

**Registered number**  
**06590299**

**David Lloyd Leisure Properties No. 4 Limited**

**Annual report and financial statements**

**for the year ended 4 January 2010**



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**Annual report and financial statements**  
**for the year ended 4 January 2010**

**Contents**

	<b>Page</b>
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

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**David Lloyd Leisure Properties No. 4 Limited**  
**Officers and professional advisers**  
**for the year ended 4 January 2010**

**Directors**

Mr R N Luck  
Mr T Meanock  
Mr A J Powell  
Mr R J Livingstone

**Company secretary**

Mr I M Harris

**Registered office**

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

**Independent auditors**

Deloitte LLP  
Chartered Accountants and Statutory 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 5 January 2009 to 4 January 2010**

The directors present their report on the affairs of the company, together with the financial statements and auditors' report for the year ended 4 January 2010

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 383 of the Companies Act 2006

**Principal activities and review of the business**

The company acts as a commercial property investment company. The directors consider the financial position at 4 January 2010 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 6. No dividends can be paid

**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 Directors have reviewed the current and projected financial position of the parent company, making reasonable assumptions about future trading performance. As part of the review, the Directors considered the parent company's cash balances, its debt maturity profile and the long-term nature of tenant leases. Specifically the parent company has secured bank financing until 2014 and shareholder loans until 2017. The company continues to meet its day-to-day liabilities including servicing its debt as required by loan agreements. Although current economic conditions create uncertainties, the Directors believe there is adequate headroom above the financial ratios required by the loan agreements

After making enquiries, the Directors have a reasonable expectation 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 year, except as noted, were as follows

Mr C King (resigned 21 August 2009)  
Mr R N Luck  
Mr T Meanock  
Mr A J Powell  
Mr R J Livingstone (appointed 21 August 2009)

**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 2006

**David Lloyd Leisure Properties No 4 Limited**

**Directors' report for the period from 5 January 2009 to 4 January 2010**

**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 himself 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 s418 of the Companies Act 2006

Approved by the Board and signed on its behalf by



Mr R N Luck

Director

30 Apr 2010

**David Lloyd Leisure Properties No. 4 Limited**  
**Statement of Directors' responsibilities for the year ended 4 January 2010**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF DAVID LLOYD LEISURE PROPERTIES NO.1 LIMITED**

We have audited the financial statements of David Lloyd Leisure Properties No 1 Limited for the year ended 4 January 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 4 January 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Timothy Steel (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

4 May 2010

**David Lloyd Leisure Properties No. 4 Limited**  
**Profit and loss account**  
**for the year ended 4 January 2010**

	Notes	2010 £	Period from 12 May 2008 to 4 January 2009 £
<b>Turnover</b>	2	13,840,971	3,056,825
Administrative expenses		(113,229)	(4,500)
<b>Operating profit</b>	3	<u>13,727,742</u>	<u>3,052,325</u>
Interest payable and similar charges	5	(14,730,595)	(3,192,547)
<b>Loss on ordinary activities before taxation</b>		<u>(1,002,853)</u>	<u>(140,222)</u>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the financial year/period</b>	13	<u>(1,002,853)</u>	<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 for the financial year stated above and their historical costs equivalents

**David Lloyd Leisure Properties No. 4 Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 4 January 2010**

		<b>2010</b>	<b>Period from</b>
		<b>£</b>	<b>12 May 2008</b>
			<b>to 4 January</b>
			<b>2009</b>
			<b>£</b>
Loss for the financial year/period		(1,002,853)	(140,222)
Unrealised surplus/(deficit) on revaluation of investment properties	12	1,594,369	(7,823,611)
Total recognised gains and losses related to the year/period		<u>591,516</u>	<u>(7,963,833)</u>

**David Lloyd Leisure Properties No. 4 Limited**  
**Balance sheet**  
**At 4 January 2010**

**Registered number**  
**06590299**

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Investment properties	7	211,106,714	209,512,345
<b>Current assets</b>			
Debtors	8	16,832,552	2,985,715
<b>Creditors' amounts falling due within one year</b>	9	(686,222)	(569,127)
<b>Net current assets</b>		16,146,330	2,416,588
<b>Total assets less current liabilities</b>		227,253,044	211,928,933
<b>Creditors' amounts falling due after more than one year</b>	10	(234,625,360)	(219,892,765)
<b>Net liabilities</b>		<u>(7,372,316)</u>	<u>(7,963,832)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Revaluation reserve	12	(6,229,242)	(7,823,611)
Profit and loss account	13	<u>(1,143,075)</u>	<u>(140,222)</u>
<b>Total shareholders' deficit</b>	14	<u>(7,372,316)</u>	<u>(7,963,832)</u>

These financial statements were approved by the Board of Directors and authorised for issue on 30 April 2010. They were signed on its behalf by



Mr T Meanock  
**Director**  
 04 MAY 2010

**David Lloyd Leisure Properties No 4 Limited**  
**Notes to the financial statements for the year ended 4 January 2010**

**1 Accounting policies**

The principal accounting policies, which have been applied consistently throughout the year and preceding 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 2006 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 2006 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 year ended 4 January 2010**

**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

		Period from 12 May 2008 to 4 January 2009
	2010	2009
	£	£
<b>3 Operating profit</b>		
Operating profit is stated after charging		
Auditors' remuneration	3,125	2,500
Tax services provided by the company's auditors	2,500	2,000

**4 Directors' emoluments**

The directors did not receive any emoluments in respect of their services to the company

		Period from 12 May 2008 to 4 January 2009
	2010	2009
	£	£
<b>5 Interest payable and similar charges</b>		
Amounts due to group undertakings	14,730,595	2,556,810
Amounts due to related parties	-	635,737
	14,730,595	3,192,547

**6 Tax on loss on ordinary activities**

No tax has been provided for due to the tax losses incurred during the year

**Factors affecting the tax charge for the period**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 28%  
The difference is explained below

		Period from 12 May 2008 to 4 January 2009
	2010	2009
	£	£
Loss on ordinary activities before taxation	(1,002,853)	(140,222)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	(280,799)	(39,262)
<b>Effects of</b>		
Expenses not deductible for tax purposes	576,819	125,706
Group relief claimed	(296,020)	(86,444)
<b>Total current tax charge</b>	-	-

The corporation tax charge for the year has been reduced by £296,020 (2009 £86,444) because of losses surrendered by the parent undertaking. No payment for this surrender will 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 year ended 4 January 2010**

**7 Investment properties**

	Freehold land and buildings £	Leasehold land and buildings £	Total £
<b>Valuation and cost</b>			
At 5 January 2009	84,765,975	124,746,370	209,512,345
Unrealised surplus/(deficit) on revaluation of investment	2,118,702	(524,333)	1,594,369
At 4 January 2010	<u>86,884,677</u>	<u>124,222,037</u>	<u>211,106,714</u>

The investment properties were revalued on an open market valuation basis as at 4 January 2010 by the directors with the advice of independent valuers

The properties have been charged to secure a loan made to a related undertaking

<b>8 Debtors</b>	<b>2010 £</b>	<b>2009 £</b>
Amounts owed by related undertakings	<u>16,832,552</u>	<u>2,985,715</u>

<b>9 Creditors amounts falling due within one year</b>	<b>2010 £</b>	<b>2009 £</b>
Trade creditors	-	2,558
Other taxes and social security costs	522,671	405,620
Accruals and deferred income	<u>163,551</u>	<u>160,949</u>
	<u>686,222</u>	<u>569,127</u>

<b>10 Creditors amounts falling due after one year</b>	<b>2010 £</b>	<b>2009 £</b>
Amounts owed to parent undertaking	<u>234,625,360</u>	<u>219,892,765</u>

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

<b>11 Called up share capital</b>	<b>2010 £</b>	<b>2009 £</b>
Authorised 1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<b>2010 Number</b>	<b>2009 Number</b>
Allotted and fully paid Ordinary share of £1	<u>1</u>	<u>1</u>

<b>12 Revaluation reserve</b>	<b>2010 £</b>	<b>2009 £</b>
At 5 January 2009 (12 May 2008)	(7,823,611)	-
Unrealised surplus/(deficit) on revaluation of investment properties	<u>1,594,369</u>	<u>(7,823,611)</u>
At 4 January	<u>(6,229,242)</u>	<u>(7,823,611)</u>

**David Lloyd Leisure Properties No 4 Limited**  
**Notes to the financial statements for the year ended 4 January 2010**

<b>13 Profit and loss account</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 5 January 2009 (12 May 2008)	(140,222)	-
Loss for the year/period	<u>(1,002,853)</u>	<u>(140,222)</u>
At 4 January	<u>(1,143,075)</u>	<u>(140,222)</u>
<b>14 Reconciliation of movements in shareholders' deficit</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 5 January 2009 (12 May 2008)	(7,963,832)	-
Loss for the year/period	(1,002,853)	(140,222)
Unrealised surplus/(deficit) arising on revaluation of	1,594,369	(7,823,611)
Shares issued during the year	<u>-</u>	<u>1</u>
At 4 January	<u>(7,372,316)</u>	<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 FRS 8, '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 publicly 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 notes to the financial statements

**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 Ubenor 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 2010. 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  
 4 Thomas More Square  
 London  
 E1W 1YW