

Registration number: 06590299

David Lloyd Leisure Properties No.4 Limited

Annual Report and Financial Statements

for the Year Ended 3 January 2017



David Lloyd Leisure Properties No.4 Limited

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David Lloyd Leisure Properties No.4 Limited

Company Information

Directors	SA Lloyd IMB Harris P Guyer MA Stephens P Rowland (resigned 31 March 2016)
Company secretary	IMB Harris
Registered office	The Hangar Mosquito Way Hatfield Business Park Hatfield Hertfordshire AL10 9AX
Registered Number	06590299
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor St Albans AL1 3JX
Bankers	Bank of Scotland London Chief Office PO BOX 54873 London SW1Y 5WX

David Lloyd Leisure Properties No.4 Limited

Strategic Report for the Year Ended 3 January 2017

The directors present their strategic report for the year ended 3 January 2017.

Principal activities

The principal activity of the company is as a commercial property investment company. The directors consider the financial position at 3 January 2017 to be satisfactory.

Strategy

The Deuce Acquisition Limited group's (the "Group") vision, values, brand, strategy and business model are disclosed within the annual report of Deuce Acquisitions Limited on pages 2 and 3.

Key performance indicators

The Directors monitor the performance of the business on a Group basis. Key financial and other performance indicators are disclosed within the annual report of Deuce Acquisitions Limited on page 3. The Group's annual report can be obtained from The Hangar, Mosquito Way, Hatfield, Hertfordshire, AL10 9AX. The Company's directors believe that analysis using the key performance indicators for the Company alone is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Review of the business

On 6 November 2015 an agreement was entered into to sell 44 of the portfolio properties from David Lloyd Leisure Properties No. 1, No. 2, No. 3 and No. 4 Limited (together the "PropCos") to a third party for £365m. By the year-ended 3 January 2016, the sale of 32 properties had been sold unconditionally for proceeds of £253.9m. The remaining 12 properties all completed in the year-ended 3 January 2017 for proceeds of £111.1m.

The PropCos granted leases of 125 years in respect of the land, buildings and fixed fixtures, fittings and equipment ("ff&e") of 23 freehold and 21 long leasehold properties to a newly created subsidiary David Lloyd Leisure GR Limited ("GRCo"). GRCo pays the PropCos a premium in return for the fixed ff&e and a premium in return for paying a lower than market value rent for the land and buildings. Immediately afterwards, a third party acquired the 23 freeholds and 21 long leaseholds from the PropCos in return for a payment of £365m. GRCo leases back the land and buildings back from the third party for 125 years. The fixed ff&e is for a peppercorn rent.

During 2015 the Company sold 11 properties for a loss on disposal of £0.2m. In the current year the Company completed the sale of 2 investment properties, recognising a profit on disposal of £1.4m. Going forward the Company will continue to earn rental income from its remaining investment property which was not part of the above transaction.

Due to the disposal of the remaining investment properties, the revenue for the year has fallen to £1.1m (2015: £15.9m) and the profit for the financial year was £3.0m (2015: £3.5m). The Company has paid no dividends during the year, and the Directors do not recommend the payment of a final dividend (2015: £nil). Net assets have increased to £22.2m (2015: £19.2m).

David Lloyd Leisure Properties No.4 Limited

Strategic Report for the Year Ended 3 January 2017 (continued)

Going concern

In preparing the Group's financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects. These indicate that the Group will have sufficient cash and operate with a satisfactory level of headroom against the covenants in its loan facilities. The Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least twelve months and for the foreseeable future thereafter. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual reports and financial statements.

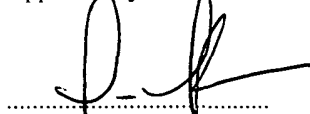
Principal risks and uncertainties

The Group is exposed to a variety of financial risks. The board is responsible for identifying financial risks and for agreeing and reviewing policies to manage these risks. The most important components of financial risk impacting the Group are disclosed on pages 6 to 9 of the financial statements of Deuce Acquisitions Limited. The Company's activities expose it to limited financial risks, including market risk. There is limited cash flow or credit risk since the only transactions and balances are with an intercompany party.

Future developments

Going forward the Company will continue to earn rental income from its remaining investment property which was not part of the above agreement. David Lloyd Leisure Properties No. 3 will continue to earn rental income from its 3 remaining investment properties, while David Lloyd Leisure Properties No. 1 and No. 2 will only exist to earn interest on their loans to group undertakings.

Approved by the Board on 13 September 2017 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 2017

The directors present their annual report and the financial statements for the year ended 3 January 2017. Matters relating to the performance of the Company, principal risks and uncertainties, and future developments are contained in the Strategic Report on pages 2 and 3.

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 (2015: £nil).

Political and charitable donations

The company made no political or charitable donations during the financial year (2015: £nil).

Directors of the company

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

SA Lloyd

IMB Harris

P Guyer

MA Stephens

P Rowland (resigned 31 March 2016)

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 was in force during the financial year and also at the date of approving the Directors' report.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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

Directors' Report for the Year Ended 3 January 2017 (continued)

Disclosure of information to the auditors

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

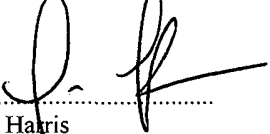
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's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

Reappointment of independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and appropriate arrangements have been put in place concerning their re-appointment in the absence of an Annual General Meeting.

Approved by the Board on 13 September 2017 and signed on its behalf by:


.....
IMB Harris
Company secretary and director

David Lloyd Leisure Properties No.4 Limited

Independent Auditors' Report to the members of David Lloyd Leisure Properties No. 4 Limited

Opinion on the financial statements

In our opinion, David Lloyd Leisure Properties No.4 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 3 January 2017 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 2017;
- 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

David Lloyd Leisure Properties No.4 Limited

Independent Auditors' Report to the members of David Lloyd Leisure Properties No. 4 Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the 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.

What an audit of financial statements involves

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.

David Lloyd Leisure Properties No.4 Limited

Independent Auditors' Report to the members of David Lloyd Leisure Properties No. 4 Limited (continued)

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

St Albans
AL1 3JX

13 September 2017

David Lloyd Leisure Properties No.4 Limited

Income Statement for the Year Ended 3 January 2017

	Note	2017 £ 000	2016 £ 000
Revenue	4	1,059	15,879
Administrative expenses	5	(120)	(517)
Other income/(loss) on disposal	5	<u>1,418</u>	<u>(223)</u>
Operating profit		2,357	15,139
Interest receivable and similar income	7	3,970	6,078
Interest payable and similar expenses	8	<u>(3,797)</u>	<u>(17,013)</u>
Profit before taxation		2,530	4,204
Tax on profit	10	<u>496</u>	<u>(700)</u>
Profit for the financial year		<u><u>3,026</u></u>	<u><u>3,504</u></u>

The above results were derived from continuing operations.

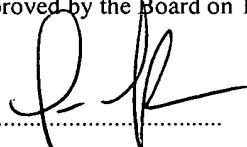
The Company has no other comprehensive income or expense other than the results above, and therefore no separate Statement of Comprehensive Income is presented.

David Lloyd Leisure Properties No.4 Limited

(Registration number: 06590299)
Balance Sheet as at 3 January 2017

	Note	2017 £ 000	2016 £ 000
Non-current assets			
Investment properties	11	5,615	13,658
Current assets			
Trade and other receivables	12	112,002	124,203
Lease straight-line asset		<u>1,501</u>	<u>2,402</u>
		<u>113,503</u>	<u>126,605</u>
Total assets		<u><u>119,118</u></u>	<u><u>140,263</u></u>
Creditors: Amounts falling due within one year			
Trade and other payables	14	(96,724)	(120,399)
Deferred tax liability	10, 13	<u>(204)</u>	<u>(700)</u>
Creditors: Amounts falling due within one year		<u>(96,928)</u>	<u>(121,099)</u>
Net current assets		<u>16,575</u>	<u>5,506</u>
Total net assets		<u><u>22,190</u></u>	<u><u>19,164</u></u>
Capital and reserves			
Called up share capital	15	-	-
Share premium account		776	776
Capital contribution reserve		90,746	90,746
Profit and loss account		<u>(69,332)</u>	<u>(72,358)</u>
Total shareholders' funds		<u><u>22,190</u></u>	<u><u>19,164</u></u>

Approved by the Board on 13 September 2017 and signed on its behalf by:


.....

IMB Harris

Company secretary and director

The notes on pages 12 to 20 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 2017

	Called up share capital £ 000	Share premium account £ 000	Capital contribution reserve £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 4 January 2016	-	776	90,746	(72,358)	19,164
Profit for the financial year	-	-	-	3,026	3,026
At 3 January 2017	-	776	90,746	(69,332)	22,190

	Called up share capital £ 000	Share premium account £ 000	Capital contribution reserve £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 4 January 2015	-	-	-	(75,862)	(75,862)
Profit for the year	-	-	-	3,504	3,504
Capital contribution reserve	-	-	90,746	-	90,746
Share premium	-	776	-	-	776
At 3 January 2016	-	776	90,746	(72,358)	19,164

The notes on pages 12 to 20 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 2017

1 General information

The Company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of the Company's registered office is shown on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 and 3.

2 Accounting policies

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.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

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 18.

Going concern

In preparing the Group's financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects. These indicate that the Group will have sufficient cash and operate with a satisfactory level of headroom against the covenants in its loan facilities. The Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for at least twelve months and for the foreseeable future thereafter. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual reports and financial statements.

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.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

2 Accounting policies (continued)

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 current tax and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances 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 as it is held to derive rental income. Property is held at cost, with the buildings element being depreciated over 50 years to a residual value of 80%. The land element is not depreciated.

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. The Company only holds financial liabilities at fair value.

Recognition and measurement

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

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

2 Accounting policies (continued)

Financial assets

Classification

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 holds only loans and receivables.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Recognition and measurement

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.

Impairment

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

2 Accounting policies (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

3 Critical accounting judgements and key sources of estimation uncertainty

There were no critical judgements applied to the Company during the year (2015: none).

4 Revenue

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

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Rental income from investment property	939	13,235
Lease straight line income	120	2,644
	<u>1,059</u>	<u>15,879</u>

All revenue is earned in the single country of operation and therefore no geographical split is presented. All revenue is derived from within the David Lloyd Leisure group, of which the Company is a part.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Depreciation expense	12	292
Other (income)/loss on disposal	(1,418)	223
Operating lease expense - property	124	125
Monitoring fees	<u>5</u>	<u>100</u>

The other (income)/loss on disposal arose on the sale of 125 year leases to both David Lloyd Leisure GR Limited, another group company, and to a third party.

6 Auditors' remuneration

Auditors' remuneration in respect of the Company's annual financial statements for the year ended 3 January 2017 of £5,000 (3 January 2016: £5,970) was borne by another group undertaking.

7 Interest receivable and similar expenses

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Interest receivable from other group companies	<u>3,970</u>	<u>6,078</u>

8 Interest payable and similar charges

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Interest payable to other group companies	(3,797)	(17,004)
Foreign exchange loss	<u>-</u>	<u>(9)</u>
	<u>3,797</u>	<u>17,013</u>

9 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the Company (2015: £nil). The Company has no employees other than the directors.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

10 Tax on profit

Tax (credited)/charged in the income statement

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Current taxation	-	-
Deferred taxation		
Prior year adjustment	54	-
Current year (credit)/expense	(550)	700
Total deferred taxation	(496)	700
Tax (credit)/charge in the income statement	(496)	700

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	Year ended 3 January 2017 £ 000	Year ended 3 January 2016 £ 000
Profit before tax	2,530	4,204
Corporation tax at standard rate	506	851
Permanent differences arising on sale of fixed assets	(839)	(795)
Group relief claimed for no payment	(186)	585
Prior year adjustment	54	-
Utilisation of unrecognised losses	(21)	-
Effect of change in corporation tax rate	(12)	-
Effect of expense not deductible in determining taxable profit (tax loss)	2	59
Total tax (credit)/charge	(496)	700

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

11 Investment properties

	2017 £ 000
Cost	
At 4 January 2016	13,707
Disposals	<u>(8,055)</u>
At 3 January 2017	<u>5,652</u>
Accumulated depreciation	
At 4 January 2016	49
Charge for the year	12
Disposals	<u>(24)</u>
At 3 January 2017	<u>37</u>
Carrying amount	
At 3 January 2017	<u>5,615</u>
At 3 January 2016	<u>13,658</u>

In the current year the Company completed the sale of 2 investment properties, recognising a profit on disposal of £1.4m.

12 Trade and other receivables

	2017 £ 000	2016 £ 000
Receivables from related parties	-	2,621
Loans to group undertakings	111,970	107,107
Accrued income	11	79
Prepayments	21	52
Other receivables	<u>-</u>	<u>14,344</u>
	<u>112,002</u>	<u>124,203</u>

The intercompany debtor is repayable on demand and earns interest on an arm's length basis of 3.45% for the year ended 3 January 2017 (3 January 2016: 9.97%). The change in interest rate year on year is due to the new intercompany loan agreements which were drawn up and were effective from 4 January 2016.

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

13 Deferred tax liability

Deferred tax movement during the prior year:

	At 4 January 2015 £ 000	Recognised in income £ 000	At 3 January 2016 £ 000
Deferred tax liability	-	(700)	(700)

Deferred tax movement during the current year:

	At 4 January 2016 £ 000	Recognised in income £ 000	At 3 January 2017 £ 000
Deferred tax liability	(700)	496	(204)

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 2017 which relates to future depreciation charges that will not result in tax relief.

There is an unrecognised deferred tax asset of £4.3m (2016: £1.8m) relating to fixtures, property and future corporation tax losses (2016: 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.

14 Trade and other payables falling due within one year

	2017 £ 000	2016 £ 000
Accrued expenses	33	2,675
Amounts due to group undertakings	96,691	117,724
	<u>96,724</u>	<u>120,399</u>

The intercompany creditor is repayable on demand and accrues interest on an arm's length basis of 3.45% for the year ended 3 January 2017 (3 January 2016: 9.97%). The change in interest rate year on year is due to the new intercompany loan agreements which were drawn up and were effective from 4 January 2016.

15 Called up share capital

	2017 £	2016 £
10,000 (2016: 10,000) Ordinary shares of £0.0001 each	<u>1</u>	<u>1</u>

David Lloyd Leisure Properties No.4 Limited

Notes to the Financial Statements for the Year Ended 3 January 2017 (continued)

16 Related party transactions

The remuneration of Directors, analysed under the headings required by company law, is set out in Note 9.

The Company is taking advantage of the exemption provided in FRS101, and not disclosing remuneration for key management personnel. Details of the remuneration of the key management personnel of the Group are disclosed in the consolidated financial statements of the ultimate parent, Deuce Holdco Limited.

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.

17 Post balance sheet events

There are no post balance sheet events.

18 Parent and ultimate parent undertaking

At the balance sheet date, 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 of the Company is Deuce Holding S.à r.l and the ultimate controlling party is a group of investment funds managed by TDR Capital LLP (registered in the UK).

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