

Registered number: 09435073

**WASPS FINANCE PLC**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

# WASPS FINANCE PLC

## COMPANY INFORMATION

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

# WASPS FINANCE PLC

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**WASPS FINANCE PLC**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 JUNE 2019**

**Introduction**

The directors present their Strategic Report with the financial statements of the company for the year from 1 July 2018 to 30 June 2019. 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 2019 (2018: £50,000).

**Strategy, Objectives and Principal Risks**

The company's principal activity is a retail 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 Finance PLC 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 retail bonds were secured via a first legal mortgage over the leasehold commercial property held by Arena Coventry (2006) Limited, a subsidiary of Arena Coventry Limited, and the Invested Units (previously P shares) invested in Premier Rugby held by Wasps Holdings Limited.

The retail 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 retail 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 investment in Premier Rugby Limited and value of the leasehold commercial property 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 £40m 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 of the Group and Group's ultimate shareholder are committed to making the Group financially viable, including initiating a series of projects to increase both matchday and non-matchday (e.g. conference and exhibitions, hotels and concerts) revenues and manage costs accordingly.

The directors are satisfied that the Group's existing ultimate shareholder support will continue to be forthcoming. The directors of the company have obtained a letter of support from the Group's 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 and Wasps Netball, which could impact on the ability of the Group to service the interest on the retail bond in issue and repay the loan when due for repayment. The Group manages these risks with increased investment in the sales teams within the conference and exhibitions business and further development of both the Rugby and Netball player squads.

**WASPS FINANCE PLC**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Key Performance Indicators ("KPIs")**

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

	<b>2019</b>	2018
Interest receivable	£2.4m	£2.4m
Interest payable	(£2.4m)	(£2.4m)
Total debtors	£33.9m	£33.8m

The directors also monitor the KPIs prepared by the Group for consideration of the impact on retail bond covenants, which are detailed in the consolidated accounts of Wasps Holdings Limited.

**Employees**

The company has no employees other than the directors.

This report was approved by the board on 31 October 2019 and signed on its behalf.

**N J Eastwood**  
Director

# WASPS FINANCE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

### 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 (2018: £nil). No dividend can be distributed for the year ended 30 June 2019 (£nil 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 £7.0m (2018: net liabilities of £0.2m) and made a profit after tax of £3.6m (2018: loss of £9.7m) in the current year and has net current liabilities of £5.3m (2018: net current liabilities of £12.9m).

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 of the Group and the Group's ultimate shareholder are committed to making the Group financially viable, including initiating a series of projects to increase both matchday and non-matchday (e.g. conference and exhibitions, hotels and concerts) revenues and manage costs accordingly.

# WASPS FINANCE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors are satisfied that the Group's ultimate shareholder support will continue to be forthcoming. The directors of the company have obtained a letter of support from the Group's ultimate shareholder outlining a continued commitment to the Group. Further detail of the position is noted within note 3.2.

### Future developments

The company has adequate resources to continue to operate for the foreseeable future.

### Financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are amounts owed by related parties, cash and cash equivalents, other loans 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 principally 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. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering into contracts with credit terms.

Other than cash held by the company's bank at 30 June 2019, there are no other significant concentrations of credit risk within the company at the balance sheet date.

The company does not enter into derivatives to manage credit risk. All cash is held with A-rated banks.

### 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 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 £35m of tradable retail bonds 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.

### Brexit

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

### Directors' indemnities

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

**WASPS FINANCE PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**Disclosure of information to auditor**

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

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

**Directors**

The directors who served during the year were:

- N J Eastwood
- D A Richardson

**Auditor**

The auditor, 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 31 October 2019 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 2019 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 2019 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.

### The impact of uncertainties due to the United Kingdom exiting the European Union ('Brexit') on our audit

The Directors' view on the impact of Brexit is disclosed on page 4.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's transactions and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the company and this is particularly the case in relation to Brexit.

### Material uncertainty relating to going concern

In forming our opinion on the financial statements we draw attention to note 3.2 in the financial statements concerning the company's ability to continue as a going concern and the uncertainty regarding the ongoing support of the company's ultimate shareholder. As stated in note 3.2 this condition indicates the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Explanation of material uncertainty*

Note 3.2 to the financial statements details the Directors' explanation of the material uncertainty relating to going concern. As described there, the company is dependent on the financial performance of the Wasps Holdings Limited group of entities, to service the interest on the retail bonds, meet the associated financial covenants and meet the operational costs incurred by the company. The directors of Wasps Holdings Limited have prepared medium term forecasts for the Wasps Holdings Limited group which cover more than 12 months from the date of signing these financial statements.

## WASPS FINANCE PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASPS FINANCE PLC

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 additional financial contributions needed to fund ongoing cash flow requirements and to meet retail bond covenants. The ability of the company to meet the scheduled redemption of the retail bonds in 2022 is dependent on the repayment of the loans to Wasps Holdings Limited. The directors note that Wasps Holdings Limited is considering various refinancing options in relation to the repayment of these loans.

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

#### 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we summarise below an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter	Our response
<p><u>Retail bond covenants</u></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"><li>• 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</li></ul>	<p>We have obtained a signed copy of the Trust Deed and reviewed the retail bond covenant compliance calculation provided by management based on the consolidated financial statements of Wasps Holdings Limited for the year ended 30 June 2019 to determine if there were any breaches of the covenants 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 retail bond agreement.</p> <p>Based on the work performed, we have not identified any breaches of the retail bond covenants at the year end.</p>

## WASPS FINANCE PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASPS FINANCE PLC

Key audit matter	Our response
<p>most recently ended two full six month periods in respect of which consolidated financial statements of the Group are available.</p> <ul style="list-style-type: none"> <li>• The aggregate value of the Arena and the Invested Units 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.</li> <li>• The cash &amp; bank account / reserve within Wasps Finance PLC must hold at least 3.25% of the nominal value (£35,000,000) of the issued retail bonds at all times equating to £1,137,500.</li> </ul> <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>	

#### Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£350,000
How we determined it	1% 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.
Performance materiality	£228,000
Reporting threshold	£11,000

#### An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the company's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

## WASPS FINANCE PLC

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WASPS FINANCE PLC

Our tests included, but were not limited to, 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 irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://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 November 2018 to audit the financial statements for the year ending 30 June 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 30 June 2018 and 30 June 2019.

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 Katherine's Way

London

E1W 1DD

Date: 4 November 2019

## WASPS FINANCE PLC

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Note	£'000	£'000
Interest receivable and similar income	8	2,390	2,390
Interest payable and expenses	9	(2,390)	(2,390)
<b>Result before tax</b>		<hr/> -	<hr/> -
<b>Result for the financial year</b>		<hr/> - <hr/>	<hr/> - <hr/>

There was no other comprehensive income for 2019 or 2018 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 2019**

		2019	2018
	Note	£'000	£'000
<b>Non-current assets</b>			
Debtors - due after more than one year	11	33,509	33,385
<b>Current assets</b>			
Called up share capital not paid	11	37	37
Debtors - due within one year	11	333	347
Cash at bank and in hand	12	1,143	1,139
<b>Total current assets</b>		<b>1,513</b>	<b>1,523</b>
Creditors - due within one year	13	(304)	(304)
<b>Net current assets</b>		<b>1,209</b>	<b>1,219</b>
<b>Total assets less current liabilities</b>		<b>34,718</b>	<b>34,604</b>
Creditors - due after more than one year	14	(34,668)	(34,554)
<b>Net assets</b>		<b>50</b>	<b>50</b>
Called up share capital	17	50	50
<b>Capital and reserves</b>		<b>50</b>	<b>50</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 October 2019.

**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 2019**

	Called up share capital - paid	Called up share capital - not paid	Called up share capital
	£'000	£'000	£'000
<b>Called up share capital at 1 July 2017</b>	<b>13</b>	<b>37</b>	<b>50</b>
Result for the year	-	-	-
<b>Called up share capital at 30 June 2018</b>	<b>13</b>	<b>37</b>	<b>50</b>
Result for the year	-	-	-
<b>Called up share capital at 30 June 2019</b>	<b>13</b>	<b>37</b>	<b>50</b>

**WASPS FINANCE PLC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Result for the year	-	-
Decrease in debtors	4	-
Finance costs	2,390	2,390
Interest received	(2,390)	(2,390)
	<u>4</u>	<u>-</u>
<b>Net cash from operating activities</b>	<u>4</u>	<u>-</u>
<b>Cash flows from finance activities</b>		
Interest paid	(2,275)	(2,275)
Interest received	2,275	2,275
<b>Net cash generated from financing activities</b>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	4	-
Cash and cash equivalents 1 July	1,139	1,139
<b>Cash and cash equivalents at 30 June (note 11)</b>	<u>1,143</u>	<u>1,139</u>

# WASPS FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

### 1. General information

The company is the retail bond issuing vehicle for the Wasps Holdings Group and the directors do not propose introducing further business activities in this company. The Wasps Holding Group includes Wasps Holdings Limited, Arena Coventry Limited, Arena Coventry (2006) Limited and IEC Experience Limited. 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 United Kingdom and the Republic of Ireland, ("FRS 102") 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 Going concern

The Financial Reporting Council's 'Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks' (April 2018) 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 and operational costs for 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 £7.0m (2018: net liabilities of £0.2m) and made a profit after tax of £3.6m (2018: loss of £9.7m) in the current year and has net current liabilities of £5.3m (2018: net current liabilities of £12.9m).

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 of the Group and the Group's ultimate shareholder are committed to making the Group financially viable, including initiating a series of projects to increase both matchday and non-matchday revenues and manage costs accordingly. The Bonds are due for repayment in 2022, and the board are considering their refinancing options.

The directors of the Group are satisfied that 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, and there would be a material uncertainty which may cast significant doubt about the Group and company's ability to continue as a going concern.

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 and have continued to adopt the going concern basis in preparing the financial statements.

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

#### **3.3 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.

#### **3.4 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.

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.

#### **3.5 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.

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 3.6 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.

#### 3.7 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.

#### 3.8 Interest income

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

#### 4. Judgements 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 their carrying value is appropriately stated.

#### 5. Employees

The company has no employees other than the directors, who did not receive any remuneration in respect of services to the company (2018: £nil).

#### 6. Overhead and administrative costs

Overhead and administrative costs of £35k (2018: £62k) are borne by Wasps Holdings Limited and no recharge is incurred by the company.

#### 7. Audit fees

Fees payable of £13k (2018: £13k) to the company's auditor are borne by an affiliate company, Wasps Holdings Limited, and no recharge is incurred.

#### 8. Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable on loans from related parties	2,275	2,275
Amortisation of transaction costs	115	115
	<u>2,390</u>	<u>2,390</u>

**WASPS FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**9. Interest payable and similar expenses**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Interest payable on retail bonds	<b>2,275</b>	2,275
Amortisation of transaction costs	<b>115</b>	115
	<b><u>2,390</u></b>	<u>2,390</u>

**10. Taxation**

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

**11. Debtors**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Non current - due after more than one year</b>		
Loans due from related parties	<b>33,840</b>	33,831
Unamortised transaction costs	<b>(331)</b>	(446)
	<b><u>33,509</u></b>	<u>33,385</u>
<b>Current - Due within one year</b>		
Called up share capital not paid (note 16)	<b>37</b>	37
Loans due from related parties	<b>333</b>	347
	<b><u>370</u></b>	<u>384</u>

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

**12. Cash at bank and in hand**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>1,143</b>	1,139
	<b><u>1,143</u></b>	<u>1,139</u>

A required account balance of £1,137,500 must be maintained on this account equal to 3.25% (2018: 3.25%) of the nominal value of the issued retail bonds until the retail bond release conditions have been met.

**WASPS FINANCE PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**13. Creditors: Amounts falling due within one year**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Interest accrual	<b>304</b>	304
	<b>304</b>	304

**14. Creditors: Amounts falling due after more than one year**

	<b>2019</b>	2018
	<b>£'000</b>	£'000
Retail bonds (note 14)	<b>35,000</b>	35,000
Unamortised transaction costs	<b>(332)</b>	(446)
	<b>34,668</b>	34,554

**15. Retail bonds**

Analysis of the maturity of retail bonds is given below:

	<b>2019</b>	2018
	<b>£'000</b>	£'000
<b>Retail bonds</b>		
Amounts falling due less than 1 year	-	-
Amounts falling due after 1 year but less than 5 years	<b>34,668</b>	34,554
Amounts falling due after 5 years	-	-
	<b>34,668</b>	34,554

Analysis of Net Debt:

	<b>2018</b>	Cash Flows	Other	<b>2019</b>
Long term borrowings	<b>34,554</b>	-	114	<b>34,668</b>
Total liabilities from financing activities	<b>34,554</b>	-	114	<b>34,668</b>

The "Other" column represents the effect of the amortisation of transaction costs relating to the issue of the retail bonds being amortised over the period to May 2022.

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### Retail bonds

The retail 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 Invested Units (previously P-Shares) held by Wasps Holdings Limited in Premiership Rugby Limited are sold prior to the maturity of the retail bonds, then the proceeds are required to be secured by a fixed charge.

#### 16. Financial instruments

	2019	2018
	£'000	£'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	1,143	1,139
Financial assets that are debt instruments measured at amortised cost	33,879	33,768
	<b>35,022</b>	34,907
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>34,668</b>	34,554
	<b>34,668</b>	34,554

#### 17. Share Capital

	2019	2018
	£'000	£'000
<b>Authorised share capital</b>		
50,000 Ordinary Share Capital shares of £1 each	<b>50</b>	50
<b>Allotted, called up share capital</b>		
50,000 Ordinary Share Capital shares of £1 each	<b>50</b>	50

The company has one class of ordinary shares which carries no right to fixed income. £12,500 (2018: £12,500) has been received by the company. The remaining amount due for shares, being £37,500 (2018: £37,500) is recognised separately on the balance sheet as called up share capital not paid. £Nil (2018: £Nil) share premium has been recognised.

All shares are held by the parent company, Moonstone Holdings Limited (note 19).

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

#### 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 £1.3m (2018: £1.3m), and at the year-end was owed £19.4m; capital £19.6m less amortised cost £0.2m (2018: £19.3m; capital £19.6m less amortised cost £0.3m). £0.2m (2018: £0.2m) of this debt capital is repayable within a year, and the remainder £19.4m (2018: £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 £1.0m (2018: £1.0m), and at the year-end was owed £14.4m; capital £14.6m less amortised cost £0.1m (2018: £14.3m; capital £14.5m less amortised cost £0.2m). £0.1m (2018: £0.1m) of this debt capital is repayable within a year, and the remainder £14.5m (2018: £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 (2018: nil). The amount outstanding at the end of the year is £37k. (2018: £37k) and is repayable within a year and is not subject to an interest charge.

#### 19. Controlling party

The parent company is Moonstone Holdings Limited, a company incorporated in Malta. The accounts of the parent company are accessible via <https://registry.mbr.mt>. The ultimate controlling party and ultimate shareholder of the company is D A Richardson.