

REGISTERED NUMBER: 06867951 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016
FOR
COLCHESTER COMMUNITY STADIUM LIMITED**

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Statement of Cash Flows	9
Notes to the Financial Statements	10

COLCHESTER COMMUNITY STADIUM LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016**

DIRECTORS:

C M Gilham
G P Leaf
D C Murthwaite
R A Cowling
Cllr W Frame
I W Vipond

REGISTERED OFFICE:

PO Box 885 Town Hall
High Street
Colchester
Essex
CO1 1ZE

REGISTERED NUMBER:

06867951 (England and Wales)

AUDITORS:

Baker Chapman & Bussey
Statutory Auditor
Chartered Accountants
3 North Hill
Colchester
Essex
CO1 1DZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their strategic report for the year ended 31 March 2016.

REVIEW OF BUSINESS

The directors continue to be pleased with the overall diversity and increasing volume of use of the Weston Homes Community Stadium throughout this financial year.

Colchester United Football Club ("the Club"), our tenant, performed their league football matches here at the Community Stadium in front of crowds totalling more than 100,000 throughout their season.

Importantly the Club also manages and operates the whole Community Stadium on our behalf on all non-match days too, through a long term service agreement, and this generated additional commercial income to us of £48,131 this financial year (up from £38,360 last year). The directors currently anticipate that this commercial income will continue to rise in the current year too.

The Community Benefit Panel, a stakeholder group set up by the Company and chaired by the chief executive, measures and assesses the community benefit generated from the Community Stadium in the form of a published Community Yield. In essence every single activity and event provided at the Community Stadium is a benefit to someone - the user. However some activities, whilst certainly enjoyed by the user, really represent a fully commercial activity as the Club is happy to host them all and hopefully make a trading profit from providing a thoroughly professional hospitality experience. On the other hand there are some activities which are difficult to put on but which provide enormous benefit to the users as they receive a high quality experience whilst being charged only the direct costs of the event being held. This is real community benefit as a purely commercial approach would most likely see either the event being charged at high prices or not offered at all. This is particularly beneficial to local charities, not-for-profit organisations and other bodies for whom costs are precious but their need to put on events is essential. Naturally there is a wide range of needs and requirements between these two poles. So the Community Yield ranks all events and activities according to their community benefit where something purely commercial is recognised as the number of people attending whilst something extremely deserving of community benefit is scored at five times the number of people attending. For the performance year to September 2015 we have seen very high levels of the more community benefit orientated events and activities and the Community Yield for 2014-15 was an impressive 443,182 points - up 11% on the comparable 399,782 points for 2013-14.

The directors continue to consider the Weston Homes Community Stadium to be an excellent asset for the benefit of all of the residents of Colchester and its wider community.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of risks and uncertainties facing the business at any given time and as such, the directors review these on an ongoing basis and, where possible, take appropriate action to mitigate the impact of these risks.

The general economic outlook remains uncertain and whilst the directors have seen a steady growth in the activities levels and income at the stadium, which they expect to continue and have plans in place to achieve, it is difficult to predict the future in these volatile times with any level of certainty.

The Weston Homes Community Stadium has one key tenant, Colchester United Football Club, which operates within its own challenging and unique market. The directors have limited control and/or influence over the future success of its key tenant other than through its service agreement for non-match day activities.

POST-BALANCE SHEET EVENTS

There are no post-balance sheet events that have occurred or need to be reported.

FUTURE DEVELOPMENTS

The directors are constantly working towards improving the activity levels and utilisation of the stadium and, as such, are currently reviewing a number of community and business opportunities to further enhance the stadium's use.

IMPACT OF THE EURO

The company only trades within the UK and is not affected by the Euro or the events within the European Union at this time.

ON BEHALF OF THE BOARD:

C M Gilham - Director

28 April 2016

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report with the financial statements of the company for the year ended 31st March 2015.

The company has chosen to set out in the strategic report information concerning post-balance sheet events, likely future developments of the business and the impact of the Euro on the company.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2016.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

C M Gilham
G P Leaf
D C Murthwaite
R A Cowling
Cllr W Frame

Other changes in directors holding office are as follows:

Cllr A Turrell - resigned 3 June 2015
I W Vipond - appointed 3 June 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

C M Gilham - Director

28 April 2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COLCHESTER COMMUNITY STADIUM LIMITED

We have audited the financial statements of Colchester Community Stadium Limited for the year ended 31 March 2016 on pages five to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Jacqueline Frost (Senior Statutory Auditor)
for and on behalf of Baker Chapman & Bussey
Statutory Auditor
Chartered Accountants
3 North Hill
Colchester
Essex
CO1 1DZ

28 April 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
CONTINUING OPERATIONS			
Revenue	3	401,753	391,287
Administrative expenses		<u>(378,515)</u>	<u>(367,695)</u>
OPERATING PROFIT		23,238	23,592
Finance costs	5	(3,845)	(3,224)
Finance income	5	<u>1</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	6	19,394	20,368
Income tax	7	<u>(7,004)</u>	<u>(6,474)</u>
PROFIT FOR THE YEAR		12,390	13,894
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>12,390</u>	<u>13,894</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2016

	Notes	2016 £	2015 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	<u>162,673</u>	<u>74,000</u>
CURRENT ASSETS			
Trade and other receivables	9	<u>176,220</u>	180,141
Cash and cash equivalents	10	<u>98,492</u>	<u>65,697</u>
		<u>274,712</u>	<u>245,838</u>
TOTAL ASSETS		<u><u>437,385</u></u>	<u><u>319,838</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	<u>1</u>	1
Retained earnings	12	<u>69,118</u>	<u>56,728</u>
TOTAL EQUITY		<u><u>69,119</u></u>	<u><u>56,729</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	<u>152,585</u>	<u>67,202</u>
CURRENT LIABILITIES			
Trade and other payables	13	<u>187,134</u>	177,763
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	<u>21,543</u>	11,670
Tax payable		<u>7,004</u>	<u>6,474</u>
		<u>215,681</u>	<u>195,907</u>
TOTAL LIABILITIES		<u><u>368,266</u></u>	<u><u>263,109</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>437,385</u></u>	<u><u>319,838</u></u>

The financial statements were approved by the Board of Directors on 28 April 2016 and were signed on its behalf by:

G P Leaf - Director

C M Gilham - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2014	1	42,834	42,835
Changes in equity			
Total comprehensive income	-	13,894	13,894
Balance at 31 March 2015	<u>1</u>	<u>56,728</u>	<u>56,729</u>
Changes in equity			
Total comprehensive income	-	12,390	12,390
Balance at 31 March 2016	<u>1</u>	<u>69,118</u>	<u>69,119</u>

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

		2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	52,157	32,432
Interest paid		(3,845)	(3,224)
Tax paid		(6,474)	(6,044)
Net cash from operating activities		<u>41,838</u>	<u>23,164</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(104,300)	-
Interest received		1	-
Net cash from investing activities		<u>(104,299)</u>	<u>-</u>
Cash flows from financing activities			
New loans in year		110,000	-
Loan repayments in year		(14,744)	(18,266)
Net cash from financing activities		<u>95,256</u>	<u>(18,266)</u>
Increase in cash and cash equivalents		<u>32,795</u>	4,898
Cash and cash equivalents at beginning of year	2	65,697	60,799
Cash and cash equivalents at end of year	2	<u>98,492</u>	<u>65,697</u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**
1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before income tax	19,394	20,368
Depreciation charges	15,627	12,000
Finance costs	3,845	3,224
Finance income	(1)	-
	38,865	35,592
Decrease/(increase) in trade and other receivables	3,921	(4,335)
Increase in trade and other payables	9,371	1,175
Cash generated from operations	<u>52,157</u>	<u>32,432</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2016

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	<u>98,492</u>	<u>65,697</u>

Year ended 31 March 2015

	31.3.15	1.4.14
	£	£
Cash and cash equivalents	<u>65,697</u>	<u>60,799</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. AUTHORISATION OF FINANCIAL STATEMENTS

The company's financial statements for the year were authorised for issue on 28th April 2016 and the statement of financial position signed on the board's behalf by Graham Leaf and Clive Gilham.

Colchester Community Stadium Limited is a limited company incorporated and domiciled in England & Wales.

2. ACCOUNTING POLICIES

Basis of preparation & statement of compliance with ifrss.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

The financial statements are presented in sterling, not rounded and are prepared under the historical cost convention.

Revenue recognition

Revenue represents net invoiced income, excluding value added tax and net of discounts. Rents and service charges are taken to revenue for the period to which they relate.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property - 10% on cost

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

Interest expense & borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Interest expense is recognised as interest accrues, using the effective interest rate method, to the net carrying amount of the financial liability.

Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to that asset or liability's net carrying amount.

Loan and other receivables

Loans and other receivables (including trade and other receivables, and bank balances) are initially recognised at original invoice amount (subsequently measured at amortised cost using the effective interest method) less any allowances for any uncollectible or impaired amounts.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3. SEGMENTAL REPORTING

The company has one main business segment, that of providing strategic management oversight and overall management of Weston Homes Community Stadium, including acting as landlord to the tenant. As a result, no additional business segment information is required to be provided. It operates in one geographical segment, and accordingly no geographical segment information is required to be provided.

4. EMPLOYEES AND DIRECTORS

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2016

Included with in the profit/(loss) before income tax is:

	Year ended 31.3.16 £	Year ended 31.3.15 £
Directors' remuneration and other benefits etc	<u>36,000</u>	<u>31,625</u>

Other than the above costs the company had no wages and salaries.

5. **NET FINANCE COSTS**

	2016 £	2015 £
Finance income:		
Deposit account interest	<u>1</u>	<u>-</u>
Finance costs:		
Other loan interest	<u>3,845</u>	<u>3,224</u>
Net finance costs	<u>3,844</u>	<u>3,224</u>

6. **PROFIT BEFORE INCOME TAX**

The profit before income tax is stated after charging:

	Year Ended 31.3.16 £	Year ended 31.3.15 £
Auditors' remuneration	<u>1,545</u>	<u>1,755</u>

7. **INCOME TAX****Analysis of tax expense**

	2016 £	2015 £
Current tax:		
Tax	<u>7,004</u>	<u>6,474</u>
Total tax expense in statement of profit or loss and other comprehensive income	<u>7,004</u>	<u>6,474</u>

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit on ordinary activities before income tax	<u>19,394</u>	<u>20,368</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	<u>3,879</u>	<u>4,074</u>
Effects of:		
Depreciation in excess of capital allowances	<u>3,125</u>	<u>2,400</u>
Tax expense	<u>7,004</u>	<u>6,474</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2016

8. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £
COST	
At 1 April 2015	120,000
Additions	104,300
	<u>224,300</u>
At 31 March 2016	224,300
DEPRECIATION	
At 1 April 2015	46,000
Charge for year	15,627
	<u>61,627</u>
At 31 March 2016	61,627
NET BOOK VALUE	
At 31 March 2016	<u>162,673</u>
At 31 March 2015	<u>74,000</u>

9. TRADE AND OTHER RECEIVABLES

	2016 £	2015 £
Current:		
Trade debtors	106,164	108,223
VAT	-	1,862
Called up share capital not paid	1	1
Prepayments	70,055	70,055
	<u>176,220</u>	<u>180,141</u>

10. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Bank deposit account	1,005	1,004
Bank accounts	97,487	64,693
	<u>98,492</u>	<u>65,697</u>

11. CALLED UP SHARE CAPITAL

Allotted and issued:			2016	2015
Number:	Class:	Nominal value:	£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2016

12. RESERVES

	Retained earnings £
At 1 April 2015	56,728
Profit for the year	<u>12,390</u>
At 31 March 2016	<u><u>69,118</u></u>

13. TRADE AND OTHER PAYABLES

	2016 £	2015 £
Current:		
Trade creditors	96,960	94,147
Accruals and deferred income	83,754	83,616
VAT	6,420	-
	<u>187,134</u>	<u>177,763</u>

14. FINANCIAL LIABILITIES - BORROWINGS

	2016 £	2015 £
Current:		
Other loans	<u>21,543</u>	<u>11,670</u>
Non-current:		
Other loans	<u>152,585</u>	<u>67,202</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Other loans	<u>21,543</u>	<u>22,309</u>	<u>71,802</u>	<u>58,474</u>	<u>174,128</u>

Included in other loans are two loans in respect of agreements dated 16 May 2011 and repayable over ten years. Interest is chargeable on the loan at 3% above UK base rates.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2016

15. OTHER FINANCIAL COMMITMENTS

Commitments under operating leases the company as lessee:

	Year ended 31.3.16 £	Year ended 31.03.15 £
Minimum lease payments under operating leases recognised as an expenses during the year	<u>300,000</u>	<u>300,000</u>

On 24th October 2013 the company signed a lease with Colchester Borough Council in respect of the Community Stadium. On the same date the company signed a lease with Colchester United Football Club to sub-let the stadium for the same period. The company is required to pay the rents collected from Colchester United Football Club to Colchester Borough Council. The initial rent to be received from Colchester United Football Club and then paid to Colchester Borough Council is £300,000, but the rent will become an agreed percentage of Colchester United Football Club's match day gate income on the earlier of the date when Colchester Borough Council repays its borrowings on the stadium, or ten years after the date of the leases. It is not possible to calculate the minimum lease payments to be received or made under the leases.

16. RELATED PARTY DISCLOSURES

During the period the company paid £18,000 (2015: £15,500) to Straight Bat (UK) Limited, a company controlled by Clive Gilham, in respect of the supply of services of the Chief Executive. At the period end the company owed Straight Bat (UK) Ltd £1,800 (2015: £1,800).

The other independent directors, Graham Leaf and David Murthwaite, have been paid fees of £9,000 and £9,000 (2014: £7,750 and £8,375) respectively.

Also included in other creditors are loans of £87,064 (2015: £39,436) from Colchester Borough Council. The loans are interest bearing at 3% above UK base rate and are repayable in instalments of £594 and £544. Interest of £1,922 (2015: £1,488) has been charged in the year.

During the year Colchester Borough Council charged the company rent of £300,000 (2015: £300,000), and £25,000 (2015: £20,000) for the services of Council officers. At the year end the company owed Colchester Borough Council £90,000 (2015: £90,000).

During the year the company charged Colchester United Football Club, an entity controlled by Robbie Cowling, stadium rent of £300,000 (2015: £300,000), rent for community, retail and office space of £22,974 (2015: £22,680) and non match day income of £78,778 (2015: £68,607). At the year end the company was owed £106,162 (2015: £108,222) by Colchester United Football Club.

Included in other creditors are loans of £87,064 (2015: £39,436) from Colchester United Football Club. The loans are interest bearing at 3% above base rate and is repayable in instalments of £594 and £544. Interest of £1,922 (2015: £1,487) has been charged in the year.

17. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is Colchester Borough Council.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016 £	2015 £
Profit for the financial year	<u>12,390</u>	<u>13,894</u>
Net addition to shareholders' funds	12,390	13,894
Opening shareholders' funds	<u>56,729</u>	<u>42,835</u>
Closing shareholders' funds	69,119	56,729

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2016**

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is exposed through its operations to the following risks:

Credit risk

Credit risk arises principally from the company's trade and other receivables and cash at bank.

The company uses a reputable bank and trades only with recognised, credit worthy customers. Balances are regularly checked to ensure risk of exposure to bad debts is minimised.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The only risks are in respect of the loans from Colchester Borough Council and Colchester United Football Club and any risks are considered immaterial.

Liquidity risk

Liquidity risk arises from the company's management of working capital and repayments of its liabilities. Management of risks is managed by monitoring budgets and actual cash flows.

Capital management

The objective of the company's capital management is to safeguard the entity's ability to continue as a going concern.

20. FAIR VALUES

The fair values of the financial assets and liabilities as at 31 March 2016 and 31 March 2015 are not materially different from their book values.

21. ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain critical accounting judgements made in applying the company's accounting policies are described below:

Useful life of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on management estimates that the assets will generate revenue, which are periodically reviewed for continued appropriateness.

22. SINKING FUND

The company holds monies on behalf of Colchester United Football Club to pay for future repairs and maintenance to the Community Stadium. The balance held at the year end was £40,000 (2015: £20,000). These monies are not included in the accounts of Colchester Community Stadium Ltd.