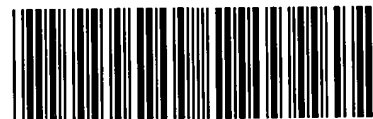


# AMENDED

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021  
FOR  
HARLEQUIN FC HOLDINGS LIMITED**

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**HARLEQUIN FC HOLDINGS LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2021**

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**HARLEQUIN FC HOLDINGS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2021**

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**DIRECTORS:**

S J Pope  
D P Saville  
C D O Jillings

**REGISTERED OFFICE:**

Twickenham Stoop Stadium  
Langhorn Drive  
Twickenham  
Middlesex  
TW2 7SX

**REGISTERED NUMBER:**

08822147

**AUDITORS:**

Lewis Brownlee (Chichester) Limited  
Chartered Accountants  
Statutory Auditors  
Appledram Barns  
Birdham Road  
Chichester  
West Sussex  
PO20 7EQ

**SOLICITORS:**

Blake Morgan Solicitors  
New Kings Court  
Tollgate  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 3LG

## **HARLEQUIN FC HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their strategic report of the company and the group for the year ended 30 June 2021.

#### **PRINCIPAL ACTIVITIES**

Based at the Twickenham Stoop stadium, the principal activity of the group is the operation of Harlequin Football Club (Harlequins) the professional rugby club. Our men's team participates in the Gallagher Premiership, the European Professional Club Rugby tournament (EPCR) and the Premiership Rugby Cup. Our women's team participates in the Allianz Premier 15s.

In addition to running our elite rugby teams, Harlequins supports the Harlequins Foundation and significant activities in its local communities.

#### **THE YEAR IN REVIEW**

##### **Rugby**

Due to COVID related disruption the twelve months ending 30th June 2021 saw completion of both the delayed 2019/20 and entire 2020/21 seasons. During most of this time our matches were played behind closed doors.

For our men's team the 2019/20 season culminated in us coming sixth in the Gallagher Premiership, failing to qualify from a tough group in the Heineken Champions Cup and being runners up in a closely contested Premiership Cup final.

Our results in the early part of the 2020/21 season were disappointing putting us in the bottom half of the Premiership and making qualification to the knock-out stages of the European tournament impossible. In mid-January 2021 we made a change to the leadership of our coaching group and our results on the field showed immediate improvement. A home win in front of a limited crowd in our final regular season game saw us climb to fourth place in the league and qualification for the knock-out stages of the Gallagher Premiership. Pundits described our away semi-final match against Bristol, where we came back from a 28-0 deficit to win 36-43 after extra time, as one of the best games the league has ever seen. The following weekend was another closely contested and high-quality match which saw Harlequins emerge champions with a score line of 40-38 against Exeter Chiefs.

For Harlequins Women the 2019/20 season was a major disappointment as it was declared null and void due to COVID-19 but, in contrast, we enjoyed a victorious 2020/2021. After a difficult start to the season interrupted by the COVID-19 pandemic, our Women secured a home semi-final in the Allianz Premier 15s. Victory against Wasps Ladies booked our place in the final. On 30th May, Harlequins Women defeated Saracens to clinch the title in a pulsating final. Throughout the game, Saracens continued to throw everything at the Quins defence but despite a mammoth effort they could not break through, and Harlequins Women were crowned champions.

A first for Harlequins - Double Champions - Men's and Women's 2020/2021

Shortly after winning the premiership title, we confirmed Tabai Matson would be joining the Club as our new Head Coach. Tabs has the unusual honour of having played international rugby for both Fiji and New Zealand. He has subsequently enjoyed a successful international coaching career working with teams in Australia, New Zealand, Brazil, Fiji and the UK.

On his appointment, Tabai Matson was quoted as saying "I'm really excited to join Harlequins. I've thoroughly enjoyed watching them go from strength to strength this season from New Zealand. I know we are united in the belief that this is only the beginning for Harlequins. I strongly believe that staying true to our identity - the Quins DNA is critical to how we will reach our goals."

#### **COVID IMPACT**

The COVID-19 pandemic continued to cause a significant impact on our business for the period under review. Government restrictions meant that for the most part, the 2020/2021 season was played behind closed doors which inevitably had an adverse impact on the business. This included self-funded matchday related revenues as well centrally distributed income from Premiership Rugby and the Rugby Football Union.

The support from the Club's stakeholders has been incredible over the last 18 months and we are humbled by the incredibly generous acts of almost 3,000 Season Ticket Members, Debenture Members and Hospitality guests who felt able to donate money to the Club. We are also most grateful to those sponsors and partners who maintained their support through the pandemic. The size of the financial challenge faced by the Club was unprecedented as almost all income streams were turned off. The amazing backing of our supporters both inspired and helped us operationally to not only survive but go on to become double English champions.

## **HARLEQUIN FC HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

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We are also grateful to all our colleagues (players and non-players alike) who throughout much of the year supported the club financially by accepting a significant salary reduction.

The Club also benefitted from a government loan through Sports England. This loan facility has supported the club during a period where there were no gate receipts, no food and beverage sales and the conference and events business came to a complete halt. Only now are these starting to see signs of recovery. Over and above this financial support, our shareholders have invested considerably over the period. Our key focus remains the financial sustainability of the club and to meeting our future obligations.

Outside of Rugby, The Stoop vaccination site was open from February to September 2021 and during that time Harlequins has partnered with the NHS South-West London CCG in delivering well over 86,000 COVID-19 vaccinations. With restrictions being eased, the Club needed to reopen the stadium to fans for the new league season. In October 2021 the Club once again announced it would host a COVID-19 vaccine booster clinic as well as continuing to host the NHS's blood donation & plasma programme which was set up during the outset of the pandemic.

#### **THE YEAR AHEAD AND BEYOND**

Supporters have returned to The Stoop in full, and in the first quarter of the 2021/2022 season our attendances have been breaking records. As Champions, playing an expansive and exciting style of rugby, new crowds are being attracted to The Stoop in record numbers. Not only are they enjoying the heart pumping, nail-biting rugby on the pitch, but they are also benefiting from the off-season investment made in both the facilities and the customer experience with new light shows, a new PA system and increased bar and toilet facilities. All making for a greatly improved match day experience which is being enjoyed by all.

Across the league, The RFU Council has voted in favour of the potential expansion of the Gallagher Premiership to 14 clubs in season 2022/2023 subject to meeting the required minimum standards. This measure has taken place to improve the financial stability and sustainability of professional rugby during the next three seasons following the unprecedented impact of COVID-19 on club finances.

#### **Quins in the Community**

Despite a slow start due to the restrictions faced due to COVID-19 regulations, our community team remain invested in utilising the wide expertise of its staff to develop the game and the reach of Harlequins. They continue to support over 50 Community Rugby Clubs as part of their affiliate club programme as well as engaging with schools, clubs and hosting a number of camps.

The ambition remains to maintain and build our strong local relationships, supporting an increasingly diverse society and engaging as many people as possible in the game of rugby. An example of this is by taking out both the Gallagher Premiership and Allianz Premier 15s trophies to as many of our affiliate club partners as possible, accompanied by players and coaches from our senior squads.

#### **Harlequins Foundation**

The Foundation has continued to go from strength to strength. The relationship with Harlequin FC has been integral to what the Foundation has been able to achieve.

The Foundation have continued to develop several key strategic partnerships with organisations to help support scaling up our reach and have focused particularly on mental health issues which has been even more relevant responding to the effects of the pandemic.

There is continued focus in building brighter futures, through championing inclusive societies, improving life opportunities and promoting well-being.

In the wake of COVID-19 pandemic, youth unemployment shot up. Conscious of what this can do to an individual's mental health, the Foundation recently launched the Harlequins Foundation Apprenticeship Scheme, run in partnership with Richmond Upon Thames College.

#### **Environmental, Social & Corporate Governance**

The Club makes every effort to minimise waste and to recycle as much as possible. It aims to minimise the use of energy resources and reviews and improves operational processes to have the least impact on the environment and implement measures to reduce the Club's carbon footprint.

The Club has in place policies to ensure that all employees are treated fairly and specifically to prohibit discrimination on the grounds of age, disability, religion, sex, nationality and ethnic origin and to ensure health and wellbeing.

## **HARLEQUIN FC HOLDINGS LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

The Club recently pledged their support for the Black Lives Matter movement reaffirming the full support of the fight against racism. Our CEO, Laurie Dalrymple was quoted as saying "At Harlequins we echo the Players Statement in that we are not endorsing a political ideology, but are committed and united in the fight against racism"

During the year, Harlequins became the first professional rugby club to launch a LGBTQ+ supporters' association. In doing so, the Club continues its mission to champion diversity within rugby, using its platform to positively influence the experience of LGBTQ+ community in sport and continue its work to make the matchday environment a safe and inclusive space for supporters from all sexual and gender identities.

The Club are proud to be in partnership with the Great Britain Wheelchair Rugby and the Harlequins Wheelchair Rugby team 'The Jesters' which was launched last year are fully inclusive for males and females 15+ who wish to be active, competitive and learn new skills.

It is important to the Club that we nurture a supportive environment where employees are valued and respected. Throughout our operations we encourage collaboration, teamwork and creativity both on and off the field and provide a range of opportunities for learning and development.

In addition, the Club supports the mental and physical wellbeing of employees through a number of interventions including gym access and a dedicated EAP offering confidential counselling and other support services. Within the next month we will also launch a new online mental wellbeing and resilience program for all employees called 'Mind Strength' and a dedicated course for line managers called 'At Ease with Mental Wellbeing'.

The health and safety policy is reviewed annually by the Board and is updated to incorporate the changing circumstances of the business environment.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **First team performance**

The key risk facing Harlequins is the results and performance of the elite men's team. Following the success of both the men's and women's team in the 2021/2022 season, the Club recorded its 2nd highest season ticket sales, with its highest ever to new members. The first 6 Premiership games have sold out, which is certainly proving encouraging in the aftermath of COVID-19. Despite this promising start to the 21/22 season, the Club's Board and senior management team continue to focus their efforts on developing a commercial business to underpin the strength of our rugby operations. We aim to develop a financially stable environment that helps de-risk the uncertainty of elite, competitive sport. However, success on the pitch remains the greatest driver of long-term sustainability.

##### **Failure to comply with competition regulations**

The financial and reputational risk of material non-compliance with rugby competition rules and regulations could lead to a loss of future revenue streams, and even relegation from the Gallagher Premiership, thereby threatening the Club's sustainability. Harlequins mitigates such risk through a series of robust internal controls to ensure that we comply with and meet our obligations to disclose required information for each relevant competition, and in particular, the Gallagher Premiership salary cap.

##### **Failure to renew key commercial contracts and/or a reduction in central funding**

Reduced commercial revenues, either negotiated by ourselves or Premiership Rugby centrally, could have a material impact on the Club's long-term profitability. Harlequins continually invests in talented people, building dedicated sales and marketing teams to develop a corporate pipeline and proactively manage existing contracts and relationships.

##### **Funding**

Harlequins remain reliant on the continuing ongoing financial support from its ultimate shareholders and availability of the outstanding loans. It is imperative that the Club becomes financially sustainable.

##### **Cyber security breaches causing financial and/or reputational harm**

Harlequins takes the threat of cyber security and its responsibility as a data controller seriously. We deploy the latest cyber protection systems which are dynamically updated to counter known and potential threats.

##### **Terrorism**

Sport is no stranger to the threat from terrorism. Since the 1972 Olympics in Munich, high-profile sporting and other live events have been targeted with varying degrees of impact and success. In recent years several incidents at high-profile sporting events have been prevented, but we are aware that we must remain vigilant to possible terrorism risks.

**HARLEQUIN FC HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

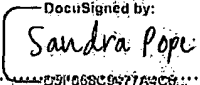
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**CONCLUSION**

We are committed to achieving playing success within a commercially sustainable business. The Club continues to manage costs and identify and consummate revenue opportunities with the aim of delivering an improved future financial position.

2020/2021 has been a remarkable year of extreme highs and lows. We have come through it and believe that we are stronger for it. We are excited by the rugby we are playing and by the opportunities which this presents us both commercially and in our communities. We look forward to this exciting future and relish the challenges ahead.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
.....  
SJ Pope - Director

20 December 2021 | 01:38 PST  
Date: .....

## **HARLEQUIN FC HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021**

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The directors present their report with the financial statements of the company and the group for the year ended 30 June 2021.

#### **DIVIDENDS**

There were no dividend distributions during the year or the previous year.

#### **RESEARCH AND DEVELOPMENT**

R&D has been planned and carried out in three broad R&D project streams. One is in the development of new and improved data collection and analysis methods, processes and tools. The other two project streams are both in the development of new scientific knowledge in the relationships between player physiology and performance, to in-turn develop training regimes proposed to improve player and team performance across speed, strength and health, as well as player availability on match day.

During the year the group received R&D Expenditure Credit (RDEC) claims totalling £528,434 relating to R&D in previous years. Qualifying R&D expenditure relating to years ended 30 June 2020 and 31 June 2021 are under review.

#### **FUTURE DEVELOPMENTS**

In accordance with s414C(11) of the Companies Act 2006, the information relating to risk management and future developments is included in the Strategic Report.

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2020 to the date of this report.

S J Pope  
D P Saville  
C D O Jillings

#### **FINANCIAL INSTRUMENTS**

##### **Liquidity risk**

The group is responsible for the management of liquidity risk, which is the risk that the financial obligations cannot be met as they fall due. Working capital and finance charges on borrowings are managed through a combination of operating cash flows and funding from the continued support of the principal shareholder of Harlequin FC Holdings Limited, Blue Sky Holdings Limited. At the balance sheet date, the cash flow forecasts are reviewed by the board and the group is forecast to have sufficient funding facilities to meet the group's obligations as they fall due.

##### **Interest rate risk**

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans, due to changes in market interest rates.

##### **Credit risk**

Credit risk arises from the group's trade debtors, being the risk that the counterparty fails to discharge their obligation in respect of the instrument. All customers who wish to trade on credit terms, allowing for the payment of debt after the delivery of goods or services, are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary. Risk is mitigated through developing strong relationships with our customers.

#### **DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.



## **HARLEQUIN FC HOLDINGS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2021**

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#### **EMPLOYEE INVOLVEMENT**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the group's performance.

#### **DIRECTORS' INSURANCE**

The group maintains insurance policies on behalf of all directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

#### **MARKET VALUE OF LAND AND BUILDINGS**

Harlequin Estates (Twickenham) Limited, subsidiary of Harlequin FC Holdings Limited, holds the freehold of the Twickenham Stoop Stadium including all the stands. On 30 June 2017 the Twickenham Stoop Stadium was valued by external valuers, Vail Williams, on the basis of depreciated replacement cost, at a value of £39,000,000.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group Strategic Report, 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 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 the group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**HARLEQUIN FC HOLDINGS LIMITED**

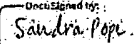
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**AUDITORS**

The auditors, Lewis Brownlee (Chichester) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

DocuSigned by:  
  
.....  
S J Pope - Director

Date: 20 December 2021 | 01:38 PST  
.....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARLEQUIN FC HOLDINGS LIMITED**

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### **Opinion**

We have audited the financial statements of Harlequin FC Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 Financial Reporting Standard 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 group's and of the parent company affairs as at 30 June 2021 and of the group's 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.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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, 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.

### **Conclusions relating to 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 Group 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; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HARLEQUIN FC HOLDINGS LIMITED**

---

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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 seven, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including legislation such as the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HARLEQUIN FC HOLDINGS LIMITED**

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors

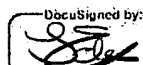
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Auditors.

**Use of our 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 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.

DocuSigned by:  
  
8A1DF0E0478B4CD...

Sam Ede BFP FCA FCCA (Senior Statutory Auditor)  
for and on behalf of Lewis Brownlee (Chichester) Limited  
Chartered Accountants  
Statutory Auditors  
Appledram Barns  
Birdham Road  
Chichester  
West Sussex  
PO20 7EQ

20 December 2021 | 09:44 GMT  
Date: .....

**HARLEQUIN FC HOLDINGS LIMITED****CONSOLIDATED  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	<b>13,375,523</b>	20,681,249
Cost of sales		<b>7,641,786</b>	11,423,915
<b>GROSS PROFIT</b>		<b>5,733,737</b>	9,257,334
Administrative expenses		<b>12,845,288</b>	24,897,230
		<b>(7,111,551)</b>	(15,639,896)
Other operating income	4	<b>970,815</b>	1,048,534
<b>OPERATING LOSS</b>	6	<b>(6,140,736)</b>	(14,591,362)
Income from fixed asset investments		<b>171,770</b>	398
		<b>(5,968,966)</b>	(14,590,964)
Gain/loss on revaluation of investments		<b>5,761,218</b>	-
		<b>(207,748)</b>	(14,590,964)
Interest payable and similar expenses	8	<b>2,033,677</b>	2,174,382
<b>LOSS BEFORE TAXATION</b>		<b>(2,241,425)</b>	(16,765,346)
Tax on loss	9	<b>567,395</b>	(500,616)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(2,808,820)</b>	(16,264,730)
Loss attributable to:			
Owners of the parent		<b>(2,817,957)</b>	(16,184,067)
Non-controlling interests		<b>9,137</b>	(80,663)
		<b>(2,808,820)</b>	(16,264,730)

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED****CONSOLIDATED  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

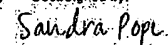
	Notes	2021 £	2020 £
<b>LOSS FOR THE YEAR</b>		<b>(2,808,820)</b>	(16,264,730)
<b>OTHER COMPREHENSIVE INCOME</b>			
Capital contribution		<b>1,428,147</b>	1,317,014
Income tax relating to other comprehensive income		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>1,428,147</b>	1,317,014
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,380,673)</b>	(14,947,716)
Total comprehensive income attributable to:			
Owners of the parent		<b>(1,389,810)</b>	(14,867,053)
Non-controlling interests		<b>9,137</b>	(80,663)
		<b>(1,380,673)</b>	(14,947,716)

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED****CONSOLIDATED BALANCE SHEET  
30 JUNE 2021**

	Notes	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Intangible assets	11		<b>1,188,403</b>		1,586,649
Tangible assets	12		<b>30,846,044</b>		32,125,942
Investments	13		<b>20,055,137</b>		14,346,418
Investment property	14		<b>1,000,000</b>		1,000,000
			<b>53,089,584</b>		49,059,009
<b>CURRENT ASSETS</b>					
Debtors	15	<b>2,974,042</b>		3,340,810	
Cash at bank and in hand		<b>4,679,189</b>		3,465,748	
			<b>7,653,231</b>	6,806,558	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<b>22,652,368</b>		18,901,242	
<b>NET CURRENT LIABILITIES</b>			<b>(14,999,137)</b>		(12,094,684)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>38,090,447</b>		36,964,325
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		<b>(45,742,318)</b>		(44,331,352)
<b>PROVISIONS FOR LIABILITIES</b>	20		<b>(3,017,022)</b>		(1,921,193)
<b>NET LIABILITIES</b>			<b>(10,668,893)</b>		(9,288,220)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		<b>5,710,100</b>		5,710,100
Share premium	22		<b>6,390,000</b>		6,390,000
Revaluation reserve	22		<b>6,064,262</b>		6,216,951
Capital contribution reserve	22		<b>1,428,147</b>		1,317,014
Retained earnings	22		<b>(30,255,937)</b>		(28,907,683)
<b>SHAREHOLDERS' FUNDS</b>			<b>(10,663,428)</b>		(9,273,618)
<b>NON-CONTROLLING INTERESTS</b>			<b>(5,465)</b>		(14,602)
<b>TOTAL EQUITY</b>			<b>(10,668,893)</b>		(9,288,220)

The financial statements were approved by the Board of Directors and authorised for issue on  
**20 December 2021** and were signed on its behalf by:

DocuSigned by:  
  
 Sandra Pope  
 S J Pope - Director

The notes form part of these financial statements



**HARLEQUIN FC HOLDINGS LIMITED****COMPANY BALANCE SHEET  
30 JUNE 2021**

	Notes	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		27,838,002		27,838,002
Investment property	14		-		-
			<u>27,838,002</u>		<u>27,838,002</u>
<b>CURRENT ASSETS</b>					
Debtors	15	26,522,772		25,411,109	
<b>CREDITORS</b>					
Amounts falling due within one year	16	4,418,357		41,962	
<b>NET CURRENT ASSETS</b>			<u>22,104,415</u>		<u>25,369,147</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>49,942,417</u>		<u>53,207,149</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		36,590,991		40,626,568
<b>NET ASSETS</b>			<u>13,351,426</u>		<u>12,580,581</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		5,710,100		5,710,100
Share premium	22		6,390,000		6,390,000
Capital contribution reserve	22		1,428,147		1,317,014
Retained earnings	22		(176,821)		(836,533)
<b>SHAREHOLDERS' FUNDS</b>			<u>13,351,426</u>		<u>12,580,581</u>
Company's loss for the financial year			<u>(657,302)</u>		<u>(1,157,921)</u>

The financial statements were approved by the Board of Directors and authorised for issue on  
 20 December 2021 and were signed on its behalf by:

DocuSigned by:  
 Sandra Pope  
 S J Pope - Director

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Retained earnings £	Share premium £	Revaluation reserve £
Balance at 1 July 2019	710,100	(16,415,657)	6,390,000	8,474,505
Changes in equity				
Issue of share capital	5,000,000	-	-	-
Total comprehensive loss	-	(12,492,026)	-	(2,257,554)
Balance at 30 June 2020	5,710,100	(28,907,683)	6,390,000	6,216,951
Changes in equity				
Total comprehensive loss	-	(1,348,254)	-	(152,689)
Balance at 30 June 2021	5,710,100	(30,255,937)	6,390,000	6,064,262
	Capital contribution reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 July 2019	1,434,487	593,435	66,061	659,496
Changes in equity				
Issue of share capital	-	5,000,000	-	5,000,000
Total comprehensive loss	(117,473)	(14,867,053)	(80,663)	(14,947,716)
Balance at 30 June 2020	1,317,014	(9,273,618)	(14,602)	(9,288,220)
Changes in equity				
Total comprehensive loss	111,133	(1,389,810)	9,137	(1,380,673)
Balance at 30 June 2021	1,428,147	(10,663,428)	(5,465)	(10,668,893)

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital contribution reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2019</b>	710,100	(1,113,099)	6,390,000	1,434,487	7,421,488
<b>Changes in equity</b>					
Issue of share capital	5,000,000	-	-	-	5,000,000
Total comprehensive income	-	276,566	-	(117,473)	159,093
<b>Balance at 30 June 2020</b>	<u>5,710,100</u>	<u>(836,533)</u>	<u>6,390,000</u>	<u>1,317,014</u>	<u>12,580,581</u>
<b>Changes in equity</b>					
Total comprehensive income	-	659,712	-	111,133	770,845
<b>Balance at 30 June 2021</b>	<u><u>5,710,100</u></u>	<u><u>(176,821)</u></u>	<u><u>6,390,000</u></u>	<u><u>1,428,147</u></u>	<u><u>13,351,426</u></u>

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	(2,932,681)	(2,629,342)
Interest paid		(2,033,677)	(2,174,382)
Tax paid		528,434	-
Net cash from operating activities		<u>(4,437,924)</u>	<u>(4,803,724)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(148,629)	(1,053,889)
Dividends received		171,770	398
Net cash from investing activities		<u>23,141</u>	<u>(1,053,491)</u>
<b>Cash flows from financing activities</b>			
Bond repayments in year		(712,000)	-
New loan in year		10,583,000	-
Capital repayments in year		-	225,000
Share issue		-	5,000,000
Repayment of bank loan		(4,242,797)	-
Payment of finance lease obligations		-	(316,890)
Net cash from financing activities		<u>5,628,203</u>	<u>4,908,110</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>1,213,420</u>	<u>(949,105)</u>
<b>Cash and cash equivalents at beginning of year</b>	27	<u>3,465,748</u>	<u>4,414,853</u>
<b>Cash and cash equivalents at end of year</b>	27	<u><u>4,679,168</u></u>	<u><u>3,465,748</u></u>

The notes form part of these financial statements

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**1. STATUTORY INFORMATION**

Harlequin FC Holdings Limited ("the company") is a company limited by shares domiciled and incorporated in England and Wales. The registered office is Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX.

The Group consists of Harlequin FC Holdings Limited and all of its subsidiaries.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes.

**Going concern**

At the year end the group had net current liabilities of £14,999,137 (2020: £12,094,684) and net liabilities of £10,668,893 (2020: £9,288,220) which includes a loan of £30,308,446 (2020: £27,949,969) from Blue Sky Holdings Limited, the principal shareholder of the group.

Blue Sky Holdings Limited has confirmed that the loan is not due for repayment until at least 31 March 2023. Blue Sky Holdings Limited has confirmed that it intends to provide financial support to enable the group to meet its liabilities as and when they fall due until at least 31 March 2023. The directors believe that Blue Sky Holdings Limited has adequate resources to continue to provide a sufficient level of support and based on this, the provision of a letter of support and current and previous actual provision of support, therefore consider it appropriate to prepare accounts on the going concern basis. The financial statements do not include any adjustment that would result if the going concern assumption was found to be inappropriate.

At the time of approving the financial statements, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investment in subsidiaries, joint ventures and associated are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Harlequin FC Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****2. ACCOUNTING POLICIES - continued**

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used into line with those used by the other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Harlequin Estates (Twickenham) Limited and Harlequin Football Club Limited have been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Harlequin Estates (Twickenham) Limited and Harlequin Football Club Limited since their acquisition on 30 September 2014. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The group profit and loss account and statement of cash flows also include the results and cash flows of Harlequin Finance plc, Harlequin Rugby (USA) Inc and Harlequin Campus Limited since their incorporation on 23 November 2015, 31 January 2017 and 27 September 2017 respectively.

**Significant judgements and estimates**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements have had the most significant effect on the amounts recognised in the financial statements:

**A) investment in Premier Rugby League (PRL)**

The group holds its investment in PRL. The investment comprises shares and invested units.

The shares are held at nil value, as PRL is designed to be a non-profit making enterprise after the entity's income is divided between the clubs on the basis of their unit holding.

The invested units provide a cashflow stream to the group. During the year the board has conducted its own review of the past and predicted future cash inflow to create various methodologies and scenarios in calculating the fair value of the investment. These scenarios have been discounted at a weighted average cost of capital consistent with board's view of the relevant yield required from an investment such as this.

The club maintains that the impact of Coronavirus will be short lived and as such will not impact the overall valuation, however the board has also been prudent in ascertaining the future accelerated revenue growth from the CVC investment.

The various methodologies and scenarios have been reviewed in line with the original CVC investment and it has concluded that this is within an acceptable range of these scenarios and as such the board recommends that the original CVC valuation forms basis of the valuation of the P Share.

During the year the distribution allocation rate to these share was adjusted from 33.33% to 50.00%, the valuation has been amended to reflect this change.

Changes to the above information would significantly affect the valuation of the investment.

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

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**2. ACCOUNTING POLICIES - continued**

**B) commercial contracts**

The board uses its judgement as to when to recognise income from sponsorship contracts and contracts with PRL.

The contracts contain a number of different elements, the interpretation and valuation of which could be used to produce different results on how to spread the resulting income.

The board's principle is to spread that income evenly over the relevant contract length, reflecting the substance and purpose of the contract, unless it is reasonable and possible to accurately spread that income in another more accurate manner.

**C) valuation of stadium**

The value of the stadium is made by the directors on the basis of a valuation from Vail Williams. The directors have assumed that all fixed assets physically connected to the stadium form part of that valuation.

**D) deemed interest rate on loan from parent company**

The directors of Harlequin FC Holdings Limited have determined that a reasonable market rate of interest to be used when discounting the interest-free loan from its parent, Blue Sky Holdings Limited, is 4.5%.

**Turnover**

Turnover represents amounts receivable net of VAT. Turnover in respect of the group's catering contract is shown gross of expenses.

Turnover from the sale of goods is recognised when the group has transferred the significant risks and rewards of ownership to the buyer, the amount of turnover can be measured reliably, it is probable that the group will receive the consideration due under the transaction and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when the amount of turnover can be measured reliably and it is probable that the group will receive the consideration due under the contract.

**Deferred income**

Deferred income other than grants represents amount receivable in relation to sponsorship and executive boxes over a period of time. It is released to the profit and loss account in the season to which it relates.

**Other operating income**

Other operating income includes grant income.

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Software is amortised over a period of three to five years.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****2. ACCOUNTING POLICIES - continued****Tangible fixed assets**

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

Freehold property	- at varying rates on cost
Short leasehold	- Straight line over 15 years
Plant and machinery	- at varying rates on cost
Fixtures and fittings	- at varying rates on cost
Computer equipment	- at varying rates on cost

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

The land and buildings held by Harlequin Estates (Twickenham) Limited are held at their revalued amount detailed in the tangible fixed assets note of the financial statements.

Costs of fixed assets include 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 development.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**Other investments**

Other investments are initially measured at cost and then subsequently measured at fair value, where the valuation method can be measured reliably, with changes in fair value recognised in profit or loss.

**Impairment of fixed assets**

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and wherever this is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.



**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****2. ACCOUNTING POLICIES - continued**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Investment property**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Financial instruments**

The group has elected to apply the provisions of section 11 'Basic Financial Instruments' and section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial instruments and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial instruments**

Financial assets, other than those held at fair value through the profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flow from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****2. ACCOUNTING POLICIES - continued****Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**Capital instruments**

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and are not included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than the equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

**Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**Debt**

Finance costs are charged to the profit and loss account, except in the case of development finance where interest and relating costs are capitalised as part of the cost of the development.

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****2. ACCOUNTING POLICIES - continued****Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Leasing commitments**

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Employee Benefits**

The cost of short-term employee benefits are recognised as a liability and an expenses, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employees services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Rugby income	<b>993,817</b>	5,320,377
Central funding	<b>7,695,221</b>	7,096,319
Commercial income	<b>4,686,485</b>	8,264,553
	<b>13,375,523</b>	20,681,249

**4. OTHER OPERATING INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Government grants	<b>970,815</b>	1,048,534

Other operating income includes Coronavirus Job Retention Scheme grants of £968,614 (2020: £1,046,332).

**5. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>10,477,695</b>	12,154,904
Social security costs	<b>1,184,548</b>	1,321,043
Other pension costs	<b>303,486</b>	207,218
	<b>11,965,729</b>	13,683,165

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

**5. EMPLOYEES AND DIRECTORS - continued**

The average number of employees during the year was as follows:

	<b>2021</b>	<b>2020</b>
Players and coaching	<b>98</b>	95
Management and administration	<b>87</b>	128
	<u><b>185</b></u>	<u>223</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 185 (2020 - 223).

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u>-</u>	<u>-</u>

The remuneration to the directors of the subsidiary undertakings amounted to £269,738 (2020: £226,415).

**6. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other operating leases	<b>474,135</b>	415,740
Depreciation - owned assets	<b>1,428,527</b>	2,102,064
Goodwill amortisation	<b>395,734</b>	395,734
Computer software amortisation	<b>2,512</b>	6,163
Foreign exchange differences	<b>776</b>	(14)
Impairment of tangible fixed assets	-	2,746,740
Impairment of work in progress	-	6,870,939
	<u><b>-</b></u>	<u><b>-</b></u>

**7. AUDITORS' REMUNERATION**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fee payable to the group's auditors and their associates for the audit of the group's financial statements	<b>53,969</b>	42,337
Non-audit fees	<b>6,031</b>	33,370
	<u><b>-</b></u>	<u><b>-</b></u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loan interest	<b>492,994</b>	424,225
Other interest payable	<b>223,669</b>	315,670
Imputed interest charge	<b>1,317,014</b>	1,434,487
	<u><b>2,033,677</b></u>	<u><b>2,174,382</b></u>

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

**9. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the loss for the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>(528,434)</b>	-
Deferred tax	<b>1,095,829</b>	(500,616)
Tax on loss	<b>567,395</b>	(500,616)

**Reconciliation of total tax charge/(credit) included in profit and loss**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before tax	<b>(2,241,425)</b>	(16,765,346)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>(425,871)</b>	(3,185,416)
Effects of:		
Expenses not deductible for tax purposes	<b>355,624</b>	2,431,462
Income not taxable for tax purposes	<b>(32,636)</b>	-
Change in unrecognised deferred tax assets	<b>364,630</b>	(71,389)
Losses surrendered to group undertakings	<b>109,974</b>	61,594
Reduction of deferred tax provision rate	-	263,133
Increase of deferred tax provision rate	<b>724,108</b>	-
Research & Development claims	<b>(528,434)</b>	-
Total tax charge/(credit)	<b>567,395</b>	(500,616)

**Tax effects relating to effects of other comprehensive income**

	<b>Gross</b>	<b>Tax</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>Net</b>
Capital contribution	<b>1,428,147</b>	-	<b>1,428,147</b>

	<b>Gross</b>	<b>Tax</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>Net</b>
Capital contribution	<b>1,317,014</b>	-	<b>1,317,014</b>

A deferred tax asset in respect of losses carried forward has not been recognised because, at present, it is not certain that there will be future taxable profits from which reversal of underlying losses can be deducted.

Further information on the deferred tax liability provided for in the financial statements can be found in the provisions for liabilities note.

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

**10. INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

**11. INTANGIBLE FIXED ASSETS**

**Group**

	<b>Goodwill £</b>	<b>Computer software £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 July 2020			
and 30 June 2021	<u>3,957,341</u>	<u>514,197</u>	<u>4,471,538</u>
<b>AMORTISATION</b>			
At 1 July 2020	<u>2,374,402</u>	<u>510,487</u>	<u>2,884,889</u>
Amortisation for year	<u>395,734</u>	<u>2,512</u>	<u>398,246</u>
At 30 June 2021	<u>2,770,136</u>	<u>512,999</u>	<u>3,283,135</u>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<u>1,187,205</u>	<u>1,198</u>	<u>1,188,403</u>
At 30 June 2020	<u>1,582,939</u>	<u>3,710</u>	<u>1,586,649</u>

On 30 September 2014 Harlequin FC Holdings Limited purchased 97% of the share capital in Harlequin Football Club Limited for consideration of £7,100,000, and 100% of the share capital in Harlequin Estates (Twickenham) Limited for consideration of £15,688,000, resulting in goodwill of £3,957,341 being generated.

On 19 March 2020 Harlequin FC Holdings Limited purchased a further 341,297 ordinary shares in Harlequin Football Club Limited for consideration of £5,000,001. Harlequin FC Holdings Limited held a shareholding in Harlequin Football Club Limited of 98% at the year end date.

**12. TANGIBLE FIXED ASSETS**

**Group**

	<b>Freehold property £</b>	<b>Short leasehold £</b>	<b>Plant and machinery £</b>
<b>COST</b>			
At 1 July 2020	<u>36,504,583</u>	<u>1,227,048</u>	<u>1,677,752</u>
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2021	<u>36,504,583</u>	<u>1,227,048</u>	<u>1,677,752</u>
<b>DEPRECIATION</b>			
At 1 July 2020	<u>6,563,182</u>	<u>503,678</u>	<u>1,218,068</u>
Charge for year	<u>923,327</u>	<u>81,748</u>	<u>102,834</u>
At 30 June 2021	<u>7,486,509</u>	<u>585,426</u>	<u>1,320,902</u>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<u>29,018,074</u>	<u>641,622</u>	<u>356,850</u>
At 30 June 2020	<u>29,941,401</u>	<u>723,370</u>	<u>459,684</u>

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

**12. TANGIBLE FIXED ASSETS - continued**

**Group**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1 July 2020	2,033,404	1,035,595	42,478,382
Additions	148,629	-	148,629
At 30 June 2021	<u>2,182,033</u>	<u>1,035,595</u>	<u>42,627,011</u>
<b>DEPRECIATION</b>			
At 1 July 2020	1,357,234	710,278	10,352,440
Charge for year	166,564	154,054	1,428,527
At 30 June 2021	<u>1,523,798</u>	<u>864,332</u>	<u>11,780,967</u>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<u>658,235</u>	<u>171,263</u>	<u>30,846,044</u>
At 30 June 2020	<u>676,170</u>	<u>325,317</u>	<u>32,125,942</u>

On 30 June 2017 the land and buildings were valued by external agents, Vail Williams, on the basis of depreciated replacement cost in accordance with the appraisal and valuation manual of the Royal Institute of Chartered Surveyors, at £39,000,000. This valuation encompasses the land and buildings, investment property and certain fixtures and fittings and plant and machinery. The agents consider that the property falls under the definition of "specialised" and accordingly consider that depreciated replacement cost is an appropriate method of valuation.

The cost of land and buildings includes £343,611 (2020: £343,611) of finance costs capitalised during the development of the West Stand.

The value of land and buildings includes land with a value of £10,500,000 (2020: £10,500,000) which is not depreciated.

The original cost of the revalued assets amounts to £18,101,972 (2020: £18,101,972).

Tangible fixed assets and investment property have been pledged to secure borrowings of the group.

**HARLEQUIN FC HOLDINGS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021**

**13. FIXED ASSET INVESTMENTS**

**Group**

	<b>Shares in group undertakings £</b>	<b>Unlisted investments £</b>	<b>Totals £</b>
<b>COST OR VALUATION</b>			
At 1 July 2020	<b>1</b>	<b>14,346,417</b>	<b>14,346,418</b>
Revaluations	-	<b>5,761,218</b>	<b>5,761,218</b>
Impairments	-	<b>(52,499)</b>	<b>(52,499)</b>
At 30 June 2021	<b>1</b>	<b>20,055,136</b>	<b>20,055,137</b>
<b>NET BOOK VALUE</b>			
At 30 June 2021	<b>1</b>	<b>20,055,136</b>	<b>20,055,137</b>
At 30 June 2020	1	14,346,417	14,346,418

Cost or valuation at 30 June 2021 is represented by:

	<b>Shares in group undertakings £</b>	<b>Unlisted investments £</b>	<b>Totals £</b>
Valuation in 2017	-	<b>8,460,016</b>	<b>8,460,016</b>
Valuation in 2018	-	<b>3,406,598</b>	<b>3,406,598</b>
Valuation in 2019	-	<b>2,671,927</b>	<b>2,671,927</b>
Valuation in 2020	-	<b>(192,124)</b>	<b>(192,124)</b>
Valuation in 2021	-	<b>5,708,719</b>	<b>5,708,719</b>
Cost	<b>1</b>	-	<b>1</b>
	<b>1</b>	<b>20,055,136</b>	<b>20,055,137</b>

**Company**

	<b>Shares in group undertakings £</b>
<b>COST</b>	
At 1 July 2020 and 30 June 2021	<b>27,838,002</b>
<b>NET BOOK VALUE</b>	
At 30 June 2021	<b>27,838,002</b>
At 30 June 2020	27,838,002



**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****13. FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Harlequin Football Club Limited**

Registered office: Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX

Nature of business: Rugby Club

Class of shares:	%
Ordinary	holding 98.22

**Harlequin Estates (Twickenham) Limited**

Registered office: Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX

Nature of business: Property Management

Class of shares:	%
Ordinary	holding 100.00

**Blue Sky Leisure Limited**

Registered office: Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX

Nature of business: Dormant

Class of shares:	%
Ordinary	holding 100.00

**Harlequin Finance Plc**

Registered office: Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX

Nature of business: Raising Finance

Class of shares:	%
Ordinary	holding 100.00

**Harlequin Rugby (USA) Inc**

Registered office: 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, 19808

Nature of business: Rugby Investment

Class of shares:	%
Ordinary	holding 100.00

**Harlequin Campus Limited**

Registered office: Twickenham Stoop Stadium, Langhorn Drive, Twickenham, Middlesex, United Kingdom, TW2 7SX

Nature of business: Property Management

Class of shares:	%
Ordinary	holding 100.00

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****13. FIXED ASSET INVESTMENTS - continued**

On 19 March 2020 Harlequin FC Holdings Limited purchased a further 341,297 ordinary shares in Harlequin Football Club Limited for consideration of £5,000,001. Harlequin FC Holdings Limited held a shareholding in Harlequin Football Club Limited of 98% at the year end date.

In previous years, Harlequin Football Club Limited entered into agreements with the Rugby Football Union whereby it purchased 100 individual 75 year Rose Debentures for £475,000 with no premium, 50 individual 75 year Rose Debentures for £262,500 with no premium, 10 individual 75 year Rose Debentures for £75,000 with no premium and 50 individual 75 year Rose Debentures for £412,500 with no premium.

The debentures are interest free and repayable in 75 years. The Rugby Football Union has agreed that rights attaching to these debentures shall be exercised by the company only in conjunction with the provision of hospitality packages to members of the Club.

Included within fixed asset investments is £228,751 (2020: £281,250) of RFU debentures.

Also included within fixed assets investments, at fair value, is £17,551,779 (2020: £11,932,000) of PRL invested units.

The company has also co-invested in an additional minor shareholding in Premier Rugby. The cost of the investment totalled £2,133,166 (2020: £2,133,166) which includes £133,006 (2020: £133,006) of professional and legal fees in connection with the investment. This investment is also included within fixed asset investments at its fair value of £2,274,605 (2020: £2,133,006).

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

**14. INVESTMENT PROPERTY****Group****FAIR VALUE**

At 1 July 2020  
and 30 June 2021

**Total  
£**

**1,000,000**

**NET BOOK VALUE**

At 30 June 2021

**1,000,000**

At 30 June 2020

**1,000,000**

**15. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year:				
Trade debtors	<b>1,488,525</b>	798,182	-	-
Other debtors	<b>1,015,221</b>	1,905,536	-	-
Prepayments and accrued income	<b>470,296</b>	637,092	-	-
	<b>2,974,042</b>	<b>3,340,810</b>	-	-

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****15. DEBTORS - continued**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	<b>26,522,772</b>	25,411,109
Aggregate amounts	<b>2,974,042</b>	3,340,810	<b>26,522,772</b>	25,411,109

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 18)	<b>4,376,416</b>	-	<b>4,376,395</b>	-
Other loans (see note 18)	<b>3,093,000</b>	3,805,000	-	-
Trade creditors	<b>1,082,317</b>	1,421,697	-	-
Social security and other taxes	<b>912,013</b>	2,173,356	-	-
VAT	<b>1,264,146</b>	620,481	-	-
Other creditors	<b>125,080</b>	143,563	-	-
Accruals and deferred income	<b>11,799,396</b>	10,737,145	<b>41,962</b>	41,962
	<b>22,652,368</b>	18,901,242	<b>4,418,357</b>	41,962

Included in creditors is an amount of £195,637 (2020: £140,522) of unpaid pension commitments.

Included in other loans is £3,093,000 repayable to bond holders relating to a bonds issued in the 2016 year. The bonds yield a fixed return of 5.5% (gross) per annum, payable semi-annually, for an initial fixed term of five years.

The bonds issued in 2016 were for an initial five year term. Some of these have been rolled over on an annual basis where they can be redeemed annually on the original redemption date on the condition of the company receiving 6 months notice from the bondholder.

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (see note 18)	-	8,619,192	-	8,619,192
Other loans (see note 18)	<b>10,583,000</b>	-	-	-
Amounts owed to group undertakings	<b>30,308,446</b>	27,949,969	<b>36,590,991</b>	32,007,376
Other creditors	<b>2,101,530</b>	1,761,984	-	-
Accruals and deferred income	<b>2,749,342</b>	6,000,207	-	-
	<b>45,742,318</b>	44,331,352	<b>36,590,991</b>	40,626,568

At the year end, loans outstanding with the parent company, Blue Sky Holdings Limited, were the following:

Harlequin FC Holdings Limited: a loan of £30,308,446 (2020: £27,949,969), repayable with 366 days notice on a rolling basis, with interest at 0.0%. The balance is after reflecting a capital contribution of £1,428,147 (2020: £1,317,014).

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****18. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within one year or on demand:				
Bank overdrafts	21	-	-	-
Bank loans	4,376,395	-	4,376,395	-
Other loans	3,093,000	3,805,000	-	-
	<u>7,469,416</u>	<u>3,805,000</u>	<u>4,376,395</u>	<u>-</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	-	8,619,192	-	8,619,192
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>2,116,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Other loans more 5yrs instal	<u>8,466,400</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bank borrowings are secured by way of a fixed and floating charge over the property owned by Harlequin Estates (Twickenham) Limited and by group cross company guarantees. Interest was calculated at LIBOR plus 4.85%.

Other loans represent COVID 19 funding received from the Department for Digital, Culture, Media and Sport (DCMS). This loan is repayable over ten years with no capital repayments in the first two years. Interest is charged on the loan at a rate linked to the Bank of England base rate. The loan is secured by a fixed and floating charge over all assets of the company.

The maturity of the loans from group undertakings and the bond liability are set out in the creditors notes.

**19. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Non-cancellable operating leases</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Within one year	506,420	505,000
Between one and five years	895,000	1,195,000
In more than five years	205,000	410,000
	<u>1,606,420</u>	<u>2,110,000</u>

Operating lease payments represent rentals payable by the group for certain items of land and buildings and plant and machinery. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The company has nil (2020: nil) lease commitments.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****20. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax</b>	<b><u>3,017,022</u></b>	<b><u>1,921,193</u></b>
<b>Group</b>		
		<b>Deferred tax</b>
		<b>£</b>
<b>Balance at 1 July 2020</b>		<b>1,921,193</b>
<b>Charge to Income Statement during year</b>		<b><u>1,095,829</u></b>
<b>Balance at 30 June 2021</b>		<b><u>3,017,022</u></b>

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end at that are expected to apply to the reversal of the timing difference. The tax rate used for this purpose is 25% (2020: 19%).

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

No deferred tax asset has been recognised on tax losses carried forward because, at present, it is not certain there will be future taxable profit from which reversal of underlying losses can be deducted.

A deferred tax liability has been provided for against the chargeable gain that would be expected if the group was to sell its holding in the PRL invested units, its stake in the co-investment in Premier Rugby, the freehold land and buildings and its investment property. This has been provided for at the rate of tax stipulated above.

The company has nil (2020: nil) provisions for liabilities.

**21. CALLED UP SHARE CAPITAL****Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2021</b>	<b>2020</b>
			<b>£</b>	<b>£</b>
7,101,000	Ordinary	10p	<b>710,100</b>	710,100
5,000,000	Preference	£1	<b><u>5,000,000</u></b>	<b><u>5,000,000</u></b>
			<b><u>5,710,100</u></b>	<b><u>5,710,100</u></b>

Ordinary shares carry full voting, dividend and capital rights.

Preference shares are non-voting and only have priority on return of capital on liquidation.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****22. RESERVES****Group**

	Retained earnings £	Share premium £	Revaluation reserve £	Capital contribution reserve £	Totals £
At 1 July 2020	(28,907,683)	6,390,000	6,216,951	1,317,014	(14,983,718)
Deficit for the year	(2,817,957)	-	-	-	(2,817,957)
Capital contribution	-	-	-	1,428,147	1,428,147
Transfer	1,469,703	-	(152,689)	(1,317,014)	-
At 30 June 2021	<u>(30,255,937)</u>	<u>6,390,000</u>	<u>6,064,262</u>	<u>1,428,147</u>	<u>(16,373,528)</u>

**Company**

	Retained earnings £	Share premium £	Capital contribution reserve £	Totals £
At 1 July 2020	(836,533)	6,390,000	1,317,014	6,870,481
Deficit for the year	(657,302)	-	-	(657,302)
Capital contribution	-	-	1,428,147	1,428,147
Transfer	1,317,014	-	(1,317,014)	-
At 30 June 2021	<u>(176,821)</u>	<u>6,390,000</u>	<u>1,428,147</u>	<u>7,641,326</u>

Retaining earnings include non-distributable fair value profits of £17,693,378 (2020: £11,932,000) for both group and company.

**23. RELATED PARTY DISCLOSURES**

No guarantees have been given or received.

The company has taken advantage of the exemption available in section 33 of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group on the grounds that the transactions have been removed on consolidation.

Transactions with the parent company, Blue Sky Holdings Limited, are as detailed in the creditors note.

**24. POST BALANCE SHEET EVENTS**

After the balance sheet, at the time of the approval of the financial statements, notifications had been received from bondholders of their intention to redeem their bonds amounting to £100,000 (2020: £712,000).

**25. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the board of directors of Somers Isles Private Trust Company Ltd.

The ultimate parent company of Harlequin FC Holdings Limited is Prime Life Common Fund Limited, a company domiciled in Bermuda.

**HARLEQUIN FC HOLDINGS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 JUNE 2021****26. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before taxation	<b>(2,241,425)</b>	(16,765,346)
Depreciation charges	<b>1,826,773</b>	2,503,961
Gain on revaluation of fixed assets	<b>(5,761,218)</b>	-
Impairment of fixed asset investments	<b>52,499</b>	52,500
Impairment of tangible fixed assets	-	2,746,740
Finance costs	<b>2,033,677</b>	2,174,382
Finance income	<b>(171,770)</b>	(398)
	<b>(4,261,464)</b>	(9,288,161)
Decrease in stocks	-	6,251,934
Decrease in trade and other debtors	<b>366,768</b>	2,773,140
Increase/(decrease) in trade and other creditors	<b>962,015</b>	(2,366,255)
<b>Cash generated from operations</b>	<b>(2,932,681)</b>	(2,629,342)

**27. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 June 2021**

	<b>30/6/21</b>	<b>1/7/20</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>4,679,189</b>	<b>3,465,748</b>
Bank overdrafts	<b>(21)</b>	-
	<b>4,679,168</b>	<b>3,465,748</b>

**Year ended 30 June 2020**

	<b>30/6/20</b>	<b>1/7/19</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>3,465,748</b>	<b>4,414,853</b>

**28. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1/7/20</b>	<b>Cash flow</b>	<b>At 30/6/21</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash</b>			
Cash at bank and in hand	<b>3,465,748</b>	<b>1,213,441</b>	<b>4,679,189</b>
Bank overdrafts	-	<b>(21)</b>	<b>(21)</b>
	<b>3,465,748</b>	<b>1,213,420</b>	<b>4,679,168</b>
<b>Debt</b>			
Debts falling due within 1 year	<b>(3,805,000)</b>	<b>(3,664,395)</b>	<b>(7,469,395)</b>
Debts falling due after 1 year	<b>(8,619,192)</b>	<b>(1,963,808)</b>	<b>(10,583,000)</b>
	<b>(12,424,192)</b>	<b>(5,628,203)</b>	<b>(18,052,395)</b>
<b>Total</b>	<b>(8,958,444)</b>	<b>(4,414,783)</b>	<b>(13,373,227)</b>