

REGISTERED NUMBER. 02464159 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2010
for
Invicta Leisure Limited**

FRIDAY



ABNR2XEC

A25

09/09/2011

64

COMPANIES HOUSE

Invicta Leisure Limited (Registered number 02464159)

**Contents of the Financial Statements
for the Year Ended 31 December 2010**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Statement of Total Recognised Gains and Losses	6
Balance Sheet	7
Notes to the Financial Statements	8

Invicta Leisure Limited
Company Information
for the Year Ended 31 December 2010

DIRECTORS

R L Segal
J B Cleland
D J Leatherbarrow
J Dhody

REGISTERED OFFICE

Trinity Court
Molly Millars Lane
Wokingham
Berkshire
RG41 2PY

REGISTERED NUMBER

02464159 (England and Wales)

AUDITORS

Ernst & Young LLP
Statutory Auditor
Reading
Berkshire

Invicta Leisure Limited (Registered number 02464159)

**Report of the Directors
for the Year Ended 31 December 2010**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company

REVIEW OF BUSINESS

The loss before taxation for the year was £179,000 (2009 £15,808,000 Profit) as shown in the Profit and Loss Account on page 5

The Directors' report for the company's parent undertaking at the year end, New Esporta Holding Limited, contains a fair review of the business of the New Esporta Holding Limited group (the Group) including the company, and an indication of future developments as required by section 417 of the Companies Act 2006, using key performance indicators and risk analysis

DIVIDENDS

On 23 August 2010 an interim dividend of £17,803,000 was declared and paid (2009 £Nil)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report

R L Segal
J B Cleland
D J Leatherbarrow
J Dhody

INDEMNITY

The articles of association provide for the company indemnifying all directors subject to the provisions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of this directors' report

GOING CONCERN

The company has generated a loss in the year. The company is reliant upon its parent undertaking, New Esporta Holding Limited, and fellow subsidiary undertakings within the Group, for financial support.

New Esporta Holding Limited has confirmed its commitment to support the company for the foreseeable future. As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet financial obligations as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 period. In preparing these financial statements, the directors are required to

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

Invicta Leisure Limited (Registered number 02464159)

**Report of the Directors
for the Year Ended 31 December 2010**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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

ON BEHALF OF THE BOARD

J Dhody - Director

26 May 2011

**Report of the Independent Auditors to the Shareholders of
Invicta Leisure Limited**

We have audited the financial statements of Invicta Leisure Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes one to fourteen. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 Report of the Directors to identify material inconsistencies with the audited financial statements. 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 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.

Ernst & Young LLP

Debbie O'Hanlon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Reading
Berkshire

Date *27 May 2011*

Invicta Leisure Limited (Registered number 02464159)

**Profit and Loss Account
for the Year Ended 31 December 2010**

	Notes	2010 £'000	2009 £'000
TURNOVER		-	-
OPERATING PROFIT	3	-	-
Administrative expenses - exceptional	4	-	(36)
Other income - exceptional	4	-	1,278
		-	1,242
(Loss)/gain from fixed asset investments	5	(179)	14,566
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(179)	15,808
Tax on (loss)/profit on ordinary activities	6	4	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(175)	15,808

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

Invicta Leisure Limited (Registered number 02464159)

**Statement of Total Recognised Gains and Losses
for the Year Ended 31 December 2010**

	2010 £'000	2009 £'000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(175)	15,808
Gain on cancellation of share premium	474	-
Capitalisation of reserves	(84,599)	-
Gain on reduction in capital	84,599	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>299</u>	<u>15,808</u>

The notes form part of these financial statements

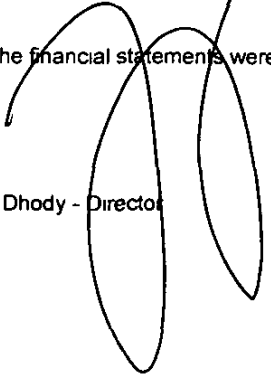
Invicta Leisure Limited (Registered number 02464159)

**Balance Sheet
31 December 2010**

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Investments	8	38	38
CURRENT ASSETS			
Debtors	9	44,482	61,970
Cash at bank		-	311
		<u>44,482</u>	<u>62,281</u>
CREDITORS			
Amounts falling due within one year	10	(3,307)	(3,128)
NET CURRENT ASSETS		<u>41,175</u>	<u>59,153</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>41,213</u></u>	<u><u>59,191</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	41,071	41,071
Share premium	12	-	474
Profit and loss account	12	142	17,646
SHAREHOLDERS' FUNDS	14	<u><u>41,213</u></u>	<u><u>59,191</u></u>

The financial statements were approved by the Board of Directors on 26 May 2011 and were signed on its behalf by

J Dhody - Director



The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2010**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention and within the requirements of the Companies Act 2006

The directors believe that the Group and the company are well placed to manage their business risks successfully despite the current uncertain economic outlook. The Group maintains a detailed daily cash flow which includes a cash flow forecast for the next 12 months. The directors are able to predict future financial covenant compliance and through the use of its working capital facility, manage the cash requirements of the Group.

New Esporta Holding Limited has confirmed its commitment to support the company for the foreseeable future. As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet financial obligations as they fall due to the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of New Esporta Holding Limited, and is included within the publicly available consolidated financial statements of that company.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

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.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and have not disclosed related party transactions with fellow subsidiary undertakings which are wholly owned subsidiaries of New Esporta Holding Limited.

Revenue recognition

Interest and other income is recognised as revenue in the year in which it relates to.

Investments

Investments held as fixed assets are stated at cost less impairment provision. Such investments are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate.

The company's share of losses attributable from subsidiary undertakings, which have been incorporated as Limited Liability Partnerships, are recognised in the profit and loss account of the company.

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2010 nor for the year ended 31 December 2009.

Invicta Leisure Limited (Registered number 02464159)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

3 OPERATING PROFIT

Auditors' remuneration is paid by a fellow subsidiary undertaking

Directors' remuneration

The directors of the company are also directors of New Esporta Holding Limited and its subsidiaries. The directors received total remuneration for the year of £869,000 (2009 £1,287,000), all of which was paid by a fellow group company, Esporta Management Services Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies. Refer to the New Esporta Holding Limited financial statements for further information.

4 EXCEPTIONAL INCOME AND COSTS

The exceptional income and charges included in the profit and loss account are as follows

	2010 £'000	2009 £'000
Administrative expenses		
Provision against amounts due from group undertaking	<u>-</u>	<u>36</u>
Other income		
Write back of provision against amounts due from group undertaking	<u>-</u>	<u>(1,278)</u>

The provision against amounts due from group undertaking is a provision against the intercompany loan funding provided to certain subsidiary undertakings. Prior year provisions that are no longer required are written back to the profit and loss account as identified.

5 (LOSS)/GAIN FROM FIXED ASSET INVESTMENTS

	2010 £'000	2009 £'000
Movement on losses attributable to subsidiary LLP undertaking	<u>(179)</u>	<u>14,566</u>

6 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	2010 £'000	2009 £'000
Current tax		
UK corporation tax	<u>(4)</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>(4)</u>	<u>-</u>

Invicta Leisure Limited (Registered number: 02464159)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

6 TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	<u>(179)</u>	<u>15,808</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(50)	4,426
Effects of		
Non taxable income	-	(3,917)
Utilisation of non-trading losses	(407)	(161)
Movement on provision for amounts due from group undertakings	-	(348)
Non deductible partnership losses	457	-
Adjustment in respect of prior years	<u>(4)</u>	<u>-</u>
Current tax credit	<u>(4)</u>	<u>-</u>

Factors that may affect future tax charges

Future tax charges are expected to remain below the current rate of tax due to capital allowances in arrears of depreciation in the company

Deferred taxation

The elements of unrecognised deferred taxation are as follows

	2010 £000	2009 £000
Non trading losses carried forward	1,301	1,645
Unutilised capital allowances	<u>25</u>	<u>26</u>
	<u>1,326</u>	<u>1,671</u>

No deferred tax asset has been recognised as there is currently insufficient evidence that any such asset would be recoverable

The UK Government announced in its Emergency Budget in June 2010 that the headline rate of UK corporation tax was to be reduced from 28% to 24% over the course of the next four years. The first reduction to 27% (effective from 1 April 2011) had been enacted by the balance sheet date and therefore the closing unrecognised deferred tax asset reflects this reduced rate. The 2009 unrecognised asset was based on a single rate of 28%.

In addition, the UK Government announced in its 2011 Budget on 23 March 2011 that the rate was to be reduced to 26% from 1 April 2011, this impact and the impact of the further reductions in the rate now to 23% has not been reflected in the deferred tax figures as these have not been substantively enacted at the balance sheet date.

A reduction to 23% would give rise to a reduction in the unrecognised deferred tax asset of £196,000

7 DIVIDENDS

	2010 £'000	2009 £'000
Ordinary shares of £1.00 each		
Interim	<u>17,803</u>	<u>-</u>

Invicta Leisure Limited (Registered number: 02464159)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

8 FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2010	
and 31 December 2010	38
NET BOOK VALUE	
At 31 December 2010	38

The directly owned subsidiary undertakings as at 31 December 2010 are shown below

	Limited liability partnership	Nature of business	Percentage of partnership capital held
	Esporta PH No1 LLP	Non-trading	99.9948%
9	DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2010	2009
		£'000	£'000
	Amounts owed by group undertakings	44,482	61,970
10	CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR		
		2010	2009
		£'000	£'000
	Accumulated losses attributable to subsidiary LLP undertaking	3,307	3,128

The company's share of accumulated losses attributable to subsidiary undertakings increased in 2010 (2009 decreased) and resulted in a debit of £179,000 (2009 credit of £14.6m) to the profit and loss account

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid				
Number	Class	Nominal value	2010	2009
		£1.00	£'000	£'000
41,071,363	Ordinary		41,071	41,071

Notes to the Financial Statements - continued
for the Year Ended 31 December 2010

11 CALLED UP SHARE CAPITAL - continued

On 16 August 2010 18,119,778 ordinary shares of £1 00 were allotted to Health and Fitness Holdings Limited, the company's immediate parent company, in consideration for the capitalisation of brought forward unrealised profits amounting to £18,119,778

On the same day immediately after the above transaction there was a reduction in capital by the cancellation of 18,119,778 ordinary shares of £1 00 and the amount of £18,119,778 was credited to the company's reserves

On 17 August 2010 18,119,778 ordinary shares of £1 00 were allotted to Health and Fitness Holdings Limited, the company's immediate parent company, in consideration for the capitalisation of brought forward unrealised profits amounting to £18,119,778

On the same day immediately after the above transaction there was a reduction in capital by the cancellation of 18,119,778 ordinary shares of £1 00 and the amount of £18,119,778 was credited to the company's reserves

On 18 August 2010 18,119,778 ordinary shares of £1 00 were allotted to Health and Fitness Holdings Limited, the company's immediate parent company, in consideration for the capitalisation of brought forward unrealised profits amounting to £18,119,778

On the same day immediately after the above transaction there was a reduction in capital by the cancellation of 18,119,778 ordinary shares of £1 00 and the amount of £18,119,778 was credited to the company's reserves

On 19 August 2010 18,119,778 ordinary shares of £1 00 were allotted to Health and Fitness Holdings Limited, the company's immediate parent company, in consideration for the capitalisation of brought forward unrealised profits amounting to £18,119,778

On the same day immediately after the above transaction there was a reduction in capital by the cancellation of 18,119,778 ordinary shares of £1 00 and the amount of £18,119,778 was credited to the company's reserves

On 20 August 2010 12,119,778 ordinary shares of £1 00 were allotted to Health and Fitness Holdings Limited, the company's immediate parent company, in consideration for the capitalisation of brought forward unrealised profits amounting to £12,119,778

On the same day immediately after the above transaction there was a reduction in capital by the cancellation of 12,119,778 ordinary shares of £1 00 and the amount of £12,119,778 was credited to the company's reserves

12 RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2010	17,646	474	18,120
Deficit for the year	(175)		(175)
Dividends	(17,803)		(17,803)
Capitalisation of reserves	(84,599)	-	(84,599)
Capital reduction	85,073	(474)	84,599
At 31 December 2010	142	-	142

On 12 August 2010 there was a reduction of capital by the cancellation of the sum of £474,000 on the share premium account and the sum was credited to the company's reserves

The remaining capital reductions and capitalisation of reserves transactions are detailed in note 10

Invicta Leisure Limited (Registered number 02464159)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

13 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Health and Fitness Holdings Limited, a company registered in England and Wales

The company's ultimate parent undertaking is Société Générale SA, a company incorporated in France. Société Générale SA is the parent undertaking of the largest group of which the company is a member and for which publicly available group financial statements are prepared

Société Générale SA acquired the entire share capital of New Esporta Holding Limited, including all the assets and trade of the Group on 18 June 2009. Prior to this the ultimate parent undertaking was Bell Leisure Group Limited which is incorporated in Jersey

The first group of which the company is a member and prepares financial statements containing the results of the company is New Esporta Holding Limited. Copies of the financial statements of New Esporta Holding Limited may be obtained from Trnity Court, Molly Millars Lane, Wokingham, Berkshire RG41 2PY

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
(Loss)/Profit for the financial year	(175)	15,808
Dividends	(17,803)	-
	<u>(17,978)</u>	<u>15,808</u>
Other recognised gains and losses relating to the year (net)	474	-
Cancellation of share premium	(474)	-
Issue of share capital	84,599	-
Reduction in capital	(84,599)	-
	<u>(17,978)</u>	<u>15,808</u>
Net (reduction)/addition to shareholders' funds	(17,978)	15,808
Opening shareholders' funds	59,191	43,383
	<u>41,213</u>	<u>59,191</u>
Closing shareholders' funds	41,213	59,191