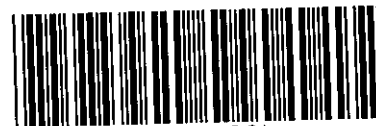


Registered number 3210281

Riverside Childcare Limited

Directors' report and financial statements
Year ended 31 December 2005

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Directors' report

M D Ball
N D Gillis
T P Moore

The directors present their report together with the audited financial statements in respect of the year ended 31 December 2005.

Principal Activity

The company is a 50% partner in The Riverside Teddies Partnership which provides childcare services.

Results

The profit before taxation for the year was £100,000 (2004: £75,000) as shown in the Profit and Loss Account on page 4. The directors do not recommend payment of a dividend for the year (2004: £nil).

Post Balance Sheet events

On 31 March 2006, a fire destroyed the Riverside Health & Racquets Club, Chiswick, including the Riverside Teddies Nursery. Esporta Group's insurers have accepted liability for damage caused by the fire and the insurance policies cover loss of profits and the cost of rebuilding the club. It is the company's intention to rebuild and reopen the club as soon as possible.

Directors

The directors shown at the head of this report are currently in office and served throughout the year under review with the exception of M E McGuigan who resigned as a director on 9 May 2006 and T P Moore who was appointed as a director on 10 May 2006. There were no other directors during the year.

Directors' Interests

None of the directors in office at the end of the year had any interest in the shares of the company. Their interests in the shares and debentures of group companies of Esporta Group Limited, the ultimate holding company, are disclosed in the financial statements of that company.

Auditor

Pursuant to the Elective Resolutions passed on 19 March 2004 the company will not hold an Annual General Meeting unless this is requested by any member and KPMG LLP, having confirmed their willingness to act, will continue in office as Auditor to the Company.

By Order of the Board



R T V Tyson
Secretary
12 December 2006

Registered Office:
Trinity Court
Molly Millars Lane
Wokingham
Berkshire RG41 2PY

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with the 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 UK Accounting Standards.

The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Riverside Childcare Limited

We have audited the financial statements of Riverside Childcare Limited for the year ended 31 December 2005, which comprise the Profit and Loss Account, Balance Sheet, Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

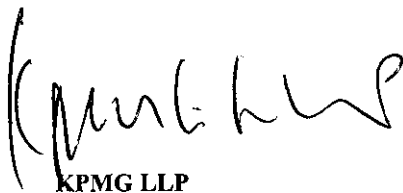
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' Report *(continued)*

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

12 December 2006

Profit and loss account

for the year ended 31 December 2005

	<i>Note</i>	Year ended 31 December 2005 £000	Year ended 31 December 2004 £000
Turnover - continuing operations	<i>1</i>	1008	1,010
Cost of sales		(688)	(695)
Gross profit		320	315
Administrative expenses		(234)	(249)
Operating profit - continuing operations	<i>2</i>	86	66
Interest receivable	<i>4</i>	14	9
Profit on ordinary activities before taxation		100	75
Tax on profit on ordinary activities	<i>5</i>	1	6
Retained profit for the financial period	<i>11</i>	101	81

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2005

The company has no recognised gains or losses other than those shown in the profit and loss account for both the current and prior year.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005		2004	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		3		4
Current assets					
Debtors	7	719		765	
Cash at bank and in hand		608		423	
		<u>1,327</u>		<u>1,188</u>	
Creditors: amounts falling due within one year	8	(561)		(524)	
Net current assets			766		664
Net assets			<u>769</u>		<u>668</u>
Capital and reserves					
Called up share capital	10	-		-	
Profit and loss account	11	769		668	
Equity shareholders' funds	12	<u>769</u>		<u>668</u>	

These financial statements were approved by the board of directors on 12 December 2006 and signed on its behalf by:



M D Ball
Director

1 Accounting policies

Basis of preparation

Cash flow statement

Related party transactions

Taxation

Turnover

Tangible fixed assets and depreciation

Fixtures, fittings and equipment	3 - 4 years
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Stocks

Stocks are stated at the lower of cost and net realisable value.

2 Profit on ordinary activities before taxation

Auditors' remuneration is paid by a fellow subsidiary undertaking.

Notes *(continued)*

3 Remuneration of directors

The directors received no remuneration from the company during the period (2004: *£nil*) but were remunerated by a fellow subsidiary undertaking, Esporta Health & Fitness Ltd.

4 Interest receivable

	2005 £000	2004 £000
Other interest receivable	14	9

5 Taxation

	2005 £000	2004 £000
<i>UK corporation tax</i>		
Current tax for the year	-	-
Total current tax	-	-
Deferred tax (see note 9)		
Origination/reversal of timing differences	(1)	(6)
Tax on profit on ordinary activities	(1)	(6)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2004: *lower*) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

Notes (continued)

5 Taxation (continued)

	2005	2004
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	100	75
	<hr/>	<hr/>
Current tax at 30 % (2004: 30 %)	30	22
<i>Effects of:</i>		
Capital allowances for year in excess of depreciation	1	6
Group relief not paid	(31)	(28)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

6 Tangible fixed assets

	Fixtures, Fittings and equipment £000
<i>Cost</i>	
At 1 January 2005	48
Additions	-
	<hr/>
At 31 December 2005	48
<i>Depreciation</i>	
At 1 January 2005	44
Charge for the year	1
	<hr/>
At 31 December 2005	45
<i>Net book value</i>	
At 31 December 2005	3
	<hr/>
At 31 December 2004	4
	<hr/>

7 Debtors

	2005	2004
	£000	£000
Trade debtors	144	194
Amounts due from parent and fellow subsidiary undertakings	557	557
Deferred Tax (note 9)	13	12
Prepayments	5	2
	<hr/>	<hr/>
	719	765
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Bank overdraft	284	275
Trade creditors	31	46
Other creditors	162	132
Accruals and deferred income	84	71
	<u>561</u>	<u>524</u>

9 Deferred taxation

	Deferred taxation £000
At 31 December 2004	12
Credited	1
	<u>13</u>
At 31 December 2005	<u>13</u>

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	2	1
Other timing differences	11	11
	<u>13</u>	<u>12</u>
Undiscounted asset (note 7)	<u>13</u>	<u>12</u>

10 Called up share capital

	2005	2004
<i>Authorised</i>		
100 Ordinary shares of £1 each	£100	£100
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	£1	£1

Notes (continued)

11 Reserves

	Profit and loss account £000
At 31 December 2004	668
Retained profit for the year	101
	<hr/>
At 31 December 2005	769
	<hr/> <hr/>

12 Reconciliation of movement in shareholders funds

	2005 £000	2004 £000
Profit for the financial year	101	81
Opening shareholders funds	668	587
	<hr/>	<hr/>
Closing shareholders funds	769	668
	<hr/> <hr/>	<hr/> <hr/>

13 Ultimate parent undertaking

The company is a subsidiary undertaking of Riverside Limited, registered in England and Wales.

The company's ultimate parent undertaking is Esporta Group Limited, registered in England and Wales. The consolidated accounts of Esporta Group Limited are available to the public and may be obtained from:

Trinity Court
Molly Millars Lane
Wokingham
Berkshire
RG41 2PY