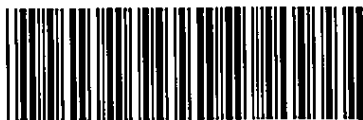


Registered number
06590299

David Lloyd Leisure Properties No. 4 Limited
Annual report and financial statements
for the period from 12 May 2008 to 4 January 2009

FRIDAY



L1ABZCSA
LD8 28/08/2009 83
COMPANIES HOUSE

David Lloyd Leisure Properties No. 4 Limited
Annual report and financial statements
for the period from 12 May 2008 to 4 January 2009

Contents

	Page
Officers and professional advisers	1
Directors' report	2-3
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 - 12

David Lloyd Leisure Properties No. 4 Limited
Officers and professional advisers
for the period from 12 May 2008 to 4 January 2009

Directors

Mr C King (Appointed 12 May 2008; resigned 21 August 2009)
Mr R N Luck (Appointed 12 May 2008)
Mr T Meanock (Appointed 9 December 2008)
Mr A J Powell (Appointed 16 July 2008)
Mr S Nicholson (Appointed 16 July 2008; resigned 9 December 2008)

Company secretary

Mr I M Harris

Registered office

Quadrant House, Floor 6
17 Thomas More Street
Thomas More Square
London E1W 1YW

Independent auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Registered number

06590299

Bankers

Bank of Scotland plc
London Chief Office
PO Box 54873, London
SW1Y 5WX

David Lloyd Leisure Properties No. 4 Limited
Directors' report for the period from 12 May 2008 to 4 January 2009

The directors present their report on the affairs of the company, together with the financial statements and auditors' report for the period ended 4 January 2009.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activities and review of the business

The company acts as a commercial property investment company and commenced trading in October 2008, when it acquired a portfolio of health club properties from the David Lloyd Leisure group. The directors consider the financial position at 4 January 2009 to be satisfactory.

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. Further discussion of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's parent's group annual report which does not form part of this report.

Results and dividends

The loss for the year is set out in the profit and loss account on page 5. No dividends were paid during the period.

Key Performance Indicators

The company is managed by the directors in accordance with its ultimate parent company, David Lloyd Leisure Property Holdings No.4 Limited group strategies and for this reason, the Directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Going concern

The company is reliant on funding from its parent company.

The financial position of the parent company, its cash flows, liquidity position and borrowing facilities are shown in the financial statements of the parent company, including Notes 10,11 and 12. The parent company's objectives; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk are described in the financial statements of the parent company.

The parent company has secured bank financing until 2014 and shareholder loans maturing in 2017. The parent company's forecasts and projections, taking account of the substantially contractually fixed cash flows, show that the parent company should be able to operate within the level of its current facilities. Although the company continues to meet its day-to-day liabilities including servicing its debt as required by loan agreements, current economic conditions create uncertainties, including a risk of deterioration in property values after the balance sheet date, which could affect the company's ability to comply with certain bank loan covenants in the future and which could therefore cause the bank loans to become repayable on demand.

Therefore, given the above, there is a material uncertainty which may cast significant doubt as to the parent company and, in turn, the company's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would be required in the event that the company ceased to be a going concern.

After making enquiries, the directors have a reasonable expectation that these risks could be managed in light of the changed market environment, and that the company and the parent company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors of the company who served throughout the period, except as noted, were as follows:

Mr C King (Appointed 12 May 2008; resigned 21 August 2009)

Mr R N Luck (Appointed 12 May 2008)

Mr T Meanock (Appointed 9 December 2008)

Mr A J Powell (Appointed 16 July 2008)

Mr S Nicholson (Appointed 16 July 2008; resigned 9 December 2008)

Qualifying third party indemnity provisions

The company maintains liability insurance for its directors and officer. Following shareholder approval, the company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 1985.

David Lloyd Leisure Properties No. 4 Limited
Directors' report for the period from 12 May 2008 to 4 January 2009

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he/she ought to have taken as a director in order to make his/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP were appointed by the company during the period. They have expressed their willingness to continue in office as auditors under the provision that a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Mr R N Luck
Director
27 August 2009

David Lloyd Leisure Properties No. 4 Limited

Statement of director's responsibilities for the period from 12 May 2008 to 4 January 2009

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

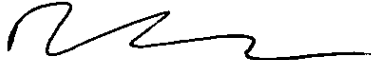
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at anytime the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



Mr R N Luck

Director

27 August 2009

**Independent auditors' report
to the members of David Lloyd Leisure Properties No. 4 Limited**

We have audited the financial statements of David Lloyd Leisure Properties No.4 Limited for the period ended 4 January 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 4 January 2009 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements and in the Director's report concerning the reliance on support from the parent company and the risk of deterioration in property values which could affect the parent company's ability to comply with certain bank loan covenants in the future. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.


Deloitte LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

23 August 2009

David Lloyd Leisure Properties No. 4 Limited
Profit and loss account
for the period from 12 May 2008 to 4 January 2009

	Notes	2009 £
Turnover	2	3,056,825
Administrative expenses		(4,500)
Operating profit	3	<u>3,052,325</u>
Interest payable and similar charges	5	(3,192,547)
Loss on ordinary activities before taxation		<u>(140,222)</u>
Tax on loss on ordinary activities	6	-
Loss for the period	13	<u>(140,222)</u>

The company's results all relate to continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss stated above and their historical costs equivalents.

David Lloyd Leisure Properties No. 4 Limited
Statement of total recognised gains and losses
for the period from 12 May 2008 to 4 January 2009

	2009 £
Loss for the period	(140,222)
Unrealised deficit on revaluation of investment properties	(7,823,611)
Total recognised gains and losses related to the period	<u>(7,963,833)</u>

David Lloyd Leisure Properties No. 4 Limited
Balance sheet
At 4 January 2009

	Notes	2009 £
Fixed assets		
Investment properties	7	209,512,345
Current assets		
Debtors	8	2,985,715
Creditors: amounts falling due within one year	9	(569,127)
Net current assets		2,416,588
Total assets less current liabilities		211,928,933
Creditors: amounts falling due after more than one year	10	(219,892,765)
Net liabilities		<u>(7,963,832)</u>
Capital and reserves		
Called up share capital	11	1
Revaluation reserve	12	(7,823,611)
Profit and loss account	13	(140,222)
Total shareholders' deficit	14	<u>(7,963,832)</u>

These financial statements were approved by the Board of Directors and authorised for issue on ~~27~~ August 2009. They were signed on its behalf by:



Mr T Meanock
Director
~~27~~ August 2009

David Lloyd Leisure Properties No. 4 Limited
Notes to the financial statements for the period ended 4 January 2009

1 Accounting policies

The principal accounting policies, which have been applied consistently throughout the period, are set out below:

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of certain fixed assets and in accordance with the applicable United Kingdom law and accounting standards.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate as they expect the company to continue to receive financial support from its parent company, David Lloyd Leisure Property Holdings No. 4 Limited. The assumptions and uncertainties on reaching this conclusion are discussed in more detail in the Directors' report.

Depreciation

Compliance with Statement of Standard Accounting Practice 19 (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation for the departure is given below.

Investment properties

In accordance with SSAP 19, investment properties are revalued by the directors annually on an open market basis and independently valued when required by SSAP 19. Temporary changes in the market value of investment properties are taken to the statement of total recognised gains and losses and transferred to the revaluation reserve. Permanent changes in market value, which are in excess of any previously recognised surplus over costs relating to the same property (or the reversal of such a deficit) are charged (or credited) in the profit and loss account of the period. No depreciation is provided in respect of investment properties. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the directors consider that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have increased the loss for the year) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

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

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

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No.1 Cash Flow Statements (revised 1996) from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent, David Lloyd Leisure Property Holdings No.4 Limited publishes a consolidated cash flow statement.

Turnover

Turnover represents rental income, net of value added tax, which is recognised over the term of the lease on a straight-line basis, allowing for inflationary increases.

Deferred income

Income from rental properties is allocated in the year to which it relates, with payments received in advance held as deferred income which is included as part of creditors due within one year, and credited to the profit and loss when earned.

David Lloyd Leisure Properties No. 4 Limited
Notes to the financial statements for the period ended 4 January 2009

2 Turnover

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the UK.

All turnover is derived from the David Lloyd Leisure group, which is a related party by virtue of having controlling shareholders in common with the company.

3 Operating profit

2009
£

Operating profit is stated after charging:

Auditors' remuneration	2,500
Tax services provided by the company's auditors	<u>2,000</u>

4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company.
The company has no employees other than the directors.

5 Interest payable and similar charges

2009
£

Amounts due to group undertakings	2,556,810
Amounts due to related parties	<u>635,737</u>
	<u>3,192,547</u>

6 Tax on loss on ordinary activities

No tax has been provided for due to the availability of losses through group relief.

Factors affecting the tax charge for the period:

All trading occurred after the corporation tax rate reduced from 30% to 28% on 1 April 2008.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28%.
The difference is explained below:

	2009 £
Loss on ordinary activities before taxation	<u>(140,222)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(39,262)
Effects of:	
Expenses not deductible for tax purposes:	125,706
Group relief claimed	<u>(86,444)</u>
Total current tax charge	<u>-</u>

The corporation tax charge for the year has been reduced by £86,444 because of losses surrendered by the parent undertaking. No payment for this surrender is to be made by the company

No provision has been made for the tax that would arise on the disposal of properties at their book value. The directors have no intention of selling the properties, and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future. The directors consider that it is too onerous to provide an estimate of the tax that would be payable if the properties were sold at the value shown. Such a tax estimate is not considered meaningful as properties are often divested through the sale of companies.

David Lloyd Leisure Properties No. 4 Limited
Notes to the financial statements for the period ended 4 January 2009

7 Investment properties

	Freehold land and buildings	Leasehold land and buildings	Total £
Valuation and cost			
At 12 May 2008	-	-	-
Additions	90,143,370	127,192,586	217,335,956
Unrealised deficit on revaluation of investment properties	(5,377,395)	(2,446,216)	(7,823,611)
At 4 January 2009	<u>84,765,975</u>	<u>124,746,370</u>	<u>209,512,345</u>

The investment properties were purchased in October 2008, based on an open market valuation by an external firm of chartered surveyors in June 2008.

The investment properties were revalued on an open market valuation basis as at 4 January 2009 by the directors with the advice of independent valuers.

8 Debtors

2009
£

Related party debtors 2,985,715

9 Creditors: amounts falling due within one year

2009
£

Amounts owed to related parties 2,558
Other taxes and social security costs 405,620
Accruals and deferred income 160,949
569,127

10 Creditors: amounts falling due after one year

2009
£

Amounts owed to parent undertaking 219,892,765

The amounts owed to the parent undertaking bear interest at a rate of 2.06% over 25 year sterling LIBOR, are repayable after more than five years, and are secured over the properties of the company.

11 Called up share capital

2009
£

Authorised:
1,000,000 Ordinary shares of £1 each 1,000,000

	2009 Number	2009 £
Allotted and fully paid: Ordinary share of £1	<u>1</u>	<u>1</u>

Movement in share capital

2009
£

At 12 May 2008 -
1 ordinary share of £1 issued 1
1
At 4 January 2009 1

David Lloyd Leisure Properties No. 4 Limited
Notes to the financial statements for the period ended 4 January 2009

12 Revaluation reserve **2009**
£

At 12 May 2008	-
Unrealised deficit on revaluation of investment properties	(7,823,611)
At 4 January 2009	<u>(7,823,611)</u>

13 Profit and loss account **2009**
£

At 12 May 2008	-
Loss for the period	(140,222)
At 4 January 2009	<u>(140,222)</u>

14 Reconciliation of movements in shareholders' deficit **2009**
£

At 12 May 2008	-
Loss for the period	(140,222)
Unrealised deficit on revaluation of investment properties	(7,823,611)
Shares issued during the period	1
At 4 January 2009	<u>(7,963,832)</u>

15 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by David Lloyd Leisure Property Holdings No.4 Limited, whose accounts are publically available.

All of the company's rental income is received from the David Lloyd Leisure group, as explained in note 2, and balances with this related party are shown in the relevant footnotes.

Debtors includes £2,911,669 due from David Lloyd Leisure Property Holdings No.1 Limited, a company under common control.

16 Parent undertaking

The immediate parent undertaking is David Lloyd Leisure Property Holdings No.4 Limited, a company incorporated and registered in England and Wales.

The group does not consider there to be an ultimate controlling party. The significant shareholders are London & Regional Group Investments Limited and Uberior Integrated Limited.

David Lloyd Leisure Property Holdings No.4 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 4 January 2009. The consolidated financial statements of David Lloyd Leisure Property Holdings No.4 Limited can be obtained from the company secretary at:

Quadrant House, Floor 6
17 Thomas More Street
Thomas More Square
London
E1W 1YW