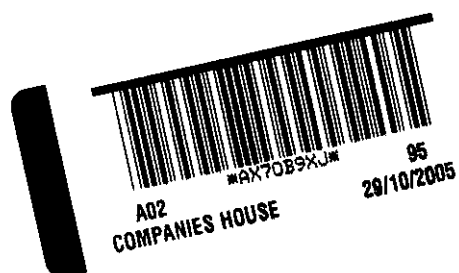


Registered number 3210281

Riverside Childcare Limited

**Directors' report and financial
statements**

Year ended 31 December 2004



Directors' report and financial statements

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Directors' report

M D Ball
N D Gillis
M E McGuigan

The directors present their report together with the audited financial statements in respect of the year ended 31 December 2004.

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 £75,000 (2003: £91,000) as shown in the Profit and Loss Account on page 4. The directors do not recommend payment of a dividend for the year (2003: £nil).

Directors

The directors shown at the head of this report are currently in office and served throughout the year under review.

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

25 October 2005

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

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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



Arlington Business Park
Theale
Berkshire
RG7 4SD

Report of the independent auditors to the members of Riverside Childcare Limited

We have audited the financial statements on pages 4 to 10.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

25 OCTOBER 2005

Profit and loss account

for the year ended 31 December 2004

	<i>Note</i>	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
Turnover - continuing operations	<i>1</i>	1,010	1,017
Cost of sales		(695)	(678)
Gross profit		315	339
Administrative expenses		(249)	(254)
Operating profit - continuing operations	<i>2</i>	66	85
Interest receivable	<i>4</i>	9	6
Profit on ordinary activities before taxation		75	91
Tax on profit on ordinary activities	<i>5</i>	6	1
Retained profit for the financial period	<i>11</i>	81	92

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2004

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 2004

	<i>Note</i>	2004		2003	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		4		7
Current assets					
Debtors	7	765		608	
Cash at bank and in hand		423		230	
		<u>1,188</u>		<u>838</u>	
Creditors: amounts falling due within one year	8	(524)		(258)	
Net current assets			664		580
Net assets			<u>668</u>		<u>587</u>
Capital and reserves					
Called up share capital	10	-		-	
Profit and loss account	11	668		587	
Equity shareholders' funds	12	<u>668</u>		<u>587</u>	

These financial statements were approved by the board of directors on 25 October 2005 and signed on its behalf by:



M D Ball
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 1985.

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 Esporta Group Ltd, and its cash flows are included within the consolidated cash flow statement of that company.

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 parent and fellow subsidiary undertakings.

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, without discounting, 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.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. All turnover arises in the United Kingdom.

Tangible fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of each asset by equal instalments evenly over their estimated useful economic life as follows:

Fixtures, fittings and equipment	3 - 4 years
----------------------------------	-------------

Stocks

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

2 Profit on ordinary activities before taxation

	Year ended 31 December 2004 £000	Year ended 31 December 2003 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off owned assets	3	2
	<hr/>	<hr/>

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 (2003: £nil) but were remunerated by a fellow subsidiary undertaking, Esporta Health & Fitness Ltd.

4 Interest receivable

	2004 £000	2003 £000
Other interest receivable	9	6
	<u>9</u>	<u>6</u>

5 Taxation

	2004 £000	2004 £000	2003 £000	2003 £000
<i>UK corporation tax</i>				
Current tax for the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current tax				-
Deferred tax (see note 9)				
Origination/reversal of timing differences	(6)	(6)	(1)	(1)
	<u>(6)</u>	<u>(6)</u>	<u>(1)</u>	<u>(1)</u>
Tax on profit on ordinary activities		(6)		(1)
		<u>(6)</u>		<u>(1)</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003:30%). The differences are explained below.

Notes (continued)

5 Taxation (continued...)

	2004 £000	2003 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	74	91
	<hr/>	<hr/>
Current tax at 30 % (2003: 30 %)	22	28
<i>Effects of:</i>		
Capital allowances for year in excess of depreciation	6	1
Group relief not paid	(28)	(29)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

6 Tangible fixed assets

	Fixtures, Fittings and equipment £000
<i>Cost</i>	
At 1 January 2004	48
Additions	-
	<hr/>
At 31 December 2004	48
	<hr/>
<i>Depreciation</i>	
At 1 January 2004	41
Charge for the year	3
	<hr/>
At 31 December 2004	44
	<hr/>
<i>Net book value</i>	
At 31 December 2004	4
	<hr/>
At 31 December 2003	7
	<hr/>

7 Debtors

	2004 £000	2003 £000
Trade debtors	194	127
Amounts due from parent and fellow subsidiary undertakings	557	465
Deferred Tax (note 9)	12	6
Prepayments	2	10
	<hr/>	<hr/>
	765	608
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due within one year

	2004	2003
	£000	£000
Bank overdraft	275	1
Trade creditors	46	90
Other creditors	132	129
Accruals and deferred income	71	38
	<u>524</u>	<u>258</u>

9 Deferred taxation

	Deferred taxation £000
At 31 December 2003	6
Credited	6
	<u>12</u>
At 31 December 2004	12

The elements of deferred taxation are as follows:

	2004	2003
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	1	-
Other timing differences	11	6
	<u>12</u>	<u>6</u>
Undiscounted asset	12	6

10 Called up share capital

	2004	2003
<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 2003	587
Retained profit for the year	81
	<hr/>
At 31 December 2004	668
	<hr/> <hr/>

12 Reconciliation of movement in shareholders funds

	2004 £000	2003 £000
Profit for the financial year	81	92
Opening shareholders funds	587	495
	<hr/>	<hr/>
Closing shareholders funds	668	587
	<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