

Registered number
6590299

David Lloyd Leisure Properties No.4 Limited
Annual report and financial statements
for the year ended 4 January 2011

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David Lloyd Leisure Properties No.4 Limited
Annual report and financial statements for the year ended 4 January 2011
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David Lloyd Leisure Properties No.4 Limited
Annual report and financial statements for the year ended 4 January 2011

Directors

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

Secretary

Mr I M B Harris

Auditors

Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

Registered office

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

Registered number

6590299

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 year ended 4 January 2011

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 2011

Principal activities

The company acts as a commercial property investment company. The directors consider the financial position at 4 January 2011 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 ultimate parent's group annual report which does not form part of this report.

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.

Results and dividends

The results for the year are set out in the profit and loss account on (page 6). No dividend can be paid.

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 during the year and up to the date of signing the financial statements were as follows:

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

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 company secretary, which is a qualifying indemnity provision for the purposes of the Companies Act 2006.

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.

David Lloyd Leisure Properties No 4 Limited
Directors' Report for the year ended 4 January 2011

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By order of the board



Mr R N Luck

Director

20 April 2011

David Lloyd Leisure Properties No.4 Limited
Statement of Directors' Responsibilities for the year ended 4 January 2011

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the accounts unless he is 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 accounts, 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 accounts,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

By order of the board



Mr R N Luck

Director

20 April 2011

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 year ended 4 January 2011 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. 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 Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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 the accounts

In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 4 January 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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

2011

20/4

David Lloyd Leisure Properties No.4 Limited
Profit and Loss Account
for the year ended 4 January 2011

	Notes	2011 £	2010 £
Turnover		14,186,995	13,840,971
Administrative expenses		(105,062)	(113,229)
Operating profit	3	14,081,933	13,727,742
Interest payable and similar charges	5	(15,732,348)	(14,730,595)
Loss on ordinary activities before taxation		(1,650,415)	(1,002,853)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		<u>(1,650,415)</u>	<u>(1,002,853)</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 2011

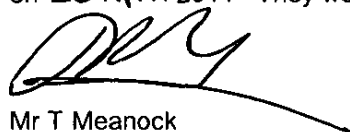
	Notes	2011 £	2010 £
Loss for the financial year		(1,650,415)	(1,002,853)
Unrealised surplus on revaluation of properties	7	5,275,239	1,594,369
Total recognised gains and losses related to the year		<u>3,624,824</u>	<u>591,516</u>

David Lloyd Leisure Properties No.4 Limited
Balance Sheet
as at 4 January 2011

Registered number
6590299

	Notes	2011 £	2010 £
Fixed assets			
Investment properties	7	216,381,953	211,106,714
Current assets			
Debtors	8	2,546,602	16,832,552
Creditors amounts falling due within one year	9	(1,942,218)	(686,222)
Net current assets		604,384	16,146,330
Total assets less current liabilities		216,986,337	227,253,044
Creditors amounts falling due after more than one year	10	(220,733,829)	(234,625,360)
Net liabilities		<u>(3,747,492)</u>	<u>(7,372,316)</u>
Capital and reserves			
Called up share capital	11	1	1
Revaluation reserve	12	(954,003)	(6,229,242)
Profit and loss account	13	(2,793,490)	(1,143,075)
Total shareholder's deficit	14	<u>(3,747,492)</u>	<u>(7,372,316)</u>

These financial statements were approved by the Board of Directors and authorised for issue on 20 April 2011. They were signed on its behalf by



Mr T Meanock
 Director
20 April 2011

David Lloyd Leisure Properties No 4 Limited
Notes to the financial statements for the year ended 4 January 2011

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention as modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Going Concern

The director believes that preparing the accounts on the going concern basis is appropriate due to the continued 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.

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.

Depreciation

Compliance with the Statement of Standard Accounting Practice (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.

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.

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.

David Lloyd Leisure Properties No 4 Limited
Notes to the financial statements for the year ended 4 January 2011

1 Accounting policies (cont)

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 2 Limited publishes a consolidated cash flow statement

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

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

2011	2010
£	£

This is stated after charging

Fees payable to the company's auditors for the audit of the company's annual accounts

3,125	3,125
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Tax services provided by the company's auditors

2,438	2,500
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4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2010 £nil) The company has no employees (2010 nil) other than the directors

5 Interest payable and similar charges

2011	2010
£	£

Amounts due to group undertakings

15,732,348	14,730,595
------------	------------

David Lloyd Leisure Properties No 4 Limited
Notes to the financial statements for the year ended 4 January 2011

6 Tax on loss on ordinary activities

No taxation is considered payable due to the tax losses incurred during the year

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011 £	2010 £
Loss on ordinary activities before tax	(1,650,415)	(1,002,853)
Standard rate of corporation tax in the UK	28%	28%
	£	£
Loss on ordinary activities multiplied by the standard rate of corporation tax	(462,116)	(280,799)
Effects of		
Expenses not deductible for tax purposes	616,046	576,819
Capital allowances for period in excess of depreciation	(165,383)	-
Group relief claimed	-	(296,020)
Unrelieved tax losses carried forward	11,453	-
Current tax charge for period	-	-

The corporation tax charge for the prior year has been reduced by £296,020 because of losses surrendered by the parent undertaking. No payment for this surrender was 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.

No deferred tax asset has been recognised in the accounts in respect of taxation losses as there is no certainty as to when the group will make sufficient taxable profits to utilise the taxation losses. The group has an unrecognised deferred tax asset of £11,044 (2010 £nil) based on a UK corporation tax rate of 27% in this respect.

7 Investment properties

	Freehold land and buildings £	Long leasehold land and buildings £	Total £
Cost			
At 5 January 2010	86,884,677	124,222,037	211,106,714
Surplus on revaluation	2,172,573	3,102,666	5,275,239
At 4 January 2011	89,057,250	127,324,703	216,381,953

The investment properties were valued on an open market valuation basis as at 4 January 2011 by the directors.

David Lloyd Leisure Properties No 4 Limited
Notes to the financial statements for the year ended 4 January 2011

8 Debtors	2011	2010
	£	£
Trade debtors	1,323,449	-
Amounts owed by related parties	1,223,153	16,832,552
	<u>2,546,602</u>	<u>16,832,552</u>

All trade debtors are due from the David Lloyd Leisure group, which is a related party by virtue of having controlling shareholders in common with the company

9 Creditors amounts falling due within one year	2011	2010
	£	£
Taxation	678,359	522,671
Accruals and deferred income	1,263,859	163,551
	<u>1,942,218</u>	<u>686,222</u>

10 Creditors amounts falling due after one year	2011	2010
	£	£
Amounts owed to parent undertaking	<u>220,733,829</u>	<u>234,625,360</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

11 Called up share capital	2011	2010
	£	£
Authorised		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

	Nominal value	2011 Number	2011 £	2010 £
Allotted and fully paid Ordinary shares	£1 each	1	<u>1</u>	<u>1</u>

12 Revaluation reserve	2011	2010
	£	£
At 5 January 2010	(6,229,242)	(7,823,611)
Arising on revaluation during the year	5,275,239	1,594,369
	-	
At 4 January 2011	<u>(954,003)</u>	<u>(6,229,242)</u>

David Lloyd Leisure Properties No 4 Limited
Notes to the financial statements for the year ended 4 January 2011

13 Profit and loss account	2011	2010
	£	£
At 5 January 2010	(1,143,075)	(140,222)
Loss for the financial year	(1,650,415)	(1,002,853)
At 4 January 2011	<u>(2,793,490)</u>	<u>(1,143,075)</u>

14 Reconciliation of movement in shareholder's deficit	2011	2010
	£	£
At 5 January	(7,372,316)	(7,963,832)
Loss for the financial year	(1,650,415)	(1,002,853)
Surplus arising on revaluation of investment properties	5,275,239	1,594,369
At 4 January	<u>(3,747,492)</u>	<u>(7,372,316)</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 publicaly 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 Cavendish Square Partners 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 2011. The consolidated financial statements of David Lloyd Leisure Property Holdings No 1 Limited can be obtained from the company secretary at:
 Quadrant House, Floor 6
 4 Thomas More Square
 London
 E1W 1YW