

Registration number: 06590299

# David Lloyd Leisure Properties No.4 Limited

Annual Report and Financial Statements

for the Period 4 January 2018 to 31 December 2018

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

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

## **Company Information**

<b>Directors</b>	MA Stephens PJ Burrows
<b>Registered office</b>	The Hangar Mosquito Way Hatfield Business Park Hatfield Hertfordshire AL10 9AX
<b>Registered Number</b>	06590299
<b>Independent auditors</b>	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ
<b>Bankers</b>	Bank of Scotland London Chief Office PO BOX 54873 London SW1Y 5WX

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

### **Strategic Report for the Period 4 January 2018 to 31 December 2018**

The Directors present their strategic report for the year ended 31 December 2018. The period end date has been changed from 3 January 2019 to 31 December 2018 and the accounts reflect the period 4 January 2018 to 31 December 2018.

#### **Principal activities**

The principal activity of the Company is as a commercial property investment company. The Directors consider the financial position at 31 December 2018 to be satisfactory.

#### **Strategy**

The Company is part of the Deuce Midco Limited Group (the "Group") and the Group's vision, values, brand, strategy and business model are disclosed within the annual report of Deuce Midco Limited on pages 2 to 4.

#### **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 Midco Limited. 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**

The Company earns rental income from its investment property location in Cheam. Revenue for the year of £1.0m (2017: £1.0m) is consistent with prior year. The Company earned interest of £4.1m (2017: £3.9m) on amounts due from group undertakings and incurred interest of £3.5m (2017: £3.4m) on amounts due to group undertakings. The Company achieved a profit for the financial year of £1.3m (2017: £1.4m). Net assets have increased to £24.9m (2017: £23.6m) reflecting the profit recognised in the year. The Company has paid no dividends during the year and the Directors do not recommend the payment of a final dividend (2017: £nil).

#### **Going concern**

In preparing these financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects which indicate that the Company and the Group will have sufficient cash to operate. The Director has 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.

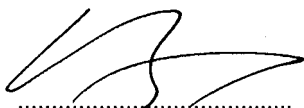
#### **Principal risks and uncertainties**

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 11 to 12 of the financial statements of Deuce Midco 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.

Approved by the Board on 12 June 2019 and signed on its behalf by:



PJ Burrows  
Director

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

### **Directors' Report for the Period 4 January 2018 to 31 December 2018**

The Directors present their annual report and the audited financial statements for the period from 4 January 2018 to 31 December 2018. Matters relating to the performance of the Company, principal risks and uncertainties, 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 (2017: £nil).

#### **Political and charitable donations**

The Company made no political or charitable donations during the financial year (2017: £nil).

#### **Directors of the Company**

The Directors who held office during the year, except as noted, and up to date of signing the financial statements are given below;

PJ Guyer (resigned 31 December 2018)

MA Stephens

PJ Burrows

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 period 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;
- 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 Period 4 January 2018 to 31 December 2018 (continued)**

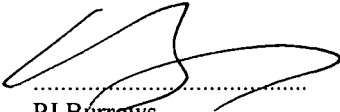
#### **Disclosure of information to the auditors**

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware. 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, Deloitte 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 12 June 2019 and signed on its behalf by:



PJ Burrows  
Director

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

### **Independent Auditor's Report to the members of David Lloyd Leisure Properties No. 4 Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position as at 31 December 2018;
- the Statement of Changes in Equity;
- the related notes 1 to 20;

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

### **Independent Auditor's Report to the members of David Lloyd Leisure Properties No. 4 Limited (continued)**

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

#### **Responsibilities of directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.



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

### **Independent Auditor's Report to the members of David Lloyd Leisure Properties No. 4 Limited (continued)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 nothing to report in respect of these matters.

#### **Use of our report**

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 auditor's 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.

*Kate Darlison*

.....  
Kate Darlison (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP,  
Statutory Auditor

1 New Street Square  
London

12 June 2019

## David Lloyd Leisure Properties No.4 Limited

### Income Statement for the Period 4 January 2018 to 31 December 2018

	Note	4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
Revenue	4	1,033	1,029
Administrative expenses		<u>(156)</u>	<u>(138)</u>
Operating profit	5	877	891
Interest receivable and similar income	7	4,098	3,934
Interest expense	8	<u>(3,501)</u>	<u>(3,384)</u>
Profit before taxation		1,474	1,441
Tax on profit	10	<u>(170)</u>	<u>2</u>
Profit for the financial period		<u><u>1,304</u></u>	<u><u>1,443</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.

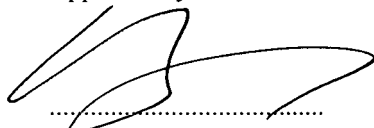
# David Lloyd Leisure Properties No.4 Limited

(Registration number: 06590299)

## Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 £ 000	3 January 2018 £ 000
<b>Non-current assets</b>			
Investment properties	11	5,593	5,604
Lease straight line asset	12	<u>1,665</u>	<u>1,598</u>
		<u>7,258</u>	<u>7,202</u>
<b>Current assets</b>			
Trade and other receivables	13	<u>121,721</u>	<u>116,760</u>
Total assets		<u>128,979</u>	<u>123,962</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	15	(103,813)	(100,127)
Deferred tax liability	14	<u>(229)</u>	<u>(202)</u>
Creditors: Amounts falling due within one year		<u>(104,042)</u>	<u>(100,329)</u>
Net current assets		<u>17,679</u>	<u>16,431</u>
Total assets less current liabilities		<u>24,937</u>	<u>23,633</u>
Net assets		<u>24,937</u>	<u>23,633</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Share premium account		776	776
Capital contribution reserve		90,746	90,746
Profit and loss account		<u>(66,585)</u>	<u>(67,889)</u>
Total shareholders' funds		<u>24,937</u>	<u>23,633</u>

Approved by the Board on 12 June 2019 and signed on its behalf by:



PJ Burrows

Director

The notes on pages 11 to 20 form an integral part of these financial statements.

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

**Statement of Changes in Equity for the Period from 4 January 2018 to 31 December 2018**

	<b>Called up share capital £ 000</b>	<b>Share premium account £ 000</b>	<b>Capital contribution reserve £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total shareholders' funds £ 000</b>
At 4 January 2018	-	776	90,746	(67,889)	23,633
Profit for the financial period	-	-	-	1,304	1,304
<b>At 31 December 2018</b>	<b>-</b>	<b>776</b>	<b>90,746</b>	<b>(66,585)</b>	<b>24,937</b>

	<b>Called up share capital £ 000</b>	<b>Share premium account £ 000</b>	<b>Capital contribution reserve £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total shareholders' funds £ 000</b>
At 4 January 2017	-	776	90,746	(69,332)	22,190
Profit for the financial year	-	-	-	1,443	1,443
At 3 January 2018	-	776	90,746	(67,889)	23,633

The notes on pages 11 to 20 form an integral part of these financial statements.

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

## **Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018**

### **1 General information**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom. The address of the Company's registered office is:

The Hangar  
Mosquito Way  
Hatfield Business Park  
Hatfield  
Hertfordshire  
AL10 9AX

The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

### **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 periods 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. 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).

#### *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 19.

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

### **Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

In preparing these financial statements management has drawn up forecasts based on expected working capital requirements and expected capital projects which indicate that the Company and the Group will have sufficient cash to operate. The Director has 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. Deuce Midco Limited has provided a letter of support to the Company and committed to ensure that all intercompany balances are repayable. Accordingly, the Director continues to adopt the going concern basis in preparing the annual report 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.

##### **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.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

#### 2 Accounting policies (continued)

##### **Financial liabilities**

###### *Classification*

Financial liabilities can be classified as 'fair value through profit or loss' or held at amortised cost. All are initially recognised at fair value, and in the case of loans, net of any transaction costs. Loans are measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

###### *Recognition and measurement*

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

##### **Financial assets**

###### *Classification*

From 4 January 2018, the Company classifies its financial assets in the following measurement categories: financial assets at fair value (either through Other Comprehensive Income (OCI) or through profit or loss) and financial assets at amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI.

In the prior period financial assets were 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 Company has taken exemption under IFRS9 not to restate comparatives.

###### *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 time frame established by the market concerned.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset measured at amortised cost or fair value through OCI, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss (FVTPL) are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

###### *Impairment*

From 4 January 2018, the Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through OCI. Expected credit losses are measured through a loss allowance at an amount equal to the expected credit losses for the next 12 months or the expected credit losses over the lifetime of the asset. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

#### 2 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.

##### **Changes in accounting policies and disclosures**

###### (a) New standards, amendments and interpretations

The following new standards, amendments and interpretations are newly mandatorily effective for the first time in the current period:

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- Clarifications to IFRS 15 (Apr 2016), Revenue from Contracts with Customers
- IFRIC22, Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 4 (Sept 2016), Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Annual Improvements to IFRSs: 2014-16 Cycle (Dec 2016), Annual Improvements to IFRSs: 2014-16 Cycle - IFRS 1 and IAS 28 Amendments

There was no material impact of applying these new standards, amendments and interpretations.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

There were no critical judgements applied to the Company during the year (2017: none).

#### 4 Revenue

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

	<b>4 January 2018 to 31 December 2018 £ 000</b>	<b>Year ended 3 January 2018 £ 000</b>
Rental income from investment property	966	933
Lease straight line income	67	96
	<u>1,033</u>	<u>1,029</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 Deuce Midco Group, of which the Company is a part.



# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

### 5 Operating profit

Arrived at after charging/(crediting)

		4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
Depreciation expense	11	11	11
Operating lease expense - property	17	140	122
Monitoring fees		<u>5</u>	<u>4</u>

### 6 Auditor's remuneration

Auditor's remuneration in respect of the Company's annual financial statements for the year ended 31 December 2018 of £4,000 (2017: £5,000) was borne by another group undertaking.

### 7 Interest receivable and similar income

	4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
Interest receivable from other group companies	<u>4,098</u>	<u>3,934</u>

### 8 Interest expense

	4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
Interest payable to other group companies	<u>(3,501)</u>	<u>(3,384)</u>

### 9 Directors' remuneration

It is not possible to apportion the Directors' remuneration. The Company has no employees other than the Directors.

# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

### 10 Tax on profit

Tax charged/(credited) in the income statement

	4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
<b>Current taxation</b>		
Prior year adjustment	143	-
Total current income tax	143	-
<b>Deferred taxation</b>		
Current year charge/(credit)	27	(2)
Tax charge/(credit) in the income statement	170	(2)

The effective tax rate on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2017: lower than the standard rate of corporation tax in the UK) of 19% (2017:19.25%)

The differences are reconciled below:

	4 January 2018 to 31 December 2018 £ 000	Year ended 3 January 2018 £ 000
Profit before tax	1,474	1,441
Corporation tax at standard rate	280	277
Effect of reduction in tax rate	(9)	-
Group relief claimed for no payment	(117)	(198)
Utilisation of unrecognised losses	(129)	(244)
Effect of change in corporation tax rate	143	-
Effect of expense not deductible in determining taxable profit	2	163
Total tax charge/(credit)	170	(2)

There will be a further reduction in the rate to 17% from April 2020, therefore UK deferred tax is recognised at the future UK corporation tax rate of 17% as in the prior year unless it is expected to substantially reverse before the end of 2019.

# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

### 11 Investment properties

	31 December 2018 £ 000
<b>Cost</b>	
At 4 January 2017	5,652
At 31 December 2018	5,652
<b>Accumulated depreciation</b>	
At 4 January 2017	48
Charge for the year	11
At 31 December 2018	59
<b>Carrying amount</b>	
At 31 December 2018	5,593
At 3 January 2017	5,604

### 12 Lease straight-line asset

	31 December 2018 £ 000	3 January 2018 £ 000
At start of period	1,598	1,501
Credit to income statement	67	97
At end of period	1,665	1,598

The lease straight-line asset relates to future uplifts of 2.5% per annum that will be applied to rental income in line with the lease agreements.

## David Lloyd Leisure Properties No.4 Limited

### Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

#### 13 Trade and other receivables

	31 December 2018 £ 000	3 January 2018 £ 000
Loans to group undertakings	121,639	116,538
Accrued income	-	7
Prepayments	82	74
Other receivables	-	141
	<u>121,721</u>	<u>116,760</u>

The intercompany debtor is repayable on demand and earns interest on an arm's length basis of 3.45% for the period ended 3 January 2018 (2017: 3.45%).

#### 14 Deferred tax liability

Deferred tax liability movement during the prior year:

	At 4 January 2017 £ 000	Recognised in income £ 000	At 3 January 2018 £ 000
Deferred tax liability	<u>204</u>	<u>(2)</u>	<u>202</u>

Deferred tax movement during the current period:

	At 4 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Deferred tax liability	<u>202</u>	<u>27</u>	<u>229</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 31 December 2018 which relates to future depreciation charges that will not result in tax relief.

There is an unrecognised deferred tax asset of £3.2m (2017: £4.1m) relating to fixtures, property and future corporation tax losses. This is unrecognised due to the lack of certainty around recoverability within the group at such time as it may be realised.

# David Lloyd Leisure Properties No.4 Limited

## Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)

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

	31 December 2018 £ 000	3 January 2018 £ 000
Accrued expenses	81	47
Amounts due to group undertakings	103,589	100,080
Social security and other taxes	143	-
	<u>103,813</u>	<u>100,127</u>

The intercompany creditor is repayable on demand and accrues interest on an arm's length basis of 3.45% for the period ended 31 December 2018 (2017: 3.45%).

### 16 Called up share capital

	31 December 2018 £	3 January 2018 £
10,000 (2017: 10,000) Ordinary shares of £0.0001 each	<u>1</u>	<u>1</u>

### 17 Obligations under leases and hire purchase contracts

#### Operating leases

The total future value of minimum lease payments is as follows:

	31 December 2018 £ 000	(As restated) 3 January 2018 £ 000
Within one year	71	67
In two to five years	283	267
In over five years	4,410	4,081
	<u>4,764</u>	<u>4,415</u>

Operating lease payments represent rentals payable by the Company for certain of its properties. Prior year numbers have been restated to reflect the correct rental payments due under the lease.

	31 December 2018 £ 000	3 January 2018 £ 000
<b>Lease payments under operating leases recognised as an expense in the year:</b>		
Payable in cash	<u>140</u>	<u>122</u>

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

### **Notes to the Financial Statements for the Period 4 January 2018 to 31 December 2018 (continued)**

#### **18 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 Deuce Midco 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.

#### **19 Post balance sheet events**

There are no post balance sheet events that require disclosure.

#### **20 Parent and ultimate parent undertaking**

At the statement of financial position 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 Midco Limited is the smallest and Deuce Topco Limited the largest group undertaking for which group financial statements are prepared and of which the Company is a member. The registered office of Deuce Midco Limited and Deuce Topco Limited is The Hangar, Mosquito Way, Hatfield Business Park, AL10 9AX. The financial statements of Deuce Midco Limited and Deuce Topco Limited can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.