

Registration number: 06590299

# David Lloyd Leisure Properties No.4 Limited

Annual Report and Financial Statements

for the Year Ended 3 January 2016



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

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

### **Company Information**

<b>Directors</b>	SA Lloyd IMB Harris P Guyer MA Stephens P Rowland
<b>Company secretary</b>	IMB Harris
<b>Registered office</b>	The Hangar Mosquito Way Hatfield Business Park Hatfield AL10 9AX
<b>Registered Number</b>	06590299
<b>Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor St Albans
<b>Bankers</b>	Bank of Scotland Level 3 City Mark 150 Fountainbridge Edinburgh EH3 9PE

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

### **Strategic Report for the Year Ended 3 January 2016**

The directors present their strategic report for the year ended 3 January 2016.

#### **Principal activity**

The principal activity of the company is as a commercial property investment company. The directors consider the financial position at 3 January 2016 to be satisfactory.

#### **Review of the business**

The Directors are pleased with the performance for the year, which has seen a turnover of £15.9m, (61 weeks 2014: £ 22.1m) and the loss after taxation for the year was £3.5m (61 weeks 2014: profit of £3.9m). The Company has paid no dividends during the year, and the Directors do not recommend the payment of a final dividend (2014: £nil). Net assets have increased to £19.2m (2014: £15.7m).

Key financial and other performance indicators are not considered by the directors to be meaningful at a subsidiary level since all transactions are internal to the Group. The directors monitor turnover and EBITDA (earnings before interest, tax, depreciation and amortisation) at a consolidated level.

#### **Going concern**

Management have drawn up their budget and forecasts for the next five years, based on expected working capital requirements, and including expected capital projects. These indicate that the Group will be able to operate within the loan facilities and covenants, with significant headroom. Deuce Acquisitions Limited has provided a letter of support to the Company. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

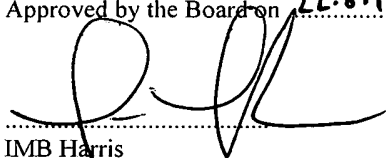
#### **Principal risks and uncertainties**

The continued uncertain economic outlook and competition principally from new entrants into the marketplace are mitigated through a commitment to member satisfaction and high operational standards. The Company's activities expose it to a number of financial risks including credit risk, price risk and liquidity risk. The use of financial derivatives is governed by the board of directors. The Company does not use derivative financial instruments for speculative purposes.

#### **Future developments**

The Company will continue to realise its investment in real estate where possible, leading to a reduction in investment property held in return for loans.

Approved by the Board on <sup>22.8.16</sup> and signed on its behalf by:



IMB Harris  
Company secretary and director

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

### **Directors Report for the Year Ended 3 January 2016**

The directors present their annual report and the financial statements for the year ended 3 January 2016. Prior period comparatives are for the 61 week period to 3 January 2015. Matters relating to the performance of the Company, principal risks and uncertainties, employee policies and future developments are contained in the Strategic Report on page 2.

The Company is a private company limited by shares, registered in England and Wales. The address of the registered office is shown on page 1.

#### **Dividends**

The Directors do not recommend the payment of a final dividend (2014: £nil).

#### **Directors of the company**

The directors who held office during the year were as follows:

SA Lloyd

IMB Harris

P Guyer

MA Stephens

P Rowland

None of the Directors serving at the year end had an interest in the share capital of the Company.

#### **Directors liabilities**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

#### **Disclosure of information to the auditors**

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

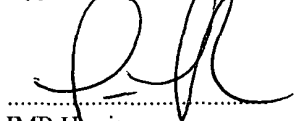
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

#### **Reappointment of auditors**

PricewaterhouseCoopers LLP were re-appointed by the Company during the period. They have expressed their willingness to continue in office as auditor.

Approved by the Board on 22.8.16 and signed on its behalf by:



IMB Harris  
Company secretary and director

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

### **Statement of Directors' Responsibilities**

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

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

### **Independent Auditor's Report**

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 3 January 2016 and of its profit 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.

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 3 January 2016;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion the information given in the Strategic Report and 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**

Under the Companies Act 2006, we are required 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

We have no exceptions to report arising from this responsibility.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 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 to the financial statements.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## David Lloyd Leisure Properties No.4 Limited

### Independent Auditor's Report (continued)

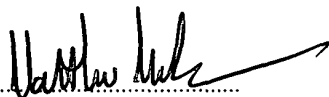
#### Scope of the audit of the financial statements

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Matthew Mullins, ACA (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors

St Albans

Date: 23/8/16



# David Lloyd Leisure Properties No.4 Limited

## Income Statement for the Year Ended 3 January 2016

	Note	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
Revenue	2	15,879	22,149
Administrative expenses	3	(517)	(1,019)
Other income/ (losses) on disposal	3	<u>(223)</u>	<u>-</u>
Operating profit		15,139	21,130
Interest receivable and similar income		6,078	1,230
Interest payable and similar charges	5	<u>(17,013)</u>	<u>(16,405)</u>
Profit before tax		4,204	5,955
Tax on profit on ordinary activities	7	<u>(700)</u>	<u>(2,045)</u>
Profit for the year		<u><u>3,504</u></u>	<u><u>3,910</u></u>

The above results were derived from continuing operations.

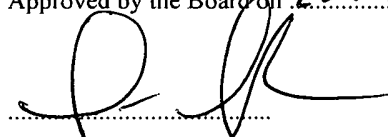
The Company has no recognised gains or losses other than the results above, and therefore no separate Statement of Comprehensive Income is presented.

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

**(Registration number: 06590299)  
Balance Sheet as at 3 January 2016**

	Note	3 January 2016 £ 000	3 January 2015 £ 000
<b>Non-current assets</b>			
Investment properties	8	13,658	145,437
<b>Current assets</b>			
Trade and other receivables	9	124,203	22,147
Lease straight line asset		2,402	25,397
		<u>126,605</u>	<u>47,544</u>
Total assets		<u>140,263</u>	<u>192,981</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	11	(2,675)	(266)
Deferred tax liability	7, 10	<u>(700)</u>	<u>-</u>
Creditors: Amounts falling due within one year		<u>(3,375)</u>	<u>(266)</u>
Net current assets		<u>123,230</u>	<u>47,278</u>
Total assets less current liabilities		136,888	192,715
<b>Creditors: Amounts falling due after more than one year</b>			
Loans and borrowings		<u>(117,724)</u>	<u>(177,055)</u>
Total net assets		<u>19,164</u>	<u>15,660</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Share premium		776	776
Capital redemption reserve		90,746	90,746
Profit and loss account		<u>(72,358)</u>	<u>(75,862)</u>
Shareholders' funds		<u>19,164</u>	<u>15,660</u>

Approved by the Board on 22.8.16 and signed on its behalf by:



IMB Harris

Company secretary and director

The notes on pages 10 to 19 form an integral part of these financial statements.

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

**Statement of Changes in Equity for the Year Ended 3 January 2016**

	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 4 January 2015	-	776	90,746	(75,862)	15,660
Profit for the year	-	-	-	3,504	3,504
<b>At 3 January 2016</b>	<b>-</b>	<b>776</b>	<b>90,746</b>	<b>(72,358)</b>	<b>19,164</b>
	Share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 November 2013	-	-	-	(79,772)	(79,772)
Profit for the year	-	-	-	3,910	3,910
Share premium	-	776	-	-	776
Capital redemption reserve	-	-	90,746	-	90,746
<b>At 3 January 2015</b>	<b>-</b>	<b>776</b>	<b>90,746</b>	<b>(75,862)</b>	<b>15,660</b>

The notes on pages 10 to 19 form an integral part of these financial statements.

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

### **Notes to the Financial Statements for the Year Ended 3 January 2016**

#### **1 Accounting policies**

##### **Basis of preparation**

The Company meets the definition of a qualifying entity under FRS100 ( Application of Financial Reporting Requirement) issued by the Financial Reporting Council, which applies for accounting periods beginning on or after 1 January 2015. Therefore in the year ended 3 January 2016, the Company has undergone transition to reporting under FRS101 as issued by the Financial Reporting Council, and the financial statements are prepared on this basis. This transition is not considered to have had a material impact on the numeric content of the financial statements, although the disclosures have changed considerably. A reconciliation and explanation for the adjustments to the balance sheet and other comprehensive income are disclosed in Note 17.

The financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. In the limited circumstances where transition to FRS101 requires the recognition of the assets and/or liabilities at fair value, it has been considered that the fair value and the historical cost were equivalent.

The financial statements are presented in pounds sterling, which is the currency of the economic environment in which the Company operates (its functional currency).

##### **Summary of disclosure exemptions**

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available in relation to presentation of a cash flow statement, standards not yet effective, business combinations, non-current assets held for sale, presentation of comparative information in respect of certain assets, impairment of assets and related party transactions. Where relevant, equivalent disclosures can be found in the consolidated financial statements of the Group.

Details of the parent company and the availability of the consolidated financial statements are in Note 16.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

### **Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)**

#### **1 Accounting policies (continued)**

##### **Going concern**

The financial statements have been prepared on a going concern basis.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Company including its cash flows, liquidity position and borrowing facilities are shown in the financial statements.

Management have drawn up forecasts for the next five years, based on expected working capital requirements, and including expected capital projects. These indicate that the Group will be able to operate within the loan facilities and covenants, with significant headroom. Deuce Acquisitions Limited has provided a letter of support to the Company.

The Directors have concluded that there is a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that may cast significant doubt over the ability of the Group and the Company to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### **Revenue recognition**

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.

##### **Exceptional items**

Exceptional items are defined as those that, by virtue of their non-recurrent nature, warrant separate disclosure in the financial statements in order to fully understand the underlying performance of the Company.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Tax**

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 1 Accounting policies (continued)

Deferred tax is the tax expected to be payable or recoverable on taxable temporary differences, arising from differences between carrying amounts and the tax base, unless it arises from the initial recognition of goodwill or from assets and liabilities where differences will not impact on accounting profits or taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **Investment property**

The property held by the Company is occupied by other group companies, although it still meets the requirements of IAS40 to be classified as investment property. Property is held at cost, and depreciated over 50 years to a residual value. On transition to FRS101, the Company took advantage of the relief to recognise a deemed cost, the fair value as recognised at 1 November 2013, as adjusted for depreciation.

#### ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### **Financial assets**

##### ***Recognition and measurement***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'Held to maturity' (HTM), 'Available for Sale' (AFS) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company does not hold FVTPL, HTM or AFS assets.

##### **Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 1 Accounting policies (continued)

##### *Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Financial liabilities**

##### *Classification*

Financial Liabilities can be classified as 'fair value through profit and loss' or held at amortised cost. All are initially recognised at fair value, and in the case of loans and receivables, net of any transaction costs.

##### *Recognition and measurement*

##### **Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the profit and loss account.

##### **Financial Liabilities at Amortised Cost**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 2 Revenue

The analysis of the company's turnover for the year from continuing operations by class of business is as follows:

	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
Rental income from investment property	13,235	18,350
Non cash rent accrual	2,644	3,799
	<u>15,879</u>	<u>22,149</u>

All revenue is earned in the single country of operation and therefore no geographical split is presented.

#### 3 Operating profit

Arrived at after charging/(crediting)

	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
Depreciation expense	292	343
Operating lease expense - property	125	149
Loss on disposal of property, plant and equipment	223	-
Monitoring Fees	<u>100</u>	<u>125</u>

The loss on disposal arose as a result of the 125 year leases sold by the Company to both David Lloyd Leisure GR Limited, another group company, and to a third party.

#### 4 Auditors' remuneration

Auditor's remuneration in respect of the Company's annual accounts for the period ended 3 January 2016 of £5,970 ( 3 January 2015: £3,000) was borne by another group undertaking.

#### 5 Interest payable and similar charges

	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
Foreign exchange (gains) / losses	9	-
Interest payable to other group companies	17,004	16,405
	<u>17,013</u>	<u>16,405</u>



## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 6 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the Company (2014: £nil). The Company has no employees other than the directors.

#### 7 Tax

Tax charged/(credited) in the income statement

	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
<b>Current taxation</b>		
Current tax	-	248
<b>Deferred taxation</b>		
Deferred tax	700	1,797
Tax expense in the income statement	<u>700</u>	<u>2,045</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014- 21.7%).

The differences are reconciled below:

	Year ended 3 January 2016 £ 000	1 November 2013 to 3 January 2015 £ 000
Profit before tax	<u>4,204</u>	<u>5,955</u>
Corporation tax at standard rate	851	1,292
Effect of change in corporation tax rate	-	122
Effect of expense not deductible in determining taxable profit (tax loss)	59	120
Group relief surrendered for no payment	585	263
Permanent differences arising on sale of fixed assets	(795)	-
Prior year adjustments	<u>-</u>	<u>248</u>
Total tax charge	<u>700</u>	<u>2,045</u>

# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

### 8 Investment properties

	3 January 2016 £ 000
<b>Cost</b>	
At 4 January 2015	145,779
Disposals	(132,072)
At 3 January 2016	13,707
<b>Depreciation</b>	
At 4 January 2015	343
Depreciation charge	292
Eliminated on disposal	(586)
At 3 January 2016	49
<b>Carrying amount</b>	
At 3 January 2016	13,658
At 3 January 2015	145,436

### 9 Trade and other receivables falling due within one year

	3 January 2016 £ 000	3 January 2015 £ 000
Trade receivables	51	-
Receivables from related parties	2,621	-
Loans to group undertakings	107,107	22,147
Accrued income	79	-
Other receivables	14,345	-
Total current trade and other receivables	124,203	22,147

The intercompany debtor is repayable on demand and earns interest on an arm's length basis of 9.97% for the period ended 3 January 2016 (3 January 2015: 8.71%).

# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

### 10 Deferred tax

Deferred tax movement during the prior period:

	At 1 November 2013 £ 000	Recognised in income £ 000	At 3 January 2015 £ 000
Deferred tax asset	6,825	(6,825)	-
Deferred tax liability	(5,028)	5,028	-
	<u>1,797</u>	<u>(1,797)</u>	<u>-</u>

Deferred tax movement during the current period:

	At 4 January 2015 £ 000	Recognised in income £ 000	At 3 January 2016 £ 000
Deferred tax asset	-	-	-
Deferred tax liability	-	(700)	(700)
	<u>-</u>	<u>(700)</u>	<u>(700)</u>

Deferred tax is recognised on the timing differences between amounts recognised in the financial statements and amounts recognised in the tax computations. Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. There is a deferred tax liability as at 3 January 2016 which relates to future depreciation charges that will not result in tax relief.

There is an unrecognised deferred tax asset of £1.8m (2015: nil) relating to the potential capital loss on future sale of the remaining estate. This is unrecognised due to the lack of certainty around recoverability within the group at such time as it may be realised.

### 11 Trade and other payables falling due within one year

	3 January 2016 £ 000	3 January 2015 £ 000
Accrued expenses	<u>2,675</u>	<u>266</u>

### 12 Payables due after one year

	3 January 2016 £ 000	3 January 2015 £ 000
Amounts owed to other group undertakings	<u>117,724</u>	<u>177,055</u>

The intercompany creditor is repayable on demand and accrues interest on an arm's length basis of 9.97% for the period ended 3 January 2016 (3 January 2015: 8.71%).

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 13 Share capital

	3 January 2016	3 January 2015
	£	£
10,000 Ordinary shares of £0.0001 each	<u>1</u>	<u>1</u>

#### 14 Related party transactions

The remuneration of Directors, analysed under the headings required by company law, is set out in Note 6.

The Company has relied on the exemptions under FRS101 from disclosing transactions with other wholly-owned group companies on the basis that the Company is a fully owned subsidiary.

#### 15 Post balance sheet events

There are no post balance sheet events.

#### 16 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is Deuce Acquisitions Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent undertaking and controlling party is TDR Capital Fund III.

Deuce Holdco Limited is the smallest and largest group undertaking for which group financial statements are prepared and of which the Company is a member. The financial statements of Deuce Holdco Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

#### 17 Transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101), issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the 61 week period ended 3 January 2015, and the date of transition to FRS 101 was therefore 1 November 2013.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Year Ended 3 January 2016 (continued)

#### 17 Transition to FRS 101 (continued)

##### Notes

Adjustment 1: Property values: An election has been made under FRS 101 to value the investment property at cost, using the fair value at the transition date, depreciated at an appropriate rate over the period. In addition the related lease rental asset due on the property needs to be deducted from the property value on transition. This has resulted in (i) a reduction to the property value of £21.6m at the date of transition and (ii) a reversal in the prior period comparative numbers of the revaluation of the property that was booked (£25.9m) and also of the related depreciation booked on the revalued amounts (£0.3m).

Adjustment 2: Financial Instruments: The interest rate swap (which was closed out on 1 November 2013) has been fair valued and recorded in the balance sheet and recognised through reserves in prior periods in line with FRS101. It has been assumed that the fair value on 31 October and 1 November 2013 are materially the same. This has resulted in an adjustment of £29.3m at the transition date

Adjustment 3: Deferred Tax: The deferred taxation in relation to the interest rate swap valuation has also been recorded at the transition date resulting in the creation of a deferred tax asset of £6.8m.

##### Reconciliation of equity

	3 January 2015 £ 000	1 November 2013 £ 000
Equity reported under previous UK GAAP	63,474	(35,680)
Adjustment 1: Property values	(47,815)	(21,598)
Adjustment 2: Financial instruments	-	(29,319)
Adjustment 3: Deferred tax	-	6,825
Equity reported under FRS101	<u>15,659</u>	<u>(79,772)</u>

##### Reconciliation of total comprehensive income for the comparative 61 week period ended 3 January 2015

	1 November 2013 to 3 January 2015 £ 000
Total comprehensive income for the financial period under previous UK GAAP	7,632
Adjustment 1: Property values	(26,217)
Adjustment 2: Financial Instruments	29,319
Adjustment 3: Deferred tax	(6,825)
Total comprehensive income for the financial period under FRS101	<u>3,909</u>