

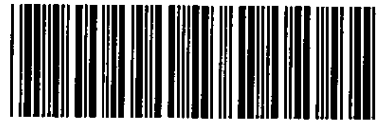
**Company Registration No. 01002965 (England and Wales)**

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**TUESDAY**



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**COMPANIES HOUSE**

## **HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

### **COMPANY INFORMATION**

**Directors**           A V Meersch  
David Morgan (appointed 26 April 2011)  
Jeremy Campling (appointed 26 April 2011)  
M J Evans (resigned 26 May 2011)  
M Wall (resigned 30<sup>th</sup> August 2011)  
Sandra Pope (appointed 26 April 2011)

**Secretary**           J K Dingle

**Company number**   01002965

**Registered office**   Twickenham Stoop Stadium  
Langhorn Drive  
Twickenham  
Middlesex  
TW2 7SX

**Auditors**           Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Business address**   Twickenham Stoop Stadium  
Langhorn Drive  
Twickenham  
Middlesex  
TW2 7SX

# **HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

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# **HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 JUNE 2011**

The directors present their report and financial statements for the year ended 30 June 2011

#### **Principal activities and review of the business**

The principal activity of the company continued to be that of property management. The company's registered number is 01002965

The company owned the Twickenham Stoop Stadium and rented the property to Harlequin Football Club Limited for the whole year

#### **Revaluation of the Twickenham Stoop Stadium**

Harlequin Estates (Twickenham) Limited, holds the freehold of the Twickenham Stoop Stadium including all the stands. On 30 June 2010 the Twickenham Stoop Stadium was valued by external valuers, Vail Williams, on the basis of the depreciated replacement cost, at a value of £27,190,500. Based on this independent valuation the directors considered it appropriate to revalue the assets held by Harlequin Estates (Twickenham) Limited by £6,890,608 to £27,190,500.

In the opinion of the directors, the market value of the land & buildings at 30 June 2011 is at least equal to the net book value in the accounts.

#### **Results and dividends**

The results for the year are set out on page 5

#### **Directors**

The Directors who served during the year were as listed on the Company Information page

#### **Auditors**

In accordance with the Company's Articles, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put at a General Meeting

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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

#### **Small companies rules**

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 JUNE 2011**

**Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



J K Dingle

Secretary

25th October 2011

## **HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

#### **TO THE MEMBERS OF HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

We have audited the financial statements of Harlequin Estates (Twickenham) Limited for the year ended 30 June 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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. In addition we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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.

#### **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 30 June 2011 and of its loss 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

#### **Emphasis of matter - going concern**

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's reliance on the continued support of Mosaic Limited, the holding company's principal shareholder. Mosaic Limited, has provided a letter confirming that it will support the group for at least twelve months from the date the accounts are signed. In view of the significance of the support outlined in Note 1 we consider that this matter should be brought to your attention, but our opinion is not modified in this respect. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

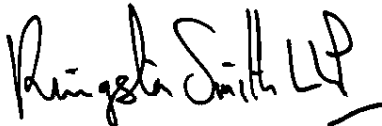
**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**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



**Adrian Houstoun (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP**

8th November 2011

**Chartered Accountants  
Statutory Auditor**

Kingston Smith LLP  
Chartered Accountants  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 £	2010 £
Turnover	2	350,000	443,750
Administrative expenses		(944,699)	(854,930)
		<hr/>	<hr/>
Operating loss	3	(594,699)	(411,180)
Interest payable and similar charges	4	(330,476)	(265,858)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(925,175)	(677,038)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss for the year	11	<u>(925,175)</u>	<u>(677,038)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations



**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**FOR THE YEAR ENDED 30 JUNE 2011**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>2011</b> <b>£</b>	<b>2010</b> <b>£</b>
Loss for the year	(925,175)	(677,038)
Unrealised surplus on revaluation of properties	-	6,890,608
	<hr/>	<hr/>
<b>Total recognized gains and losses relating to the year</b>	<b>(925,175)</b> <hr/> <hr/>	<b>6,213,570</b> <hr/> <hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**FOR THE YEAR ENDED 30 JUNE 2011**

Reported loss on ordinary activities before taxation	(925,175)	(677,038)
Difference between an historical cost depreciation charge And the actual charge for the year calculated on the revalued amount	563,657	500,482
	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>(361,518)</b> <hr/> <hr/>	<b>(176,556)</b> <hr/> <hr/>
Historical cost loss for the year retained after taxation	<u>(361,518)</u>	<u>(176,556)</u>

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	28,281,808	28,807,483
<b>Current assets</b>			
Debtors amounts falling due within one year		-	-
<b>Creditors: amounts falling due within one year</b>			
	7	(248,352)	(259,016)
<b>Net current liabilities</b>		(248,352)	(259,016)
<b>Total assets less current liabilities</b>		28,033,456	28,548,467
<b>Creditors: amounts falling due after more than one year</b>			
	8	(15,609,805)	(15,199,641)
		12,423,651	13,348,826
<b>Capital and reserves</b>			
Called up share capital	9	3	3
Revaluation reserve	10	11,479,570	11,479,570
Profit and loss account	10	944,078	1,869,253
<b>Shareholders' funds</b>	11	12,423,651	13,348,826

Approved by the Board and authorised for issue on 25th October 2011

D Morgan  
Director

Company number: 01002965

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings

#### 1.2 Going concern

Mosaic Limited, the holding company's principal shareholder, has confirmed that it will not seek repayment of the loan to the company's holding company, Blue Sky Leisure Limited, prior to 30 November 2012. It has also confirmed that it currently intends to provide financial support to enable the group to meet its liabilities as and when they fall due until the later of 30 November 2012, twelve months from such support letter i.e. 19 October 2012 and twelve months after the signing of these accounts by the directors. The directors believe that Mosaic Limited has adequate resources to provide a sufficient level of support and therefore consider it appropriate to prepare the accounts on the going concern basis. The financial statements do not include any adjustments that would result if the going concern assumption was found to be inappropriate.

#### 1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.4 Turnover

Turnover represents amounts receivable for services.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land	Nil
Freehold buildings	over 5 and 50 years straight line
Plant and machinery	over 3 to 25 years straight line
Fixtures & fittings	over 10 years straight line

The cost of the West and South Stands includes all expenses of development, including attributable interest. Interest capitalised is calculated by reference to the rate of interest payable on borrowings drawn down to finance the development.

#### 1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted. No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

A deferred tax asset is regarded as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### 1.7 Leasing and hire purchase commitments

Assets held under finance leases and hire contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

# HARLEQUIN ESTATES (1 WICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

### 2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

### 3 Operating loss

2011	2010
£	£

Operating loss is stated after charging

Depreciation of tangible assets	858,224	779,930
Disposal of fixed assets	11,475	-

### 4 Interest payable and similar charges

2011	2010
£	£

Interest on bank loans	281,995	231,137
Finance lease interest	48,481	34,721
	<u>330,476</u>	<u>265,858</u>

Interest represents the interest payable to the holding company, Blue Sky Leisure Limited, on loans taken out to finance the West Stand and a lease taken out for the build of the South Stand

### 5 Taxation

2011	2010
£	£

#### Domestic current year tax

Adjustment for prior years	-	-
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#### Current tax charge

#### Factors affecting the tax charge for the year

Loss on ordinary activities before taxation	(925,175)	(677,038)
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Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2010: 28%)

(259,049)	(189,571)
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#### Effects of

Depreciation and capital allowances	(120,300)	189,571
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Tax losses	379,349	-
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<u>259,049</u>	<u>189,571</u>
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#### Current tax charge

-	-
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No provision has been made for deferred tax on gains recognised on revaluing the property to its market value as such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £4,600,000 (2010: £4,600,000). At present it is not envisaged that any tax will become payable in the foreseeable future. A deferred tax asset in respect of depreciation in excess of capital allowances of £559,000 (2010: £630,000) has not been recognised because, at present, it is not sufficiently certain that there will be future taxable profit from which reversal of underlying losses can be deducted.

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

### 6 Tangible fixed assets

	Freehold Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 July 2010	27,190,500	2,347,546	29,538,046
Additions	248,221	95,803	344,024
Disposal	-	(11,475)	(11,475)
	<hr/>	<hr/>	<hr/>
At 30 June 2011	27,438,721	2,431,874	29,870,595
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 July 2010	-	730,563	730,563
Charge for the year	702,393	155,831	858,224
	<hr/>	<hr/>	<hr/>
At 30 June 2011	702,393	886,394	1,588,787
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2011	26,736,328	1,545,480	28,281,808
	<hr/>	<hr/>	<hr/>
At 30 June 2010	27,190,500	1,616,983	28,807,483
	<hr/>	<hr/>	<hr/>

On 30 June 2010 the land and buildings were valued by external valuers, Vail Williams, on the basis of depreciated replacement cost in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors at £27,190,500. The valuers consider that the property falls under the definition of "specialised" and accordingly consider that depreciated replacement cost is an appropriate method of valuation. No provision has been made for additional corporation tax of £ 4,600,000 (2010 £4,600,000) which would arise if the land and buildings were disposed of at their revalued amount as there is currently no intention to dispose of the property. The cost of land and buildings includes £343,611 (2010 £343,611) of finance costs capitalised during the course of development of the West Stand.

The net book value of plant and machinery and buildings includes £1,810,207 (2010 - £2,374,606) in respect of assets held under hire purchase contracts, with accumulated depreciation of £77,858 (2010 - £190,967).

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

<b>7</b>	<b>Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Finance leases	248,352	259,616
		<u>          </u>	<u>          </u>
<b>8</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2010</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Other loans	13,724,558	13,066,042
	Finance leases	1,885,247	2,133,599
		<u>          </u>	<u>          </u>
		15,609,805	15,199,641
		<u>          </u>	<u>          </u>
	<b>Analysis of loans</b>		
	Not wholly repayable within five years other than by instalments		
		13,724,558	12,787,015
		<u>          </u>	<u>          </u>
		13,724,558	12,787,015
		<u>          </u>	<u>          </u>
	<b>Loan maturity analysis</b>		
	In more than five years	13,066,042	12,787,015
		<u>          </u>	<u>          </u>
	<b>Security</b>		
	Bank loans amounting to £5,318,520 (2010 – £5,853,422) have been obtained by the parent company, Blue Sky Leisure Limited and are secured over the assets of the group including a charge over the property owned by Harlequins Estates (Twickenham) Ltd		
<b>9</b>	<b>Share capital</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, called up and fully paid</b>		
	3 ordinary shares of £1 each	3	3
		<u>          </u>	<u>          </u>
<b>10</b>	<b>Statement of movements on reserves</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
		<b>£</b>	<b>£</b>
	Balance at 1 July 2010	11,479,570	1,869,253
	Loss for the year	-	(925,175)
		<u>          </u>	<u>          </u>
	Balance at 30 June 2011	11,479,570	944,078
		<u>          </u>	<u>          </u>

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2011

<b>11 Reconciliation of movements in shareholders' funds</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(925,175)	(677,038)
Revaluation	-	6,890,608
Movement in shareholders funds	(925,175)	6,213,570
Opening shareholders' funds	13,348,826	7,135,256
Closing shareholders' funds	12,423,651	13,348,826

### 12 Employees

#### Number of employees

There were no employees during the year apart from the directors who were remunerated through the immediate parent undertaking, Blue Sky Leisure Limited

### 13 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company

### 15 Ultimate parent company

The company's immediate parent undertaking is Blue Sky Leisure Ltd, a company registered in England & Wales. The company is ultimately controlled by a Malaysian company, Union Mutual Pension Fund (L) Limited