

RIVERSIDE CHILDCARE LIMITED

**1996
REPORT & ACCOUNTS**



Riverside Childcare Limited

DIRECTORS AND PROFESSIONAL ADVISORS

Directors

P.R. Ashworth
M.C. Johnson

Secretary and Registered Office

P.R. Ashworth
Kew Bridge House
No2 Thameside Centre
Kew Bridge Road
Brentford
Middlesex TW8 0HF

Registered in England

No. 3210281

Auditors

Price Waterhouse
Chartered Accountants
Southwark Towers
32 London Bridge Street
London SE1 9SY

Solicitors

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

Bankers

Bank of Scotland
38 Threadneedle Street
London EC2P 2EH

Riverside Childcare Limited

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited accounts for the period ended 31 December 1996.

Date of Incorporation and change of name	The Company was incorporated on 10th June 1996 as Maletrade Limited. On 13 August 1996 the name of the company was changed to Riverside Childcare Limited.
Statement of Directors' Responsibilities	<p>Company law requires the directors to prepare financial statements for each year which 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:</p> <ul style="list-style-type: none">a) select suitable accounting policies and then apply them consistently;b) make judgements and estimates that are reasonable and prudent;c) state whether applicable accounting standards have been followed; andd) prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. <p>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 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.</p>
Review of the Business	<p>The company commenced trading on 1 July 1996</p> <p>The principal activities of the company during the financial period were those of providers of healthcare, screening and Childrens injury facilities.</p> <p>In the opinion of the directors the financial position of the company at the 31 December 1996 was satisfactory.</p> <p>Since the year end, Riverside PLC, the company's ultimate parent undertaking, has been reviewing options relating to the financing of the group's expansion programme. Interest has been expressed by a number of third parties.</p>
Results and Dividends	The results for the period are detailed on page 5. The company achieved a loss for the period of £30,601 which is transferred to reserves. The directors do not recommend the payment of a dividend.
Share Capital	There were no movements in Share Capital during the period.

Riverside Childcare Limited

DIRECTORS' REPORT

Directors and their Interests

The directors holding office during the period were as follows:

	Appointed	Resigned
Norton Rose Ltd	10/6/96	13/8/96
Norose Ltd	10/6/96	13/8/96
IJ Fox	13/8/96	20/9/96
MK Parkes	13/8/96	20/9/96
MC Johnson	20/9/96	
PR Ashworth	20/9/96	

None of the directors had any interest in the ordinary share capital of the Company other than by virtue of their interests in the ultimate holding company Riverside PLC, which are disclosed in the accounts of that company.

Fixed Assets

The movements in fixed assets during the year are shown in Note 5.

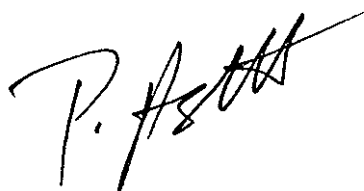
Charitable Donations

There were no charitable donations during the period.

Auditors

A resolution to re-appoint Price Waterhouse as auditors of the Company will be proposed at the following Annual General Meeting.

By Order of the Board
P.R. Ashworth
Secretary



29 May 1997

Kew Bridge House
No2 Thameside Centre
Kew Bridge Road
Brentford
Middlesex TW8 0HF

Riverside Childcare Limited

**AUDITORS' REPORT TO THE SHAREHOLDERS
OF RIVERSIDE CHILDCARE LIMITED**

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors.

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the Company as at 31 December 1996 and of the loss of the Company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

29 May 1997

Riverside Childcare Limited

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 1996

	<i>Notes</i>	£
Turnover		74,738
Cost of Sales		(72,008)
Gross Profit		<u>2,730</u>
Administrative expenses		(32,278)
Operating Loss	3	<u>(29,548)</u>
Interest receivable		260
Interest payable		(1,313)
Loss on ordinary activities before taxation		<u>(30,601)</u>
Taxation		-
Loss on ordinary activities after taxation		<u><u>(30,601)</u></u>

There were no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

The results for the year derive solely from continuing operations.

The notes on pages 7 to 9 form part of these accounts.

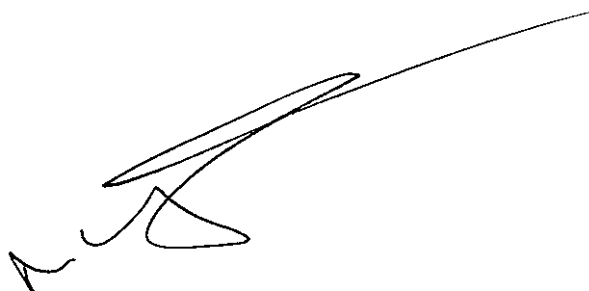
Riverside Childcare Limited

BALANCE SHEET
as at 31 December 1996

		£
	<i>Notes</i>	
FIXED ASSETS		
Tangible assets	5	18,850
CURRENT ASSETS		
Debtors	6	29,634
Cash at bank and in hand		<u>722</u>
		30,356
CREDITORS: amounts falling due within one year	7	<u>(79,806)</u>
NET CURRENT LIABILITIES		<u>(49,450)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(30,600)</u>
CAPITAL AND RESERVES		
Called Up Share Capital	8	1
Profit and Loss Account	9	<u>(30,601)</u>
TOTAL SHAREHOLDERS FUNDS		<u>(30,600)</u>

The financial statements
were approved by the
Board of Directors on
29 May 1997

MC Johnson
Director



The notes on pages 7 to 9 form part of these accounts.

Riverside Childcare Limited

NOTES TO THE ACCOUNTS
for the 5 month period ended 31 December 1995

1. Accounting Policies

a) Basis of accounting

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

The Company is a wholly owned subsidiary of Riverside PLC which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS1). Consequently the company has taken advantage of the exemption in FRS1 from producing a cash flow statement.

Riverside PLC has confirmed that it will continue to provide financial support to the company to meet its obligations as they become due in the foreseeable future.

b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its residual value evenly over its estimated useful life as follows:

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

c) Turnover

Turnover represents income from services, excluding value added tax, in the United Kingdom.

2. Stock

Stock is valued at the lower of cost and net realisable value.

3. Operating Profit

5 months to
31.12.96

a) Operating profit is stated after charging:

£

Depreciation of tangible assets	853
---------------------------------	-----

The Company's audit fee is borne by Riverside PLC

4. Staff Costs

The average number of people employed by the company in the period was 1

	£
Wages and Salaries	4,450
Social Security Costs	<u>454</u>
	<u>4,904</u>

Riverside Childcare Limited

NOTES TO THE ACCOUNTS
for the 5 month period ended 31 December 1996

5. Tangible Assets

	Fixtures Fittings & Equipment £	Medical Equipment £	Total £
Cost			
At 1 January 1996	-	-	-
Additions	11,275	-	1,275
Disposals	-	-	-
At 31 December 1996	<u>11,275</u>	<u>-</u>	<u>11,275</u>
Depreciation			
At 1 January 1996	-	-	-
Charge for the year	853	-	853
Disposals	-	-	-
At 31 December 1996	<u>853</u>	<u>-</u>	<u>853</u>
Net Book Value			
At 31 December 1996	<u>10,422</u>	<u>-</u>	<u>10,422</u>

6. Debtors: all due
within 1 year

	1996
	£
Trade debtors	29,134
Amounts due to group undertakings	<u>500</u>
	<u>29,634</u>

7. Creditors: amounts falling due
within one year.

Amounts due to group undertakings	27,499
Other Creditors	<u>52,307</u>
	<u>79,806</u>

8. Share Capital

	1996
	£
Authorised 100 Ordinary Shares of £1 each	100
Allotted, called up and fully paid Ordinary Shares of £1 each	1

Riverside Childcare Limited

NOTES TO THE ACCOUNTS
for the 5 month period ended 31 December 1996

9. Reserves	1996 £
At 1 July 1996	-
Retained for the year	<u>(30,601)</u>
At 31 December 1996	<u>(30,601)</u>
10. Contingent Liability	Riverside PLC, the ultimate parent undertaking of the company, has borrowings of £13,250,000 and £1,750,000 loan facility which are secured on the assets of its subsidiaries, including Riverside Childcare Limited.
11. Ultimate Holding Company	The ultimate parent undertaking is Riverside PLC, which is registered in England and is the parent undertaking of the smallest and largest groups for which group accounts are prepared. Copies of the group accounts are available from the Secretary of Riverside PLC at Kew Bridge House, No 2 Thameside Centre, Kew Bridge Road, Brentford, Middlesex TW8 OHF.
12. Related Party Transactions	As a wholly owned subsidiary of Riverside PLC the company has taken advantage of the exemption within Financial Reporting Standard No 8 "Related Party Disclosures" from disclosure of the transactions with other group companies.