Registered number: 2747223

Life Fitness (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2014

Life Fitness (UK) Limited

Company information

Directors	F H L van de Ven A Prasad M T Vaughn J Worthy
Secretary	J H Greenard
Company number	2747223
Registered office	Queen Adelaide Ely Cambridgeshire CB7 4UB
Bankers	Lloyds Bank PLC City Office PO Box 17328 11-15 Monument Street London EC3V 9JA

Contents

Strategic Report
For the year ended 31 December 2014

The directors present their Strategic Report for the year ended 31 December 2014.

Review of the business

The principal activities of the company during the year were the importation and distribution of cardiovascular and strength fitness equipment together with the provision of maintenance and service support on products sold by the company.

The company's key financial and other performance indicators during the year were as follows:

	2014 £'000	2013 £'000	Change
Turnover	31,061	32,697	-5%
Profit before tax	72	1,894	-96%
Profit after tax	58	1,412	-96%
Current assets as % of current liabilities	176%	200%	-12%
Average number of employees	109	104	+5%

Turnover decreased by 5% during the year primarily due to decreased sales within the UK, down 5% from £31,494k in 2013 to £29,887k in 2014. In 2014 sales to major multi-site customers, in the Private and Public sectors, decreased from the levels seen in 2013.

Profit before tax decreased in 2014 from 2013 resulting from a competitive trading environment and higher cost of importation of products. The percentage of current assets compared to current liabilities decreased by 12% during the year.

Principal risks and uncertainties

- Competitive Risks

In the UK the company enters into contracts with customers which are subject to periodic competitive tender. Renewal of these contracts is not guaranteed and is based on financial and performance criteria.

- Legislative Risks

In the UK and Europe, fitness equipment must be manufactured to EU standards. These standards are subject to continuous revision and any new Directive may have a material impact on the ability of the company to manufacture and supply products at a profit.

- Financial Instrument Risks

The company has established a risk management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objective. The objectives aim to limit undue currency exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level. The majority of the company's purchases are made in US Dollars and as the results are consolidated back to US Dollars, hedging contracts are entered into to mitigate the risk of foreign exchange fluctuations.

The company aims to mitigate liquidity risk by managing cash generation of its operations.

Credit risk management is aimed at minimising financial loss to the company. This is managed by providing credit terms to customers who can demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Anil Prasad

A Prasad
Director

Date: 2 June 2015

Directors' Report (continued)
For the year ended 31 December 2014

The directors present their report for the year ended 31 December 2014.

Directors

The directors who served throughout the year and to the date of this report :

J Worthy
A Prasad
M T Vaughn
F H L van de Ven

Dividends

The profit for the year, after taxation, amounted to £58,142 (2013 - £1,411,763). No dividend was paid in the year (2013 – nil)

Future developments

The directors aim to maintain the management policies and are of the view that 2015 will see a material increase in sales and profits as a result of an increase in business from commercial customers operating in the Private and Public sectors.

Going Concern

The company has considerable financial resources together with contracts with a number of customers and suppliers. The directors have a reasonable expectation that the company is well placed to manage its business risks successfully and considers that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. They are comfortable that all outstanding future debts can be met by drawing upon the Group Treasury debtor which is payable to Life Fitness (UK) Ltd upon demand.

Directors' qualifying third party indemnity provisions

The company has taken out insurance to indemnify, against third party proceedings, the directors of the company. This indemnity policy subsisted throughout the year and remains in place at the date of this report.

Disclosure of information to auditor

In accordance with Section 418(2) of the Companies Act 2006, in the case of each of the persons who are directors at the time of when the report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any audit information and to establish that the company's auditor is aware of that information.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Directors' Report (continued)
For the year ended 31 December 2014

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to hedge these exposures.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.
The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.
The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

This report was approved by the board on 2 June 2015 and signed on its behalf.

A Prasad

A Prasad
Director

Date: 2 June 2015

Statement of Directors' Responsibilities
For the year ended 31 December 2014

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Independent Auditor's Report

We have audited the financial statements of Life Fitness (UK) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

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

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

Paul Schofield

Paul Schofield (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge
[Date] 3 June 2015

Profit and loss account
For the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	31,060,718	32,696,694
Cost of sales		(23,898,871)	(24,156,063)
Gross profit		7,161,847	8,540,631
Selling and distribution costs		(4,220,277)	(4,120,539)
Administrative expenses		(2,874,349)	(2,527,917)
Operating profit	3	67,221	1,892,175
Interest receivable	7	8,622	2,708
Interest payable		(3,400)	(1,010)
Profit on ordinary activities before taxation		72,443	1,893,873
Tax on profit on ordinary activities	8	(14,301)	(482,110)
Profit on ordinary activities after taxation	18	58,142	1,411,763

There are no recognised gains or losses, other than the results shown above.

All amounts relate to continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

Balance sheet
As at 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible fixed assets	9		-		-
Tangible fixed assets	10		75,658		119,510
			75,658		119,510
Current assets					
Stocks	11	4,920,594		3,498,126	
Debtors	12	10,242,518		8,056,907	
Cash at bank		1,084,777		1,055,795	
		16,247,889		12,610,828	
Creditors: *amounts falling due within one year*	13	(9,255,133)		(6,320,626)	
Net current assets			6,992,756		6,290,202
Total assets less current liabilities			7,068,414		6,409,712
Creditors: *amounts falling due after more than one year*	14		(2,311,442)		(1,919,571)
Provisions for liabilities	16		(1,225,790)		(1,017,101)
Net assets			3,531,182		3,473,040
Capital and reserves					
Called up share capital	17,18		50,000		50,000
Share premium account	18		950,000		950,000
Profit and loss account	18		2,531,182		2,473,040
Shareholders' funds	18		3,531,182		3,473,040

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 June 2015

A Prasad
Director

The notes on pages 10 to 21 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

1.2 Going Concern

The company has considerable financial resources together with contracts with a number of customers and suppliers. The directors have a reasonable expectation that the company is well placed to manage its business risks successfully and considers that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. They are comfortable that all outstanding future debts can be met by drawing upon the Group Treasury debtor which is payable to Life Fitness (UK) Ltd upon demand.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Rental income is recognised rateably over the rental period. Amounts received in advance of the rental period are included within deferred income. Maintenance and service income is recognised rateably over the period of the contract.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying amount may not be recoverable.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight line basis over their expected useful lives on the following bases:

Fixtures & fittings	33%	Per annum
Motor vehicles	33%	Per annum
Computer equipment	33%	Per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1. Accounting policies (continued)

1.7 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Stocks

Stocks are stated at the lower of cost or net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or if appropriate at the forward contract rate.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

1.12 Warranty

Estimated costs of the standard warranty, included within the sales price of the products, at no additional cost to the customer for a period of up to three years, are recorded as a provision for warranty costs at the time of the product sale.

Extended warranty revenue relates to deferred revenue arising from revenue attributable to extended warranty, within the sales price of the product, and is recognised on a straight line basis over the life of the Service provided. Costs related to servicing the extended warranty plan are expensed as incurred.

Notes to the financial statements
For the year ended 31 December 2014

2. Turnover

An analysis of turnover by geographical market is provided below.

	2014 £	2013 £
United Kingdom	29,887,077	31,493,584
Rest of Europe	1,172,929	1,198,489
USA	712	3,545
Rest of the World	-	1,076
	31,060,718	32,696,694

3. Operating profit

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	63,333	64,945
Loss/(Profit) on disposal of fixed assets	317	(1,529)
Operating lease rentals:		
- land and buildings	1,263,859	1,273,552
- plant and machinery	6,421	5,432
- other operating leases	222,218	236,836
Difference on foreign exchange	304,824	87,567

4. Auditor's remuneration

	2014 £	2013 £
Fees payable to the company's auditor:		
- audit of financial statements	47,000	47,000
- taxation compliance	5,004	5,004
- iXBRL accounts tagging	1,750	1,750
	53,754	53,754

Notes to the financial statements
For the year ended 31 December 2014

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	3,818,536	3,698,569
Social security costs	425,321	409,940
Other pension costs	268,362	233,859
	4,512,219	4,342,368

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
Sales, marketing and customer support	88	84
Warehouse and distribution staff	7	7
Administration	14	13
	109	104

6. Directors' remuneration

	2014 £	2013 £
Emoluments for qualifying services	415,135	432,701
Value of company pension contributions to defined contribution schemes for qualifying services	31,563	36,591

The amounts in respect of the highest paid director are as follows:

	2014 £	2013 £
Emoluments for qualifying services	153,676	129,788
Value of company pension contributions to defined contribution schemes for qualifying services	7,931	11,445

Notes to the financial statements
For the year ended 31 December 2014

6. Directors' remuneration (continued)

The highest paid director did not exercise any share options over shares in the ultimate parent undertaking or receive shares for qualifying services in either the current or prior year.

	2014 No.	2013 No.
No. of directors who are members of defined contribution pension schemes	4	5

During 2014, £nil (2013: £49,771) was payable to one director as compensation for loss of office.

7. Interest receivable

	2014 £	2013 £
Group undertakings	8,622	2,465
Other	-	243
	8,622	2,708

Notes to the financial statements
For the year ended 31 December 2014

8. Taxation

	2014	2013
	£	£
(a) Analysis of tax charge in the year		
Current tax (see note 8(b))		
UK corporation tax charge on profits for the year	11,011	411,913
Adjustments in respect of prior periods	(9,702)	3,108
Total current tax	1,309	415,021
Deferred tax :		
Origination and reversal of timing differences	13,962	39,257
Adjustment in respect of previous years	-	3,017
Effect of changes in tax rate	(970)	24,815
Total Deferred Tax	12,992	67,089
Tax on profit on ordinary activities	14,301	482,110

(b) Factors affecting tax charge for the year

The tax assessed for the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%). The differences are reconciled below:

	2014	2013
	£	£
Profit on ordinary activities before tax	72,443	1,893,873
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	15,570	440,325
Effects of:		
Adjustments to tax charge in respect of previous periods	(9,702)	3,108
Expenses not deductible for tax purposes	9,403	10,845
Capital allowances for period in excess of depreciation	(4,905)	(25,802)
Movement in short term timing differences	(9,057)	(13,455)
Group relief	-	-
Other	-	-
Current tax charge for the year	1,309	415,021

Notes to the financial statements
For the year ended 31 December 2014

8. Taxation (continued)

(c) Factors that may affect future tax charges

The Finance Act 2014, which provides for a reduction in main rate of Corporation Tax from 21% to 20% effective from 1st April 2015, was substantively enacted on 17th July 2014.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the company.

9. Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2014 and 31 December 2014	249,000
Amortisation	
At 1 January 2014 and 31 December 2014	249,000
Net book value	
At 31 December 2013 and 31 December 2014	-

This goodwill relates to the acquisition of the trade and assets of Life Fitness Systems Ltd.

Notes to the financial statements
For the year ended 31 December 2014

10. Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 January 2014	255,212	75,763	358,362	689,337
Additions	6,777	-	13,021	19,798
Disposals	(150)	-	(14,625)	(14,775)
At 31 December 2014	261,839	75,763	356,758	694,360
Depreciation				
At 1 January 2014	236,713	36,016	297,098	569,827
Charge for the year	11,182	17,162	34,989	63,333
On disposals	(149)	-	(14,309)	(14,458)
At 31 December 2014	247,746	53,178	317,778	618,702
Net book value				
At 31 December 2014	14,093	22,585	38,980	75,658
At 31 December 2013	18,499	39,747	61,264	119,510

11. Stocks

	2014 £	2013 £
Finished goods and goods for resale	4,920,594	3,498,126

The difference between purchase price of stocks and their replacement cost is not material.

12. Debtors

	2014 £	2013 £
Trade debtors	5,545,756	5,486,372
Amounts owed by group undertakings	4,258,579	2,251,176
Other debtors	3,062	3,895
Prepayments and accrued income	131,275	147,253
Corporation tax	148,627	-
Deferred tax asset (see note 15)	155,219	168,211
	10,242,518	8,056,907

Notes to the financial statements
For the year ended 31 December 2014

13. Creditors: *amounts falling due within one year*

	2014	2013
	£	£
Trade creditors	1,409,432	1,180,021
Amounts owed to group undertakings	3,031,032	1,116,211
Social security and other taxes	705,420	553,380
Corporation tax	-	347,298
Accruals and deferred income	4,109,249	3,123,716
	9,255,133	6,320,626

14. Creditors: *amounts falling due after more than one year*

	2014	2013
Deferred income	2,311,442	1,919,571

15. Deferred taxation

	2014	2013
	£	£
Deferred tax asset at 1 January	168,211	235,300
Charged during the year	(12,992)	(64,072)
Adjustments in respect of prior years	-	(3,017)
At 31 December	155,219	168,211

Deferred taxation recognised in the financial statements consists of:

	2014	2013
	£	£
Decelerated capital allowances	45,762	50,326
STTD's - trading	109,457	117,885
	155,219	168,211

There are no unprovided amounts in the financial statements for deferred taxation (2013 - £nil).

Notes to the financial statements
For the year ended 31 December 2014

16. Provisions for liabilities

	Warranty Provision £	*CPO Provision* £	*Total Provisions* £
At 1 January 2014	988,423	28,678	1,017,101
Utilised	(951,832)	-	(951,832)
Charged / (credited) to profit and loss account	1,179,289	(28,678)	1,150,611
At 31 December 2014	1,215,880	-	1,215,880

The provision for warranty relates to expected warranty claims on products in accordance with customer agreements. It is expected that the significant majority of this expenditure will be incurred within two years of the balance sheet date.

The provision for CPO relates to products sold to third parties where the company has agreed to buy back the stock at an agreed price in the future in the event that the customer purchases new products to replace the items being bought back. The buy back price agreed decreases the longer the customer holds the original asset. The provision recognised represents the loss that the company expects to incur on the estimated number of products which will be bought back. The expected loss is calculated based upon the expected realisable value of the repurchased product.

The provisions are undiscounted as the effect of discounting is immaterial.

17. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
50,000 Ordinary Shares of £1 each	50,000	50,000

Notes to the financial statements
For the year ended 31 December 2014

18. Reconciliation of shareholders' funds and movements in reserves

	Share capital	*Share premium account*	*Profit and loss account*	*Total shareholders' funds*
	£	£	£	
At 1 January 2013	50,000	950,000	1,061,277	2,061,277
Profit retained for the year	-	-	1,411,763	1,411,763
At 1 January 2014	50,000	950,000	2,473,040	3,473,040
Profit retained for the year	-	-	58,142	58,142
At 31 December 2014	50,000	950,000	2,531,182	3,531,182

19. Pension commitments

The company pays fixed contributions into a defined contribution scheme. The pension cost charge represents the contributions payable by the company and amounted to £268,362 (2013 - £233,859). There are no outstanding contributions payable at the balance sheet date (2013 - £nil).

20. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	84,859	84,859	45,224	12,581
Within two to five years	811,528	832,848	107,354	195,682

Notes to the financial statements
For the year ended 31 December 2014

21. Derivatives

The company purchases forward foreign currency and options contracts to hedge currency exposure on firm future commitments. The value of purchases to which the company was committed at the balance sheet date amounted to £7,097,455 (2013 - £5,493,971). The fair value of the derivatives held at the balance sheet date, determined by reference to their market values are as follows:

	2014	2013
	£	£
Forward foreign currency contracts	(182,727)	208,803
Options currency contracts	-	36,689

22. Contingent liability

At the year end date there exist obligations in respect of leasing arrangements whereby equipment is sold to leasing companies which then lease the equipment to the end customer. The company is obliged, in some cases, to repurchase the equipment under lease upon default by the customer. The repurchase price is based on a percentage of the price at which the equipment was sold to the leasing company and is dependent upon the stage of expiry of the lease term. The contingent liability under such agreements at the year end date amounts to £nil (2013 - £3,719).

In respect of the obligations identified above, the directors believe that the realisable value of the equipment at the date of any repurchase will be greater than the repurchase price and therefore no provision is deemed necessary. The directors also believe that the probability of defaults arising that would result in the realisation of the obligation identified above is considered remote and accordingly the original sales value has been recognised in full in the year of sale.

23. Ultimate parent undertaking and controlling party

The directors regard Brunswick Corporation, a company incorporated in the United States of America, to be its ultimate parent company and the ultimate controlling party.

Brunswick International Limited is the parent company of the smallest group of which the company is a member. Brunswick Corporation is the parent company of the largest group of which the company is a member for which group financial statements are prepared. Copies of the consolidated financial statements are available from 1 North Field Court, Lake Forest, Illinois, 60045-4811, USA.

As a wholly owned subsidiary undertaking, the company has taken advantage of the exemption in FRS8 "Related party disclosures" from disclosing transactions with other members of the group wholly owned by Brunswick Corporation.

24. Related party transactions

During the year there were no related party transactions (2013 – £nil).