REGISTERED NUMBER 03210281 (England and Wales)

Report of the Directors and

Financial Statements for the Year Ended 31 December 2010

for

Riverside Childcare Limited

Riverside Childcare Limited (Registered number 03210281)

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

Riverside Childcare 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	03210281 (England and Wales)
AUDITORS	Ernst & Young LLP Statutory Auditor Reading Berkshire

Report of the Directors
for the Year Ended 31 December 2010

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

PRINCIPAL ACTIVITY
The company was a 50% partner of The Riverside Teddies Partnership which provided childcare services at Esporta group health clubs The partnership ceased to trade on 31 January 2009 and the company continued to run down its operations in the current year under review

REVIEW OF BUSINESS
The loss before taxation in the year under review was £7 000 (2009 profit £13 000) as shown in the Profit and Loss Account on page 5

The Directors' report for the company's parent undertaking at the year end Esporta Racquets and Non Racquets Holdings Limited contains a fair review of the business of the Esporta Racquets and Non Racquets Holdings Limited group (the Group) including this 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 27 July 2010 a final dividend of £1 011 397 was declared (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 is currently 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 or until the completion of the sale of the company to Virgin Active Holdings Limited as detailed below If the completion of the sale of the company to Virgin Active Holdings Limited occurs then Virgin Active Holdings Limited have confirmed that they will 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

POST BALANCE SHEET EVENTS
Esporta Racquets and Non Racquets Holdings Limited is an intermediate holding company of the company On 21 April 2011, New Esporta Holding Limited entered into an agreement to sell Esporta Racquets and Non Racquets Holdings Limited and its subsidiaries, including the company, to Virgin Active Holdings Limited This sale is conditional on gaining the approval of the UK Office of Fair Trading and this review is currently ongoing

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

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

25 May 2011

Report of the Independent Auditors to the Shareholders of Riverside Childcare Limited

We have audited the financial statements of Riverside Childcare 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 three, 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 26 May 2011

Riverside Childcare Limited (Registered number 03210281)

Profit and Loss Account
for the Year Ended 31 December 2010

	Notes	2010 £ 000	2009 £ 000
TURNOVER	2	-	67
Cost of sales		(1)	(16)
GROSS (LOSS)/PROFIT		(1)	51
Administrative expenses		-	(24)
OPERATING (LOSS)/PROFIT	4	(1)	27
Interest payable and similar charges	5	(6)	(14)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(7)	13
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(7)	13

DISCONTINUED OPERATIONS
All of the company's activities were discontinued during the previous year

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year

The notes form part of these financial statements

Riverside Childcare Limited (Registered number 03210281)

Balance Sheet
31 December 2010

	Notes	2010 £'000	2009 £'000
CURRENT ASSETS			
Debtors	8	-	1,308
TOTAL ASSETS LESS CURRENT LIABILITIES		-	1,308
CREDITORS			
Amounts falling due after more than one year	9	-	(290)
NET ASSETS		-	1,018
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	-	1,018
SHAREHOLDERS' FUNDS	13	-	1,018

The financial statements were approved by the Board of Directors on 25 May 2011 and were signed on its behalf by

J Dhody - Director

The notes form part of these financial statements

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 or until the completion of the sale of the company to Virgin Active Holdings Limited as detailed in note 14 If the completion of the sale of the company to Virgin Active Holdings Limited occurs then Virgin Active Holdings Limited have confirmed that they will 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

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

Revenue recognition
Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received excluding discounts and VAT The following criteria must also be met before revenue is recognised

Membership subscriptions and joining fees
Joining fees are recognised as revenue at the time the member joins the club Membership subscriptions are released to the profit and loss account evenly over the membership term

Sale of goods and provision of services
Revenue from the sale of goods is recognised when the goods are sold to the consumer Revenue from the provision of services is recognised when the service is provided Where members are charged in advance for courses or similar services the revenue is released to the profit and loss as each session or class occurs

Cost of sales
Cost of sales includes all costs directly related to sales and all costs controlled by club management Costs include club payroll and related costs sports professional fees, depreciation, and property and utilities costs

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

 continued

2 TURNOVER

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers as part of the principal activity of the company All turnover arises in the United Kingdom

3 STAFF COSTS

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

4 OPERATING (LOSS)/PROFIT

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

Auditors' remuneration
Auditors' remuneration is paid by a fellow subsidiary undertaking

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest payable to group undertakings	6	14

6 TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the year ended 31 December 2009

Factors affecting the tax charge
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	(7)	13
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(2)	4
Effects of		
Expenses not deductible for tax purposes	1	3
Capital allowances for period in arrears of depreciation	-	(2)
Group relief received without payment	1	(5)
Current tax charge	-	-

continued

6 **TAXATION - continued**

There is no un-provided deferred tax (2009 £Nil)

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 £Nil

7 **DIVIDENDS**

	2010 £'000	2009 £'000
Ordinary share of £1		
Final	1,011	-

8 **DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010 £'000	2009 £'000
Amounts owed by group undertakings	-	1 308

9 **CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2010 £'000	2009 £ 000
Amounts owed to group undertakings	-	290

10 **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid

Number	Class	Nominal value	2010 £	2009 £
1	Ordinary	£1	1	1

11 **RESERVES**

	Profit and loss account £'000
At 1 January 2010	1 018
Deficit for the year	(7)
Dividends	(1,011)
At 31 December 2010	-

continued

12 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Riverside Limited a company registered in England and Wales

The company's ultimate parent undertaking is Societe Generale SA a company incorporated in France Societe Generale 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

Societe Generale 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 Trinity Court, Molly Millars Lane Wokingham Berkshire RG41 2PY

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £ 000	2009 £'000
(Loss)/Profit for the financial year	(7)	13
Dividends	(1 011)	-
Net (reduction)/addition to shareholders' funds	(1,018)	13
Opening shareholders' funds	1 018	1 005
Closing shareholders' funds	-	1 018

14 POST BALANCE SHEET EVENTS

Esporta Racquets and Non Racquets Holdings Limited is an intermediate holding company of the company On 21 April 2011 New Esporta Holding Limited entered into an agreement to sell Esporta Racquets and Non Racquets Holdings Limited and its subsidiaries including the company, to Virgin Active Holdings Limited This sale is conditional on gaining the approval of the UK Office of Fair Trading and this review is currently ongoing