirming that the forecasts show compliance with financial covenants after taking into consideration future shareholder contributions. We were provided with the Wasps Holdings Limited forecasts. We examined these forecasts, which included an assessment over the reasonableness of the key assumptions, based upon past business performance, in relation to growth in hospitality, sponsorship, conference and ticketing income, and increases in rugby and other operating costs.

WASPS FINANCE PLC

Independent auditor's report to the members of Wasps Finance PLC

We also examined the letter of support received by the directors of Wasps Holdings Limited from the ultimate shareholder and determined that it was not legally binding.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our response
<p>Retail bond covenants</p> <p>The company has in issue retail bonds secured on the assets of Wasps Holdings Limited (“WHL”), Arena Coventry Limited, IEC Experience Limited, and Arena Coventry 2006 Limited, related companies under common control of Moonstone Holdings Limited (which is ultimately controlled by Derek Richardson).</p> <p>The retail bonds have covenants which are linked to the financial performance in the consolidated financial statements of Wasps Holdings Limited, including a minimum ratio of consolidated EBITDA, plus shareholder loans and contributions, to finance costs of 1.5:1.0. There are also covenants as follows:</p> <ul style="list-style-type: none"> • The total consolidated senior debt of the Wasps Holdings Limited group does not exceed the higher of £40 million and four times consolidated EBITDA for the most recently ended two full six month periods in respect of which consolidated financial statements of the group are available. • The aggregate value of the Arena and the P-Shares as shown by the most recent valuation of those assets, to the financial indebtedness of Wasps Holdings Limited and its’ subsidiaries taken as a whole, is at least: 1.4:1.0. • The cash & bank account / reserve within Wasps Finance PLC must hold at least 3.25% of the nominal value (£35,000,000) of the issued bonds at all times equating to £1,137,500. <p>Given the significance of the results of Wasps Holdings Limited to the compliance with the covenants of the retail bonds, our audit included this as a key audit matter.</p>	<p>We have obtained a signed copy of the updated bond agreement from January 2018 and reviewed the retail bond covenant calculations provided by management based on the consolidated financial statements of Wasps Holdings Limited for the year ended 30 June 2018 to determine if there are any breaches of the bond agreement during the financial period.</p> <p>In performing this analysis, we have considered the audit work undertaken on Wasps Holdings Limited, to gain assurance over whether the covenant calculations are materially accurate and in accordance with the terms of the bond agreement.</p> <p>Based on the continued financial support of the ultimate shareholder for a period of at least 12 months from the date of signing these financial statements for the year ended 30 June 2018, and those of Wasps Holdings Limited for the year ended 30 June 2018, we have not identified any breaches of the bond covenants from the work performed.</p>

WASPS FINANCE PLC

Independent auditor's report to the members of Wasps Finance PLC

<p>Prior period adjustments in relation to the bond transaction costs at issue</p> <p>Transaction costs were incurred on the issue of the retail bonds issued by Wasps Finance PLC in May 2015. These costs were recharged onto Wasps Holdings Limited, through the net proceeds loaned at the time of the issue. The accounting treatment at the time was to recognise the transaction costs incurred as finance costs and the transaction costs were recharged as finance income.</p> <p>FRS102 states that incremental transaction costs incurred on the issue of a financial liability should be included within the initial measurement of the financial liability. Subsequent measurement of the financial liability is to be calculated through the effective interest method. The same approach is also expected for a financial asset recognised at amortised cost.</p> <p>The inconsistency of the historic treatment of the transaction costs to our expectation required consideration.</p> <p>Given the significant prior period adjustments which would be generated as a result of aligning the treatment of the bond transaction costs at issue with FRS 102, our audit included this as a key audit matter.</p>	<p>We obtained support from management for the costs incurred on the issue of the retail bond and considered whether they met the definition of transaction costs under FRS102.</p> <p>In considering the treatment of these costs, we discussed with management the accounting rationale supporting the original treatment and compared this to the requirements of FRS102. As part of undertaking this assessment we considered the impact on the Profit and Loss and Balance Sheet of accounting for these costs as incremental transaction costs on issue, including the resulting effective interest calculation.</p> <p>Based on the information provided by management we consider that the costs incurred met the definition of transaction costs of the financial liability/asset at the date of issue, and as such, should have been included within the initial measurement of the financial liability/asset, with subsequent measurements using the effective interest method. This has resulted in prior year adjustments to the financial liability/asset and finance costs and income, as well as a consideration of the treatment in the current year.</p>
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Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements.

Based on our professional judgement the level of overall materiality we set for the financial statements is outlined below:

Financial Statement materiality:	£174,000
Benchmark applied:	0.5% of total assets
Rationale for benchmark applied:	We believe that total assets is the primary measure used by the members in assessing the performance of the entity, and is a generally accepted auditing benchmark.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was approximately 50% of our financial statement materiality, namely £87,000.

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £5,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified during the course of assessing the overall presentation of the financial statements.

WASPS FINANCE PLC

Independent auditor's report to the members of Wasps Finance PLC

An overview of the scope of our audit

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. Our audit included an assessment of: whether accounting policies are appropriate to 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. 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 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.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

WASPS FINANCE PLC

Independent auditor's report to the members of Wasps Finance PLC

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters which we are required to address

We were appointed by the Board of Directors in June 2018 to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement is 1 year.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report sent to the Board of Directors.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Richard Metcalfe

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

Date: 9 November 2018

WASPS FINANCE PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
			(As restated note 3.2)
	Note	£'000	£'000
Interest receivable and similar income	7	2,390	2,390
Interest payable and expenses	8	(2,390)	(2,390)
Result before tax		<hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> -
Result for the financial year		<hr style="width: 100%; border: 0.5px solid black;"/> -	<hr style="width: 100%; border: 0.5px solid black;"/> -

There were no recognised gains and losses for 2018 or 2017 other than those included in the profit and loss account.

All activities relate to continuing operations.

The accompanying notes form a part of these financial statements.

WASPS FINANCE PLC

**BALANCE SHEET
AS AT 30 JUNE 2018**

		2018	2017
	Note	£'000	(as restated note 3.2) £'000
Non-current Assets			
Debtors - due after more than one year	10	33,385	33,269
Current assets			
Called up share capital not paid	16	37	37
Debtors - due within one year	10	347	347
Cash at bank and in hand	11	1,139	1,139
Total current assets		<u>1,523</u>	<u>1,523</u>
Creditors - due within one year	12	(304)	(304)
Net current assets		<u>1,219</u>	<u>1,219</u>
Total assets less current liabilities		34,604	34,488
Creditors - due after more than one year	13	(34,554)	(34,438)
Net assets		<u>50</u>	<u>50</u>
Called up share capital	16	50	50
Capital and reserves		<u>50</u>	<u>50</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 November 2018.

N J Eastwood

Director

Wasps Finance PLC (Registered number: 09435073)

The accompanying notes form a part of these financial statements.

WASPS FINANCE PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Called up share capital - paid	Called up share capital - not paid (as restated note 3.2)	Called up share capital (as restated note 3.2)
	£'000	£'000	£'000
Called up share capital at 1 July 2016 (as previously reported)	13	-	13
Called up share capital at 1 July 2016 (impact of restatement note 3.2)	-	37	37
Called up share capital at 1 July 2016 (as restated note 3.2)	13	37	50
Total transactions with owners, recognised directly in equity	-	-	-
Called up share capital at 1 July 2017 (as previously reported)	13	-	13
Called up share capital at 1 July 2017 (impact of restatement note 3.2)	-	37	37
Called up share capital at 1 July 2017 (as restated note 3.2)	13	37	50
Total transactions with owners, recognised directly in equity	-	-	-
Called up share capital at 30 June 2018	13	37	50

WASPS FINANCE PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
		(As restated note 3.2)
	£'000	£'000
Cash flows from operating activities		
Result for the year	-	-
Increase in debtors	-	(33)
Finance costs	2,390	2,390
Interest received	(2,390)	(2,390)
	<u>-</u>	<u>(33)</u>
Net cash used in operating activities	<u>-</u>	<u>(33)</u>
Cash flows from finance activities		
Interest paid	(2,275)	(2,275)
Interest received	2,275	2,275
Net cash generated from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	-	(33)
Cash and cash equivalents 1 July	1,139	1,172
Cash and cash equivalents at 30 June (note 11)	<u>1,139</u>	<u>1,139</u>

WASPS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

The company is a bond issuing vehicle for the Wasps Holdings Group and the directors do not propose introducing further business activities in this company. The company is a public company limited by shares and is incorporated in England and Wales, and has a registered office at Ricoh Arena, Judds Lane, Coventry, CV6 6AQ.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

3.2 Prior year restatements

In the financial statements for the prior year ended 30 June 2017, debtors of £334k (relating mainly to amounts due from related parties in respect of accrued interest) were classified within debtors due after more than one year, rather than debtors due within one year. To correct this error, the prior year comparatives have been adjusted to increase the debtors due within one year by £334k. Also, in the financial statements for the years ended 30 June 2017 and 30 June 2016, the balance sheet had not included amounts for called up share capital not paid as an asset and the corresponding disclosure within capital and reserves. To correct this, £37k has been recognised as a current asset on the balance sheet and called up share capital has been increased by £37k.

Transaction costs incurred by Wasps Holdings Limited when the Bond was issued were written off in the period to June 2016. It has subsequently been identified that they should have been capitalised and written off over the period of the Bond liability, along with corresponding transaction costs capitalised in amounts owed by related parties. An unamortised transaction costs debtor and creditor of £562k has therefore been added to the 30 June 2017 balance sheet and a charge of £115k included in the profit and loss account accordingly.

3.3 Going Concern

The Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (April 2017) provides guidance to directors on disclosures regarding the adoption of the going concern basis of accounting. The receipt of interest receivable and compliance with the Retail Bond financial covenants for Wasps Finance Plc (the "Company") are dependent upon the performance of the Wasps Holdings Group of companies, and therefore this note refers to the performance of that group.

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

WASPS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

In the event that shareholder support is not forthcoming there would be a material uncertainty which may cast significant doubt about the Group's, and the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

3.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

WASPS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date. Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.7 Share Capital

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Any unpaid share capital is recognised separately on the Balance Sheet as an asset.

3.8 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

3.9 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

3.10 Overhead and administrative costs

Overhead and administrative costs of £62k (2017: £17k) are borne by Wasps Holdings Limited and no recharge is incurred by the Company.

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

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

In preparing the financial statements the directors have considered the recoverability of amounts owed by related parties, and are satisfied that the debts are recoverable, and that the carrying value stated above is appropriate.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017: £nil).

6. Audit Fees

Fees payable of £13k (2017: £5k) to the Company's auditors are borne by an affiliate company, Wasps Holdings Limited, and no recharge is received.

WASPS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. Interest receivable and similar income

	2018	2017 (As restated note 3.2)
	£'000	£'000
Other interest receivable	2,275	2,275
Amortisation of transaction costs	115	115
	<u>2,390</u>	<u>2,390</u>

8. Interest payable and similar expenses

	2018	2017 (As restated note 3.2)
	£'000	£'000
Other loan interest payable	2,275	2,275
Amortisation of transaction costs	115	115
	<u>2,390</u>	<u>2,390</u>

9. Taxation

There are no corporation tax charges or liabilities due in the current or prior financial year.

10. Debtors

	2018	2017 (as restated note 3.2)
	£'000	£'000
Non Current - Due after more than one year		
Amounts owed by related parties	33,831	33,831
Unamortised transaction costs	(446)	(562)
	<u>33,385</u>	<u>33,269</u>
Current - Due within one year		
Called up share capital not paid (note 16)	37	37
Amounts owed by related parties	347	347
	<u>384</u>	<u>384</u>

In preparing the financial statements the directors have considered the recoverability of amounts owed by related parties, and are satisfied that the debts are recoverable, and that the carrying value stated above is appropriate.

WASPS FINANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Cash at bank and in hand

	2018	2017
	£'000	£'000
Cash at bank and in hand	1,139	1,139
	1,139	1,139

A Required Account Balance of £1,137,500 must be maintained on this account equal to 3.25% (2017: 3.25%) of the nominal value of the issued bonds until the bond release conditions have been met.

12. Creditors: Amounts falling due within one year

	2018	2017 (As restated note 3.2)
	£'000	£'000
Interest accrual	304	304
	304	304

13. Creditors: Amounts falling due after more than one year

	2018	2017 (As restated note 3.2)
	£'000	£'000
Other loans	35,000	35,000
Unamortised transaction costs	(446)	(562)
	34,554	34,438

Secured loans

The bonds are secured and carry an interest rate of 6.5% and are due for redemption on 13 May 2022.

The security includes a legal mortgage granted by Arena Coventry Limited (ACL) and Arena Coventry (2006) Limited (ACL 2006) over their title to the Arena, a mortgage over the whole share capital of ACL and ACL 2006, fixed charges over the insurance policies held by ACL and ACL 2006 in respect of the Arena, a fixed charge over a cash account held by the company and a floating charge over the undertaking and assets of the company, Wasps Holdings Limited and ACL 2006. In addition, if the "P-Shares" held by Wasps Holdings Limited in Premiership Rugby Limited are sold prior to the maturity of the bonds, then the proceeds are required to be secured by a fixed charge.

WASPS FINANCE PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

14. Loans

Analysis of the maturity of loans is given below:

	2018	2017 (As restated note 3.2)
	£'000	£'000
Other loans		
Amounts falling due less than 1 year	-	-
Amounts falling due after 1 year but less than 5 years	34,554	34,438
Amounts falling due after 5 years	-	-
	34,554	34,438

See note 13 above for loan terms.

15. Financial instruments

	2018	2017 (As restated note 3.2)
	£'000	£'000
Financial assets		
Financial assets measured at amortised cost	1,139	1,139
Financial assets measured that are debt instruments measured at amortised cost	33,768	33,653
	34,907	34,792
Financial liabilities		
Financial liabilities measured at amortised cost	34,554	34,438
	34,554	34,438

16. Share Capital

	2018	2017 (As restated note 3.2)
	£'000	£'000
Authorised share capital		
50,000 Ordinary Share Capital shares of £1 each	50	50
Allotted, called up share capital		
50,000 Ordinary Share Capital shares of £1 each	50	50

The Company has one class of ordinary shares which carry no right to fixed income. £12,500 (2017: £12,500) has been received by the Company. The remaining amount due for shares, being £37,500 (2017: £37,500) is recognised separately on the balance sheet as Called up share capital not paid. £Nil (2017: £Nil) share premium has been recognised.

All shares are held by the parent company, Moonstone Holdings Limited (note 20).

WASPS FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

17. Balance Sheet as at 30 June 2016 (as restated – see note 3.2)

	2016 (as restated note 3.2) £'000
Non-current Assets	
Debtors - due after more than one year	33,134
Current assets	
Called up share capital not paid	37
Debtors - due within one year	334
Cash at bank and in hand	1,172
Total current assets	1,543
Creditors: amounts falling due within one year	(304)
Net current assets	1,239
Total assets less current liabilities	34,373
Creditors: amounts falling due after more than one year	(34,323)
Net assets	50
Called up share capital	50
Capital and reserves	50

18. Related Party Transactions

Wasps Holdings Ltd (A company with the same ultimate controlling party as Wasps Finance plc);
The company received finance income of £1.289m (2017: £1.289m), and at the year-end was owed £19.3m; capital £19.6m less amortised cost £0.3m (2017: £19.3m; capital £19.6m less amortised cost £0.3m). £0.2m (2017: £0.2m) of this debt capital is repayable within a year, and the remainder £19.4m (2017: £19.3m) is repayable in a lump sum in 2022 and is subject to an interest rate of 6.5%.

Arena Coventry Ltd (A company with the same ultimate controlling party as Wasps Finance plc);
The company received finance income of £0.985m (2017: £0.985m), and at the year-end was owed £14.4m; capital £14.6m less amortised cost £0.2m (2017: £14.3m; capital £14.5m less amortised cost £0.2m). £0.1m (2017: £0.1m) of this debt capital is repayable within a year, and the remainder £14.5m (2017: £14.4m) is repayable in a lump sum in 2022 and is subject to an interest rate of 6.5%.

Moonstone Holdings Ltd (A company with the same ultimate controlling party as Wasps Finance plc);
The company received income of £nil (2017: nil). The amount outstanding at the end of the year is £12,500. (2017: £12,500) and is repayable within a year and is not subject to an interest charge.

19. Post Balance Sheet

There have been no significant events affecting the Company since the year end.

20. Controlling party

The parent company is Moonstone Holdings Limited, a company incorporated in Malta. The accounts of the parent company are accessible via www.registry.mfsa.com.mt. The ultimate controlling party and ultimate shareholder of the company is D A Richardson.