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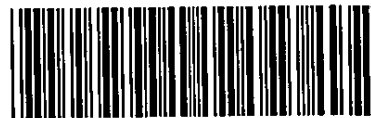
Company Registration No. 01002965 (England and Wales)

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

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

### **COMPANY INFORMATION**

**Directors** C Jillings (Resigned 28 August 2009)  
A V Meersch  
M J Evans  
M Wall (appointed 28 August 2009)

**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

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**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**CONTENTS**

	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

# **HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 JUNE 2010***

The directors present their report and financial statements for the year ended 30 June 2010

#### **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.

#### **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 2010 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 following directors have held office since 1 July 2009:

C Jillings (resigned 28 August 2009)

A V Meersch

M J Evans

M Wall (appointed 28 August 2009)

#### **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.

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

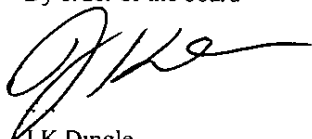
**DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2010***

**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

A handwritten signature in black ink, appearing to read 'J K Dingle', written over a horizontal line.

J K Dingle

Secretary

## **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 2010 which comprise the Profit and Loss Account, 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 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.

#### **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 2010 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

#### **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.

#### **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

**HARLEQUIN ESTATES (TWICKENHAM) LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**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 its principal shareholder. 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 qualified in this respect.

**Senior Statutory auditor**

**Adrian Houstoun**

**for and on behalf of Kingston Smith**

**Chartered Accountants**

**Statutory Auditor**

*Kingston Smith LLP*  
*25th January 2011*

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Turnover	2	443,750	632,004
Administrative expenses		(854,930)	(803,796)
		<hr/>	<hr/>
Operating loss	3	(411,180)	(171,792)
Profit on sale of land	3	-	200,000
		<hr/>	<hr/>
Profit on ordinary activities before interest		(411,180)	28,208
Interest payable	4	(265,858)	(471,414)
		<hr/>	<hr/>
Profit / (Loss) on ordinary activities before taxation		(677,038)	(443,206)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
Loss for the year	11	<u>(677,038)</u>	<u>(443,206)</u>

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

There are no recognised gains and losses other than those passing through the profit and loss account



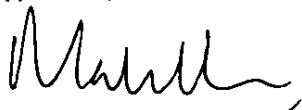
# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	6	28,807,483	19,922,271
<b>Current assets</b>			
Debtors amounts falling due within one year		-	-
<b>Creditors amounts falling due within one year</b>	7	(259,016)	-
<b>Net current liabilities</b>		(259,016)	-
<b>Total assets less current liabilities</b>		28,548,467	19,922,271
<b>Creditors amounts falling due after more than one year</b>	8	(15,199,641)	(12,787,015)
		13,348,826	7,135,526
<b>Capital and reserves</b>			
Called up share capital	9	3	3
Revaluation reserve	10	11,479,570	4,588,962
Profit and loss account	10	1,869,253	2,546,291
<b>Shareholders' funds</b>	11	13,348,826	7,135,256

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



M J Evans  
Director

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

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

#### **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 group's immediate parent undertaking has confirmed that it currently intends to provide financial support to enable the company to meet its liabilities as and when they fall due over the next twelve months. 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

##### **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 goods and services net of VAT and trade discounts

##### **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

Leasehold land	Nil
Leasehold buildings and Improvements	over 5 and 50 years straight line
Plant and machinery	over 3 to 25 years straight line
Fixtures, fittings & equipment	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

#### **2 Turnover**

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

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

<b>3 Operating loss</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging		
Depreciation of tangible assets	779,930	553,880

<b>4 Interest payable</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
	265,858	471,414

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

<b>5 Taxation</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
Adjustment for prior years	-	-
<b>Current tax charge</b>	-	-
<b>Factors affecting the tax charge for the year</b>		
Profit/(Loss) on ordinary activities before taxation	(677,038)	(443,206)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 28%)	(189,571)	(124,098)
<b>Effects of</b>		
Depreciation in excess of capital allowances	189,571	130,261
Utilization of tax losses	-	(9,663)
Non-deductible expenses	-	3,500
	-	124,098
<b>Current tax charge</b>	-	-

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 (2009 £2,100,000). 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 £630,000 (2009 £580,000) 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 2010

### 6 Tangible fixed assets

	Freehold Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 July 2009	18,985,510	2,336,376	21,321,886
Additions	2,763,364	11,170	2,774,534
Revaluation	5,441,626	-	5,441,626
At 30 June 2010	27,190,500	2,347,546	30,987,028
<b>Depreciation</b>			
At 1 July 2009	837,994	561,621	1,399,615
Charge for the year	610,988	168,942	779,930
Revaluation	(1,448,982)	-	(1,448,982)
At 30 June 2010	-	730,563	730,563
<b>Net book value</b>			
At 30 June 2010	27,190,500	1,616,983	28,807,483
At 30 June 2009	18,147,516	1,774,755	19,922,271

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 (2009 £2,100,000) 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 (2009 £64,267) of finance costs capitalised during the course of development of the West Stand. The net book value at 30 June 2010 includes £nil (2009 £354,465) relating to assets in the course of construction.

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

<b>7</b>	<b>Creditors' amounts falling due within one year</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Finance leases	259,016	-
		<u>259,016</u>	<u>-</u>
<b>8</b>	<b>Creditors' amounts falling due after more than one year</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Other loans	13,066,042	12,787,015
	Finance leases	2,133,599	-
		<u>15,199,641</u>	<u>12,787,015</u>
	<b>Analysis of loans</b>		
	Not wholly repayable within five years other than by instalments	13,066,042	12,787,015
		<u>13,066,042</u>	<u>12,787,015</u>
	<b>Loan maturity analysis</b>		
	In more than five years	13,066,042	12,787,015
		<u>13,066,042</u>	<u>12,787,015</u>
	<b>Security</b>		
	Bank loans amounting to £5,853,422 (2009 – £6,331,013) 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>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	100 ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
	<b>Allotted, called up and fully paid</b>		
	3 ordinary shares of £1 each	3	3
		<u>3</u>	<u>3</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 2009	4,588,962	2,546,291
	Loss for the year	-	(677,038)
	Revaluation during the year	6,890,608	-
		<u>11,479,570</u>	<u>1,869,253</u>
	Balance at 30 June 2010	<u>11,479,570</u>	<u>1,869,253</u>

# HARLEQUIN ESTATES (TWICKENHAM) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

<b>11 Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(677,038)	(443,206)
Revaluation	6,890,608	-
Opening shareholders' funds	7,135,256	7,578,462
	<u>          </u>	<u>          </u>
Closing shareholders' funds	13,348,826	7,135,256
	<u>          </u>	<u>          </u>

## 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

<b>14 Capital commitments</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
As at 30 June 2010, the company had capital commitments as follows	-	2,546,000
	<u>          </u>	<u>          </u>

## 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