

Wasps Holdings Limited

Consolidated Interim Financial Statements

for the half year ending 31 December 2020

Wasps Holdings Limited

Contents

Company Information	1
Management's Report	2 – 5
Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11 - 17

Wasps Holdings Limited

Company Information

Directors

D A Richardson

N J Eastwood

L N Dallaglio

R N Dawbarn

R W Gray

C J Holland

D J Armstrong

Registered office

Judds Lane

Longford

Coventry

CV6 6AQ

Wasps Holdings Limited

Management's Report

for the Half Year ending 31 December 2020

GENERAL

Wasps is an English professional rugby union team and one of the best known clubs in the world, with a history dating back to its founding in 1867. The Club has won the European Championship twice and the Gallagher Premierhips no less than six times. The "Wasps" name was given to the club in keeping with the fashion of the Victorian period which was to adopt the names of insects, birds or animals for new clubs.

Wasps has had a number of homes. From 1923 to 1996, it played its rugby at Repton Avenue in London. From 1996 to 2002, at Loftus Road in Shepherd's Bush and from 2002 to 2014 at Adams Park in High Wycombe, Buckinghamshire. But, in 2014, the Club made a transformational move to the purpose-built Ricoh Arena in Coventry, which resulted in its stadium capacity increasing from just over 9,400 to over 32,600 for sport, and to over 40,000 for concerts. The move has resulted in the creation of a whole new business separate from rugby because, as well as being a state of the art sports venue, the Ricoh Arena is a world-class exhibition, conference and event centre. The company operates the luxury Doubletree Hotel by Hilton on site and has secured a book of high quality tenants, the largest being a Grosvenor Casino.

The start of the professional era saw Wasps come together as one of the most powerful playing squads in the country and, under the leadership of England and British Lion, Lawrence Dallaglio, the Club clinched the first professional League Championship ever staged. The Club has continued to experience success right up to the most recent (2019/20) season when it finished second in the Gallagher Premiership, and narrowly missed becoming champions when just beaten in the final by Exeter Chiefs. This qualified the Club to compete in the 2020/21 Champions Cup, in which it managed to reach the Round of 16 before losing by just two points to Clermont Auvergne. This augurs well for the Club's ongoing ambition to play rugby at an elite level allowing it to compete for Gallagher Premiership and European Rugby Champions Cup success.

COVID-19 PANDEMIC

The COVID-19 pandemic, and measures taken to prevent further spread, continues to disrupt our businesses. During the six months to December 2020, almost all areas of the Ricoh Arena were closed to fans and visitors. In August 2020, restrictions were eased to allow the playing of games in the Ricoh Arena "behind closed doors".

The postponement of the 2019/20 Gallagher Premiership to August 2020 resulted in six home matches, including a home Gallagher Premiership semi-final, and five away matches, including the final in Twickenham, being played during the fiscal year 2021. In the same period, the company was able to host a number of elite sport events in its Ericsson Hall utilising the Doubletree at Hilton hotel to create a COVID-19 secure bubble.

Playing matches behind closed doors resulted in sports income falling by less than other revenue streams when compared to the same period in 2019, the reduction being 38.4% compared to reductions in other revenues of between 54.5% (Doubletree by Hilton Hotel) and 100% (Entertainment).

The current situation is likely to continue until the end of fiscal year 2021 with a gradual move to a pre-COVID-19 trading environment beginning in early fiscal year 2022. We continue to monitor the situation closely, and to take any appropriate action, swiftly and decisively and are working very hard to ensure we are very well prepared for the business world post-COVID-19.

Two key highlights post 31 December 2020, include the signing of a 10 year licence for Coventry City Football Club to play their home games back at the Arena from July 2021 and the ground-breaking 10 year naming rights sponsorship signed with Coventry Building Society. We look forward to working with both partners over the coming years.

Wasps Holdings Limited

Management's Report for the Half Year ending 31 December 2020

RESULTS OF OPERATIONS

	Six months ended			
	31st December			
	2020	2019	CHANGE	CHANGE
	£m	£m	£m	%
Revenue	5.2	14.4	(9.2)	(63.9%)
Sport	4.1	6.6	(2.5)	(37.9%)
Business	0.4	5.2	(4.8)	(92.3%)
Entertainment	-	0.2	(0.2)	(100.0%)
Sponsorship and Venue	0.2	1.3	(1.1)	(84.6%)
Hotel	0.5	1.1	(0.6)	(54.5%)
Total Operating Expenses (net of COVID-19 subsidy)	8.6	16.2	7.6	46.9%
Payroll Expense (net of COVID-19 subsidy)	5.0	7.0	2.0	28.6%
Other operating expenses	3.6	9.2	5.6	60.9%
EBITDA	(3.4)	(1.8)	(1.6)	

Total Revenue

Total revenue for the six months ended 31 December 2020 was £5.2 million, a decrease of £9.2 million, or 63.9% over the six months ended 31 December 2019. This reduction can be fully attributed to COVID-19.

Sport Revenue

Sport revenue for the six months ended 31 December 2020 was £4.1m, a decrease of £2.5m, or 37.9%, over the six months to 31 December 2019. Being able to play matches during the current period meant that sport revenue suffered the smallest decrease of all revenue streams.

Business Revenue

Business revenue for the six months ended 31 December 2020 was £0.4m, a decrease of £4.8m, or 92.3%, over the six months to 31 December 2019. The very significant fall in this revenue was entirely due to COVID-19.

Entertainment Revenue

The business generated no revenue from this source in the six months ended 31 December 2020 compared to £0.2m generated in the same period in 2019. Again, the fall in this revenue can be fully attributed to COVID-19.

Sponsorship and Venue Revenue

Sponsorship and Venue revenue for the six months ended 31 December 2020 was just £0.2m, a decrease of £1.1m, or 84.6%, over the six months to 31 December 2019. Once again, COVID-19 was entirely responsible for this reduction in revenue.

Hotel Revenue

Hotel revenue for the six months ended 31 December 2020 was £0.5m, a decrease of £0.6m, or 54.5%, over the six months to 31 December 2019. While this significant fall was entirely due to COVID-19, it was not as severe as was expected due to being able to utilise the hotel during the period.

Wasps Holdings Limited

Management's Report for the Half Year ending 31 December 2020

Total Operating Expenses

Total operating expenses, defined as payroll cost (net of COVID-19 government subsidy) and other operating expenses) were £8.6m in the six months ended 31 December 2020, a decrease of £7.6m, or 46.9% over the six months ended 31 December 2019.

This reduction was achieved by making whatever cutbacks were possible in all lines of expenditure when COVID-19 restrictions hit all the company's businesses.

Payroll Expense (net of COVID-19 government subsidy)

Payroll expense was £5.0m in the six months ended 31 December 2020, a decrease of £2.0m, 28.6% over the same period in 2019.

Other Operating Expenses

Other operating expenses were £3.6m in the six months ended 31 December 2020, a decrease of £5.6m, or 60.9%, over the six months ended 31 December 2019. This reflects the huge effort which went into keeping this expense heading as close to its absolute minimum as possible, while ensuring the business could be properly ready for the world post-COVID-19.

Earnings Before Interest, Tax, Depreciation & Amortisation

The six months to 31 December 2020 show a loss before interest, tax, depreciation & amortisation of £3.4m, which is an increase on the comparable loss of £1.6m in the same six month period in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties continue to be:

Continuing COVID-19 restrictions

Impact: Reduced revenue from events at the Arena.

Mitigation: Insurance to cover lost profits (based on budget) reviewed twice per year for forecast changes and updated with insurance company. Utilisation of UK Government support schemes. If necessary, restructuring of the business.

Failure to meet Wasps Finance PLC bond covenants

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

Mitigation: Detailed long-term business plan with sensitivity analysis to support covenants.

Failure to refinance the Wasps Finance PLC bond

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

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

Lack of Success of the first team

Impact: Reduced revenues that would necessarily involve a reduction in expenditure to compensate.

Mitigation: Continued investment in the playing squad and coaching staff to ensure playing performance is at the very least maintained.

Reduced funding from the RFU, PRL and main sponsors

Impact: Reduced revenue.

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

Failure to comply with Premiership or RFU regulations or changes in regulations

Impact: Wasps penalised financially for non-conformance to regulations.

Mitigation: Wasps has a strict policy of conforming to all Premiership and RFU regulations.

Wasps Holdings Limited

Management's Report for the Half Year ending 31 December 2020

Valuation of Arena materially lower than revaluation

Impact: Asset cover reduced for Bondholders.

Mitigation: Carry out revaluations at least every two years. Use of independent, professional valuers to ensure valuations are as accurate as possible. Secure long term contracts and income growth to support valuation.

Conference and exhibition growth targets not met

Impact: Reduced revenues from conference and exhibition business, resulting in reduced profits.

Mitigation: Provision for long term contracts and dedicated sales and marketing team, providing 12-month order book and maximising competitive yield and margin.

Approved by the Board and signed on its behalf by:

N J Eastwood

Director

25 May 2021

Wasps Holdings Limited

Consolidated Income Statement for the Period Ending 31 December 2020

		Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019	Audited 12 months to 30 June 2020
	Note	£'000	£'000	£'000
Revenue	3	5,185	14,403	21,389
Cost of Sales	4	(5,657)	(11,125)	(16,914)
Gross (Loss) / Profit	4	(472)	3,278	4,475
Other Income		695	-	1,166
Administrative expenses	4	(3,667)	(5,105)	(11,207)
Operating loss before exceptional items and profit share allocation		(3,444)	(1,827)	(5,566)
Exceptional items		-	453	-
Management Fee		-	(619)	(553)
Operating loss before taxation, finance costs, depreciation and amortisation		(3,444)	(1,993)	(6,119)
Depreciation and amortisation		(1,090)	(1,140)	(2,368)
Operating loss		(4,534)	(3,133)	(8,487)
Finance costs		(1,836)	(1,856)	(3,957)
Loss before taxation		(6,370)	(4,990)	(12,444)
Taxation		-	-	1,295
Loss for the period		(6,370)	(4,990)	(11,149)

Wasps Holdings Limited

Consolidated Statement of Comprehensive Income for the Period Ending 31 December 2020

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019	Audited 12 months to 30 June 2020
	£'000	£'000	£'000
Loss for the period	(6,370)	(4,990)	(11,149)
	<u>(6,370)</u>	<u>(4,990)</u>	<u>(11,149)</u>
Other comprehensive losses for the period that will not be reclassified to profit or loss			
Deficit on revaluation of long leasehold property	-	-	(2,299)
Income tax effect	-	-	(210)
Total comprehensive loss for the period	<u>(6,370)</u>	<u>(4,990)</u>	<u>(13,658)</u>

Wasps Holdings Limited

(Registration number: 04187289)

Consolidated Statement of Financial Position as at 31 December 2020

		Unaudited as at 31 Dec 2020	Unaudited as at 31 Dec 2019	Audited 12 months as at 30 June 2020
	Note	£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment	5	46,738	51,491	47,783
Right of use assets		1,288	-	1,475
Investment properties	6	6,800	6,800	6,800
Intangible assets	7	596	696	660
Financial assets at fair value	8	13,865	13,865	13,865
		69,287	72,852	70,583
Current assets				
Stocks		281	665	369
Trade and other receivables		3,745	4,774	3,331
Cash and cash equivalents		-	29	699
		4,026	5,468	4,399
Total Assets		73,313	78,320	74,982
Equity and liabilities				
Equity				
Share capital	9	(776)	(776)	(776)
Share premium		(6,341)	(6,341)	(6,341)
Revaluation reserve		(24,140)	(26,788)	(24,140)
Capital contribution reserve		(2,266)	(638)	(638)
Accumulated losses		60,792	48,402	54,422
Total equity		27,269	13,859	22,527
Non-current liabilities				
Loans and other creditors	10	(55,564)	(53,819)	(20,133)
Other payables		(7,877)	(6,434)	(8,325)
Deferred tax liability		(7,232)	(8,316)	(7,232)
Deferred income		(11,405)	(10,083)	(11,300)
		(82,078)	(78,652)	(46,990)
Current liabilities				
Trade and other payables		(11,825)	(8,662)	(10,701)
Loans and borrowings	10	(2,732)	(1,252)	(36,407)
Deferred income		(3,947)	(3,612)	(3,411)
		(18,504)	(13,526)	(50,519)
Total liabilities		(100,582)	(92,178)	(97,509)
Total equity and liabilities		(73,313)	(78,320)	(74,982)

The financial statements were approved and authorised by the board and were signed on its behalf on 25 May 2021.

N J Eastwood
Director

Wasps Holdings Limited

Consolidated Statement of Changes in Equity for the Period Ending 31 December 2020

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Revaluation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 July 2020	776	6,341	638	24,140	(54,422)	(22,527)
Loss for the period	-	-	-	-	(6,370)	(6,370)
Total comprehensive expense	-	-	-	-	(6,370)	(6,370)
Capital contribution	-	-	1,628	-	-	1,628
As at 31 December 2020	776	6,341	2,266	24,140	(60,792)	(27,269)
	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Revaluation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 July 2019 (as previously reported)	776	6,341	638	26,788	(41,607)	(7,064)
Impact of restatement	-	-	-	-	(1,805)	(1,805)
As at 1 July 2019 (as restated)	776	6,341	638	26,788	(43,412)	(8,869)
Loss for the period	-	-	-	-	(4,990)	(4,990)
Total comprehensive expense	-	-	-	-	(4,990)	(4,990)
As at 31 December 2019	776	6,341	638	26,788	(48,402)	(13,859)
	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Revaluation reserve £'000	Accumulated losses £'000	Total Equity £'000
As at 1 July 2019 (as previously reported)	776	6,341	638	26,788	(41,607)	(7,064)
Impact of restatement	-	-	-	-	(1,805)	(1,805)
As at 1 July 2019 (as restated)	776	6,341	638	26,788	(43,412)	(8,869)
Revaluation	-	-	-	(2,299)	-	(2,299)
Income tax effect	-	-	-	(210)	-	(210)
Transfers	-	-	-	(139)	139	-
Loss for the year	-	-	-	-	(11,149)	(11,149)
Total comprehensive expense	-	-	-	(2,648)	(11,010)	(13,658)
As at 30 June 2020	776	6,341	638	24,140	(54,422)	(22,527)

Wasps Holdings Limited

Consolidated Statement of Cash Flows for the Period Ending 31 December 2020

	Unaudited 6 months to 31 Dec £'000	Unaudited 6 months to 31 Dec £'000	Audited 12 months to 30 June £'000
Cash flows from operating activities			
Loss for the period	(6,370)	(4,990)	(11,149)
Adjustments to cash flows from non-cash items -			
Depreciation and amortisation	1,090	1,140	2,368
Finance costs	1,836	1,856	3,957
Taxation	-	-	(1,295)
	<u>(3,444)</u>	<u>(1,994)</u>	<u>(6,119)</u>
Working capital adjustments			
Decrease/(increase) in inventories	88	(136)	160
(Increase)/decrease in trade and other receivables	(414)	1,048	2,490
Increase/(decrease) in trade and other payables	2,110	(1,377)	2,554
Increase in deferred income	641	421	594
Net cash flow from operating activities	<u>(1,019)</u>	<u>(2,038)</u>	<u>(321)</u>
Cash flows from investing activities			
Acquisition of intangible assets	-	-	(27)
Acquisitions of property, plant and equipment	(33)	(606)	(1,629)
Net cash flow from investing activities	<u>(33)</u>	<u>(606)</u>	<u>(1,656)</u>
Cash flows from financing activities			
Interest paid	(72)	(1,173)	(2,353)
Repayment of lease liabilities	(244)	-	(425)
Interest paid on lease liabilities	(61)	-	(83)
Proceeds from other borrowings / drawdowns	2,000	1,211	1,210
Repayment of other borrowing	(260)	(482)	(1,082)
Net cash flow from financing activities	<u>1,363</u>	<u>(444)</u>	<u>(2,733)</u>
Net increase / (decrease) in cash and cash equivalents	<u>311</u>	<u>(3,088)</u>	<u>(4,710)</u>
Cash and cash equivalents at 1 July	<u>(1,592)</u>	<u>3,117</u>	<u>3,117</u>
Cash and cash equivalents at 31 December / 30 June	<u>(1,281)</u>	<u>29</u>	<u>(1,592)</u>

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

1 General information

Wasps Holdings Limited ("the Company") and its subsidiaries and associates (together "the Group") are all private companies limited by share capital incorporated and domiciled in England and Wales. Bonds issued by Wasps Finance plc are quoted on the London Stock Exchange.

The address of its registered office is:

Ricoh Arena
Judds Lane
Longford
Coventry
CV6 6AQ

2 Presentation of financial information and accounting policies

Basis of preparation

The unaudited interim financial statements have been prepared, on a going concern basis, in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements, and notes thereto, for the year ended 30 June 2020, as filed with the UK Companies Office. The results of the operation should be considered indicative of results to be expected for the full fiscal year.

The same accounting policies, presentation and methods of computation have been followed in preparing these interim financial statements as were applied in the preparation of the Group financial statements for the year ended 30 June 2020. The Group financial statements for the year ended 30 June 2020 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

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

Operationally, the impact of the COVID-19 pandemic, and measures to prevent further spread, continue to significantly disrupt the Group's businesses. The Club having to be play matches behind closed doors, the Company having to postpone, or cancel, all events scheduled, and having to close the hotel, for all of the six months to 31 December 2020, has had a significant negative impact on all revenue streams. Sports income fell by 38.4% compared to the same period in fiscal year 2020, but, it was conference, exhibition, event staging & catering, and venue sponsorship, which were hardest hit, showing reductions of 92.3% and 84.6% respectively. These unavoidable reductions in income were substantially offset by savings in operating expenses, and the very welcome assistance from the Government through its COVID-19 initiatives.

The postponement of the 2019/20 Gallagher Premiership resulted in 4 home matches, including a home semi-final, and five away matches, including the final in Twickenham, being played during the fiscal year 2021. In the same period, we were also able to host a number of elite sport events in the Ericsson Hall utilising the Doubletree at Hilton hotel to create COVID-19 secure bubbles.

Subsequent to the end of the six months to 31 December 2020, matches continue to be played behind closed doors and the Ricoh Arena continues to be closed to all visitors. It is still not completely clear when we will return to normality, but, despite this ongoing uncertainty, the Group remains well placed with a strong balance sheet. As at 31 December 2020, the Company was in compliance with all debt covenants. The evolving and uncertain nature of the situation makes it challenging for Management to estimate the future performance of the businesses, particularly over the near to medium term and the impact on our financial and operating results cannot be forecast with certainty at this time.

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

In light of these uncertainties, management has carefully considered the potential impact of COVID-19 on the business, and its ability to continue as a going concern, under various scenarios, including:

- The impact of playing Premiership, domestic cup and European competitions behind closed doors in their entirety;
- The impact of a phased return of fans to the stadium for 2021/22 competitions;
- Prudent performance assumptions around European and domestic cup competitions;
- Potential credit risk associated with accounts receivable and contract asset balances;
- A delay in the timing of cash inflows generated from broadcasting and commercial revenues; and
- A combination of the above factors.

Management has also considered various levers which the Group has at its disposal, in the event that there is further disruption to 2020/21 competitions. Levers include reductions in uncommitted capital expenditures, operating cost items such as marketing, travel and entertaining, consultancy, training and development and employee costs. As a result of this detailed assessment, including the various scenarios and levers available to Management, and with reference to the Group's balance sheet, existing committed facilities, but also acknowledging the inherent uncertainty of the current economic outlook, Management has concluded that the Group is able to meet its obligations when they fall due for a period of at least 12 months from the date of this report. For this reason the Group continue to adopt the going concern basis for preparing the unaudited interim consolidated financial statements.

Summary of significant accounting policies and key accounting estimates

The preparation of unaudited interim financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience, management's expertise and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these interim unaudited consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimated uncertainty were principally the same as those applied to the Group's consolidated financial statements for the year ended 30 June 2020.

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

3 Revenue

The analysis of the Group's revenue by operating segment for the period from continuing operations is as follows:

	Unaudited 6 months to 31 Dec 2020 £'000	Unaudited 6 months to 31 Dec 2019 £'000	Audited 12 months to 30 June 2020 £'000
Sport income	4,082	6,631	9,096
Business income	376	5,213	6,643
Entertainment income	-	205	284
Hotel income	184	1,265	1,724
Sponsorship and venue income	543	1,089	3,642
	<u>5,185</u>	<u>14,403</u>	<u>21,389</u>
Other income	<u>695</u>	<u>-</u>	<u>1,166</u>

Other income relates to government grants received of £695k (2019: £nil) in relation to the Coronavirus Job Retention Scheme.

4 Expenses by nature

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

	Unaudited 6 months to 31 Dec 2020 £'000	Unaudited 6 months to 31 Dec 2019 £'000	Audited 12 months to 30 June 2020 £'000
Wages and salaries	6,045	6,969	13,534
Food, drink and bought in goods	745	3,997	5,333
Utilities	486	1,096	1,461
Repairs and maintenance	345	541	956
Rent and rates	253	374	634
Concert / event / match day related	66	563	395
Legal and professional	338	209	357
Ticketing	32	78	115
Marketing	37	495	554
Retail	140	222	469
Insurance	120	137	264
Selling and administration	266	1,050	1,644
Other	450	499	2,405
	<u>9,325</u>	<u>16,230</u>	<u>28,121</u>

The Group classifies the salary costs of the playing squads of the netball and rugby teams into cost of sales, resulting in a gross loss of £472k for six months to 30 December 2020 (2019: gross profit of £3,278k).

5 Property, Plant and Equipment

Management has reviewed the valuation (based on future cash flow forecasts) of the Arena as at 31 December 2020 and concluded that there is no need to adjust the valuation of £48.5m per the audited consolidated financial statements at 30 June 2020 (31 December 2019: £51.0m). The reduction from 31 December 2019, is due mainly to reduced forecast revenues in the short term due to COVID-19. If these revenues are exceeded more quickly than anticipated, there would be a positive impact on the valuation of the Arena. In the prior year, the most recent independent valuation was performed by Gerald Eve LLP, accredited independent valuers, at 31 March and valued the Arena leasehold interest at £51.0m.

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

The valuation of this property was carried out in accordance with RICS Appraisal and Valuation Standards and, in the absence of level 1 and 2 information (prices based on quoted information), the valuation was based on the best information available to management (level 3). £6.8m of this valuation has been re-classified to Investment properties (see note 6). The Group (excluding IEC) are guarantors of the Retail Bond issued by Wasps Finance PLC. The bond is secured against the leasehold property and financial assets at fair value (i.e. Invested Units).

6 Investment properties

The Group's investment properties consist of the share of the Arena which is currently leased to Rank Group Gaming Division Limited for its casino operations at the Ricoh Arena. Prior to the June 2019 financial year-end, this share was not valued separately and was included in tangible fixed assets.

A valuation was carried out by Gerald Eve LLP, an accredited independent valuer, as at 31 March 2019, which valued the investment property interest at £6.8m. The valuation was carried out in accordance with RICS Appraisal and Valuation Standards. As at 31 December 2020, management have reviewed the valuation using financial modelling including updated forecast cash flows and have concluded that there is no reason to change the value of this asset in the interim consolidated financial statements to 31 December 2020m from the £6.8m which was considered its value at 30 June 2020. Management has also concluded that the carrying amount does not differ from its fair value. In the absence of level 1 and 2 information (prices based on quoted information); the valuation of the investment property has been based on the best information available to management (level 3). A new ten-year lease was signed by Rank Group in August 2019.

7 Intangible assets

	Software costs	Goodwill	Right of Use Assets	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 December 2019	602	389	-	991
Impact of IFRS 16 transition	(53)	-	53	-
Additions	27	-	-	27
At 30 June 2020	576	389	53	1,018
Additions	-	-	-	-
At 31 December 2020	576	389	53	1,018
Amortisation				
At 31 December 2019	295	-	-	295
Impact of IFRS 16 transition	(17)	-	17	-
Charge	63	-	-	63
At 30 June 2020	341	-	17	358
Charge	47	-	17	64
At 31 December 2020	388	-	34	422
Net Book Value				
At 31 December 2019	307	389	-	696
At 30 June 2020	235	389	36	660
At 31 December 2020	188	389	19	596

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

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

8 Financial assets at fair value

	£'000
Cost	
At 31 December 2019	13,865
At 30 June 2020	13,865
At 31 December 2020	13,865
Carrying amount	
At 31 December 2019	13,865
At 30 June 2020	13,865
At 31 December 2020	13,865

Financial assets at fair value comprise the Group's holding of Invested Units (previously P shares) in Premier Rugby Limited. They have been presented at their fair value following revaluation in 2019. Further information regarding the revaluation is included within note 3 of the audited financial statements for the year ended 30 June 2020.

9 Share capital

	No.	31 December 2019 & 2020 £'000
Alloted, called up and fully paid shares		
Ordinary shares of £1 each	760,039	760
"B" Ordinary shares of £1 each	15,511	16
	<u>775,550</u>	<u>776</u>

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

10 Loans and borrowings

	Unaudited 6 months as at 31 Dec 2020 £'000	Unaudited 6 months as at 31 Dec 2019 £'000	Audited 12 months as at 30 June 2020 £'000
Non-current loans and borrowings			
Other borrowings	55,564	54,265	20,133
Unamortised borrowing costs	-	(446)	-
	<u>55,564</u>	<u>53,819</u>	<u>20,133</u>
Current loans and borrowings			
Bank overdraft (net)	1,281	-	2,291
Other borrowings	1,451	1,252	34,116
	<u>2,732</u>	<u>1,252</u>	<u>36,407</u>

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

11 Other borrowings

The capital balance of the loan from Wasps Finance Plc was £35.0m (31 December 2019 - £33.8m, 30 June 2019: £33.8m). The loan is repayable in a lump sum in May 2022 and is subject to an interest rate of 6.5%.

The Group has also been provided with a loan of £18.7m as at 31 December 2020 (31 December 2019: £18.3m, 30 June 2020: £18.3m from D A Richardson.

The Group has loans of £0.4m from Close Leasing outstanding as at 31 December 2020. (31 December 2019: £0.5m; 30 June 2020: £0.7m).

The Group has loans outstanding of £0.7m from asset finance companies as at 31 December 2020. (31 December 2019: £1.4m; 30 June 2020: £0.6m).

12 Related party transactions

Loans from related parties - D A Richardson

	£'000
At 30 June 2019	18,322
Loan interest	814
Transfer to capital contribution	(814)
At 31 December 2019	18,322
Loan interest	814
Transfer to capital contribution	(814)
At 30 June 2020	18,322
Loan interest	402
At 31 December 2020	18,724

Dallaglio 8 LLP (an LLP which L N Dallaglio is a director). The Group incurred costs of £15,000 (2019: £7,500) and at the period end owed £nil (2019: £nil). Usual commercial terms of business apply.

Orion Security Solutions Limited (a company in which C Holland is a director). The Group incurred costs of £26,000 (2019: £30,000) and at the period end owed £2,000 (2019: £7,000). Usual commercial terms of business apply.

Moonstone Holdings Limited (a company in which D Richardson is a director). The Group advanced funds of £58,000 (2019: £115,000) and at the period end was owed £273,000 (2019: £215,000). Usual commercial terms of business apply.

PRL Investor Limited (a company in which N Eastwood of Wasps Holdings Limited sits on the Board). The Group received income of £1,737,450 (2019: £3,274,000), incurred costs of £169,055 (2019: £65,372) and at the period end owed £13,620 (2019: £551,000).

Wasps Holdings Limited

Notes to the Financial Statements for the Half Year ending 31 December 2020

Wasps Finance PLC (a company with the same controlling party as Wasps Holdings Limited). The Group incurred finance charges of £1,138k (2019: £1,138k) and at the period end owed £34.2m (2019: £33.8m).

WNTG Limited (a company in which R Dawbarn and C Holland sit on the board). The Group incurred costs on behalf of WNTG Limited of £49,940 (2019: £nil) and the amount outstanding at period end was £165,068 (2019: £nil).

WPS Trading Limited (a company in which D Richardson and N Eastwood of Wasps Holdings Limited sit on the board). The Group incurred costs on behalf of WPS Trading Limited of £49,940 (2019: £nil) and at period end was owed £73,217 (2019: £18,000).

12 Approval

The interim financial statements were approved for issue by the Board of Directors on 25 May 2021.