

Registered number: 09435073

**WASPS FINANCE PLC**

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

# WASPS FINANCE PLC

## COMPANY INFORMATION

Directors	N J Eastwood D A Richardson
Company secretary	N J Eastwood
Registered number	09435073
Registered office	Coventry Building Society Arena Judds Lane Coventry CV6 6AQ
Independent auditor	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 2021

### Introduction

The directors present their Strategic Report with the financial statements of the Company for the year from 1 July 2020 to 30 June 2021. 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 12. There was no retained profit/loss for the year; the Balance Sheet on page 13 shows that the Company had net assets of £50,000 as at 30 June 2021 (2020: £50,000).

### Strategy, Objectives and Principal Risks

The Company's principal activity is as a financing vehicle for the Wasps Holdings Group (the "Group"). 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 financing 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 invested in Premier Rugby held by Wasps Holdings Limited.

The retail bonds have been issued with an original 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.

As at 30 June 2021, the covenant levels on the retail bonds were 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 the total consolidated senior debt of the Group must not exceed £50m.

In order to assess the adequacy of the financial facilities available to the Group, the directors have prepared financial forecasts which show that the Group is dependent upon the financial support of its ultimate shareholder. 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.

As at October 2021, the Board had begun discussions regarding the refinancing of the bond on or before the scheduled maturity date in May 2022.

Apart from the above, the Company considers its principal risks to be the impact on the Group of the COVID-19 restrictions, 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 refinance in order to repay the loan when due for repayment. The Group manages these risks with a continuing review of costs, investing in the stadium and further development of both the rugby and netball player squads.

### Impact of COVID-19

The business has been significantly impacted by the UK Government's public health restrictions, which have meant the temporary closure of the Coventry Building Society Arena, formerly "the Ricoh Arena", to most events between March 2020 and July 2021.

We reacted quickly at the onset of the pandemic to keep our customers and team members safe, with several measures to preserve cash and reduce costs. The Group has continued to be supported by a number of UK Government measures to help ensure operational continuity throughout the crisis. These include the Coronavirus Job Retention Scheme (CJRS), deferral of employment tax payments, VAT payment deferrals together with rates holidays afforded to the hospitality sector.

# WASPS FINANCE PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Whilst we continue to keep a tight control of operational costs, we have begun to restart operations across a number of areas of our business in the Arena as the relaxation of restrictions have allowed. We remain vigilant as a business to the continued risk that COVID-19 poses, but optimistic about the future prospects of the business as the events, hospitality, hotel and sports' sectors recover.

### Bondholder Consent Solicitation Process

On 12 November 2020, the Company agreed with its bondholders to, amongst other proposals, remove the EBITDA covenant (as above) from the terms and conditions of the bond effective from and including the year ended 30 June 2020 (the Consent Solicitation). The agreement was also aimed at restoring the Wasps Group's financial position as soon as possible, including increasing the maximum permissible levels of debt and removing the requirement to hold £1.1m on account with the trustees, and facilitating the Wasps Group's plans to refinance bond on or before the scheduled maturity date in May 2022.

Apart from the above, the Company considers its principal risks to be the impact on the Group of the COVID-19 restrictions, 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 refinance in order to repay the loan when due for repayment. The Group manages these risks with a continuing review of costs, investing in the stadium and further development of both the rugby and netball player squads.

Management are pursuing further initiatives with relevant stakeholders to support the Group the reopening of the Coventry Building Society Arena. As part of its reopening plans, the Group has reviewed its business strategy for a post-COVID environment and for the longer term. The Group has a comprehensive reopening plan in place, including detailed operating procedures to ensure team member and visitor health and wellbeing. The Group has already held a number of positive conversations with customers already impacted by the Government restrictions and has successfully rescheduled a number of events into the latter part 2021 and into 2022.

### Key Performance Indicators ("KPIs")

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

	2021	2020
Interest receivable	£2.3m	£2.6m
Interest payable	(£2.3m)	(£2.6m)
Total debtors	£35.3m	£34.2m

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.

### Post Balance Sheet Events

There were no post balance sheet events.

### S.172 Statement

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') requires directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders, which will have an impact on the long-term success of the company.

# WASPS FINANCE PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

This S172 statement focuses on matters of strategic importance to the Company in the wider context of Group activities, and the level of information disclosed is consistent with the size and the complexity of the Company's business.

### General confirmation of Directors' duties

The directors discuss certain financial and strategic matters that have been determined as key to the business and requiring further consideration and approval. The directors satisfy themselves that emerging and principal risks are identified and understood, and systems of risk management, compliance and controls are in place to mitigate such risks.

When making decisions, each director ensures that they have acted in the way that they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

### S172(1) (A) "The likely consequences of any decision in the long term"

The directors decisions reflect the business and evolving environment in which they operate. The Company's purpose is the administration of the financing arrangements for the Group, including the planning of the longer-term requirements of the Group.

### S172(1) (B) "The interests of the company's employees"

The Company has no employees, and this is therefore not applicable.

### S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering the Company strategy for the longer-term benefit of the Group requires strong mutually beneficial relationships with all stakeholders, including trustees, bondholders, suppliers, customers and others that have interactions with the Group. These stakeholders are communicated with on a regular basis as to updates affecting the Group and its activities.

### S172(1) (D) "The impact of the company's operations on the community and the environment"

As the Company's purpose is the administration of the financing arrangements for the Group, this is not applicable.

### S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The directors monitor compliance with relevant governance standards to help assure its decisions are taken and that the Group acts in ways that promote high standards of business conduct.

### S172(1) (F) "The need to act fairly to the shareholder of the company"

After weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on all stakeholders.

This report was approved by the board on 5 November 2021 and signed on its behalf.

N J Eastwood  
Director

# WASPS FINANCE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021. Certain elements usually noted within the Directors' Report (including details on employees and key performance indicators) are included in the Strategic Report in the preceding pages.

### 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 (2020: £nil). No dividend can be distributed for the year ended 30 June 2021 (£nil for the year ended 30 June 2020).

### Going Concern

Details of the directors' assessment of going concern are set out in note 3.2.

### Financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are loans due from 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 loans 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.

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 recoverability of the Company's receivables, as noted above. 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.

# WASPS FINANCE PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

### Capital risk management

The Company is principally debt funded. Equity comprises share capital and reserves and is equal to £50,000, 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.

### Likely future developments

The directors continue to review options to refinance the retail bonds ahead of the May 2022 redemption date.

### 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.

### 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.

This report was approved by the board on 5 November 2021 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 2021 which comprise 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 2021 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 related to going concern

We draw attention to note 3.2 in the financial statements, which 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 were to be unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### *Explanation of material uncertainty*

Wasps Finance PLC is dependent on Wasps Holdings Limited and its subsidiary, Arena Coventry Limited, being in a position to repay their loans to the company so that the company can meet the scheduled redemption of its retail bonds in 2022, and to meet interest obligations on those loans so that the company can meet its interest obligations on the retail bonds prior to redemption.

The directors note that Wasps Holdings Limited is currently pursuing various refinancing options to enable the repayment of amounts owed to the company and, in turn, to facilitate the redemption of the retail bonds in 2022. However, the directors have drawn attention to the risk that refinancing may not be successful and, if successful, may not be completed in time for the scheduled redemption of the retail bonds.

## WASPS FINANCE PLC

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

The directors of Wasps Holdings Limited have reviewed and approved medium term forecasts for the Wasps Holdings Limited group, including various stress-test scenarios each reflecting the expected ongoing impact of COVID-19, and covering more than 12 months from the date of signing these financial statements. These 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, including payment of interest on loans from the company. 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, enabling payment of the interest on the loans from the company. However, this letter of support is not legally binding, and the directors have drawn attention to the risk that interest on the loans may not be paid if the ultimate shareholder support is not forthcoming.

As stated in note 3.2, the directors have concluded that the above risks indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In forming our conclusions over going concern, we have gained an understanding of the status of the ongoing refinancing activities being undertaken by Wasps Holdings Limited through discussion with the management of Wasps Holdings Limited and with their appointed agent. We have also reviewed the medium term forecasts for the Wasps Holdings Limited group, key assumptions within these forecasts, and the letter of support received from its ultimate shareholder. We also evaluated the adequacy and appropriateness of the directors' disclosures in respect of their assessment of going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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. 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.

We have not identified any key audit matters other than the "*Material uncertainty related to going concern*" above.

## WASPS FINANCE PLC

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

#### Our application of materiality and an overview of the scope of our audit.

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	£354,000
How we determined it	1% of total assets
Rationale for benchmark applied	We consider the total assets to be the primary measure of interest to users of the financial statements.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.  The performance materiality was £283,000
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £11,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

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, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

#### 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.

## WASPS FINANCE PLC

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

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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

# WASPS FINANCE PLC

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

### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to the FCA listing regulations and bond covenant requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the company, the industry in which it operates and considered the risk of acts by the company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- During the audit, focusing on areas of laws and regulation that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the company's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We also considered those other laws and regulations that have a direct impact on the preparation of the financial statements, such as Companies Act 2006 and UK tax legislation.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "*Material uncertainty related to going concern*", as referred to under "*Key audit matters*" within this report.

## WASPS FINANCE PLC

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

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 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 4 years, covering the years ending 30 June 2018 to 30 June 2021.

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 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.

William Neale Bussey (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: 5 November 2021

## WASPS FINANCE PLC

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Note	£'000	£'000
Interest receivable and similar income	8	2,275	2,607
Interest payable and expenses	9	(2,275)	(2,607)
<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 2021 or 2020 other than that 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 2021

		2021	2020
	Note	£'000	£'000
<b>Current assets</b>			
Called up share capital not paid	11	37	37
Debtors - due within one year	11	35,310	34,173
Cash at bank and in hand	12	9	1,146
<b>Total current assets</b>		<u>35,356</u>	<u>35,356</u>
Creditors - due within one year	13	(35,306)	(35,306)
<b>Net current assets</b>		<u>50</u>	<u>50</u>
<b>Total assets less current liabilities</b>		<u>50</u>	<u>50</u>
<b>Net assets</b>		<u>50</u>	<u>50</u>
Called up share capital	16	50	50
<b>Capital and reserves</b>		<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 5 November 2021.

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 2021

	Called up share capital - paid	Called up share capital - not paid	Called up share capital
	£'000	£'000	£'000
<b>Called up share capital at 30 June 2019</b>	<b>13</b>	<b>37</b>	<b>50</b>
Result for the year	-	-	-
<b>Called up share capital at 30 June 2020</b>	<b>13</b>	<b>37</b>	<b>50</b>
Result for the year	-	-	-
<b>Called up share capital at 30 June 2021</b>	<b>13</b>	<b>37</b>	<b>50</b>

## WASPS FINANCE PLC

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£'000	£'000
<b>Cash flows from operating activities</b>		
Result for the year	-	-
Increase in debtors	(1,137)	(331)
Increase in creditors	-	334
Finance costs	2,275	2,607
Interest received	(1,138)	(2,607)
<b>Net cash from operating activities</b>	<u>-</u>	<u>3</u>
<b>Cash flows from finance activities</b>		
Interest paid	(2,275)	(2,275)
Interest received	1,138	2,275
<b>Net cash generated from financing activities</b>	<u>(1,137)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(1,137)	3
Cash and cash equivalents 1 July	1,146	1,143
<b>Cash and cash equivalents at 30 June (note 12)</b>	<u>9</u>	<u>1,146</u>

# WASPS FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

### 1. General information

The Company is a financing vehicle for the Wasps Holdings Group. 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 Coventry Building Society 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 Company is dependent on Wasps Holdings Limited and Arena Coventry Limited being in a position to repay their loans so that the Company can meet the scheduled redemption of the retail bonds in May 2022. The directors and senior management are discussing various refinancing options with several interested parties in this regard. Although the directors are confident that the refinancing will be successful, as with any such exercise, there is a risk that refinancing may not be completed prior to the scheduled redemption of the bonds in May 2022. Consequently, there would be a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore about the going concern basis of preparation of these financial statements.

The Company is also dependent on the financial performance of the Wasps Holdings Limited group of companies (related companies under common control) to service the interest on the retail bonds, meet the associated financial covenants and meet the operational costs incurred by the Company.

The Wasps Holdings Group (the "Group") has net liabilities of £26.5m (2020: net liabilities of £22.5m) and made a loss after tax of £7.4m (2020: loss after tax of £11.1m) in the current year and has net current liabilities of £54.7m (2020: net current liabilities of £46.1m). 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.

In order to assess the adequacy of the financial facilities available to the Group, the directors have reviewed and approved financial projections and various stress test analyses, each reflecting the expected impact of COVID-19, to assess whether the Group can remain within its committed lending facilities and can meet the financial covenants associated with the retail bond.

These projections indicate that the Group will require additional funding within the next 12 months to remain within its lending facilities and to meet the financial covenants. The directors anticipate that this funding will be obtained from government support and/or financial support from the ultimate shareholder.

# WASPS FINANCE PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The directors of the Company have obtained a letter of support from the Group's ultimate shareholder outlining a continued commitment to the Group, and are satisfied that this support will continue to be forthcoming for the foreseeable future. However, this letter of support is not legally binding. If ultimate shareholder support were to be required and were not to be forthcoming, the Group may not have sufficient cash, without securing additional funding, to meet its ongoing liabilities. Consequently there would be a material uncertainty which may cast doubt about the Company's ability to continue as a going concern and therefore about the going concern basis of preparation of these financial statements.

At the date of approval of the financial statements, the directors are confident that additional funding will be secured, that any required ultimate shareholder support will be forthcoming, and that the anticipated refinancing will be completed prior to the scheduled redemption of the bonds in 2022, and have therefore continued to adopt the going concern basis in preparing the financial statements.

### Bondholder Consent Solicitation Process

On 12 November 2020, the Company agreed with its bondholders to, amongst other proposals, remove the EBITDA covenant (as above) from the terms and conditions of the bond effective from and including the year ended 30 June 2020 (the Consent Solicitation). The agreement was also aimed at restoring the Wasps Group's financial position as soon as possible, including increasing the maximum permissible levels of debt and removing the requirement to hold £1.1m on account with the trustees, and facilitating the Wasps Group's plans to refinance bond on or before the scheduled maturity date in May 2022.

### 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.

### 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.

### 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. Amounts due on unpaid share capital is recognised separately on the Balance Sheet as an asset.

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 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. The loans due from related parties may be impaired if the future cash flows generated by Wasps Holdings Limited, Arena Coventry Limited and Moonstone Holdings Limited do not enable those Companies to repay or refinance the loans.

#### 5. Employees

The Company has no employees other than the directors, who did not receive any remuneration in respect of services to the Company (2020: £nil).

#### 6. Overhead and administrative costs

Overhead and administrative costs of £52k (2020: £180k) are borne by Wasps Holdings Limited and no recharge is incurred by the Company.

#### 7. Audit fees

Fees payable of £22k (2020: £18k) 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

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest receivable on loans from related parties	<b>2,275</b>	2,275
Amortisation of transaction costs	-	332
	<b>2,275</b>	2,607

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9. Interest payable and similar expenses

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest payable on retail bonds	<b>2,275</b>	2,275
Amortisation of transaction costs	-	332
	<u><b>2,275</b></u>	<u>2,607</u>

10. Taxation

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

11. Debtors

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Current - Due within one year</b>		
Called up share capital not paid (note 16)	<u>37</u>	<u>37</u>
	<u><b>37</b></u>	<u>37</u>
Loans due from related parties	<b>34,977</b>	33,840
Amounts due from related parties	<b>333</b>	333
	<u><b>35,310</b></u>	<u>34,173</u>

12. Cash at bank and in hand

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Cash at bank and in hand	<b>9</b>	1,146
	<u><b>9</b></u>	<u>1,146</u>

As at 30 June 2020, an account balance of £1,137,500 was required to be maintained on this account equal to 3.25% of the nominal value of the issued retail bonds until the retail bond release conditions have been met. As at 30 June 2021, this requirement was terminated as part of the solicitation process. See note 3.2 for further detail.

13. Creditors: Amounts falling due within one year

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Retail bonds (note 14)	<b>35,000</b>	35,000
Interest accrual	<b>306</b>	306
	<u><b>35,306</b></u>	<u>35,306</u>

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Retail bonds  
Analysis of the maturity of retail bonds is given below:

	2021	2020
	£'000	£'000
<b>Retail bonds</b>		
Amounts falling due less than 1 year	35,306	35,306
Amounts falling due after 1 year but less than 5 years	-	-
Amounts falling due after 5 years	-	-
	35,306	35,306

Analysis of Net Debt:

	2020	Cash Flows	Other	2021
Borrowings	35,306	-	-	35,306
Total liabilities from financing activities	35,306	-	-	35,306
	2019	Cash Flows	Other	2020
Borrowings	34,974	-	332	35,306
Total liabilities from financing activities	34,974	-	332	35,306

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 30 June 2020 of £332k. These transaction costs would normally be amortised over the original term of the loan to May 2022, but due to the covenant breach as at 30 June 2020 the remainder of unamortised costs of £215k were charged to the profit and loss in the year to 30 June 2020. See note 3.2 for further detail.

#### Retail bonds

The retail bonds are secured and carry an interest rate of 6.5% with an original redemption date of 13 May 2022. In the prior year, the repayment of the bond has been disclosed as a creditor falling due within one year due to the adjusted EBITDA (to include shareholder loans and contributions) to finance costs retail bonds covenant breach for the year ended 30 June 2020. This resulted in the bond's trustees being able to demand immediate repayment at the year-ended 30 June 2020 for the bond totalling £35m. As identified in note 3.2 to the financial statements, the Company agreed with its bondholders to remove various covenants from the terms and conditions of the bond effective from and including the year ended 30 June 2020. This in effect retains the original scheduled repayment date in May 2022, and the repayment of the bond remains disclosed as a creditor falling due within one year for the year ended 30 June 2021.

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 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.

## WASPS FINANCE PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Financial instruments

	2021	2020
	£'000	£'000
<b>Financial assets</b>		
Financial assets measured at amounts receivable	9	1,146
Financial assets that are debt instruments measured at amounts receivable	35,347	34,210
	35,355	35,356
<b>Financial liabilities</b>		
Financial liabilities measured at amounts payable	35,306	35,306
	35,306	35,306

16. Share Capital

	2021	2020
	£'000	£'000
<b>Authorised share capital</b>		
50,000 Ordinary Share Capital shares of £1 each	50	50
<b>Allotted, called up share capital</b>		
50,000 Ordinary Share Capital shares of £1 each	50	50

The Company has one class of ordinary shares which carries no right to fixed income. £12,500 (2020: £12,500) has been received by the Company. The remaining amount due for shares, being £37,500 (2020: £37,500) is recognised separately on the balance sheet as called up share capital not paid. £nil (2020: £nil) share premium has been recognised. All shares are held by the parent company, Moonstone Holdings Limited (note 18).

17. 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 (2020: £1.3m), and at the year-end was owed £20.2m; (2020: £19.6m) and £20.0m 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 (2020: £1.0m), and at the year-end was owed £15.1m; (2020: £14.6m) and £15.0m 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 amount outstanding at the end of the year is £37k (2020: £37k) and is repayable within a year and is not subject to an interest charge.

18. 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.