REGISTERED NUMBER 03340555 (England and Wales)

Report of the Directors and

Financial Statements for the Year Ended 31 December 2010

for

Riverside Croydon Limited

Riverside Croydon Limited (Registered number 03340555)

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

Riverside Croydon 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	03340555 (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 principal activity of the company in the year under review was that of the operation of The Surrey Health & Racquets Club in Croydon

REVIEW OF BUSINESS
The loss before taxation for the year was £229,000 (2009 profit £144,000) 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
The directors do not recommend payment of a dividend for the year (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

Riverside Croydon Limited (Registered number 03340555)

Report of the Directors
for the Year Ended 31 December 2010

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 Croydon Limited

We have audited the financial statements of Riverside Croydon 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 eighteen 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 Croydon Limited (Registered number 03340555)

Profit and Loss Account
for the Year Ended 31 December 2010

	Notes	2010 £'000	2009 £'000
TURNOVER	2	4,352	4,606
Cost of sales		(4,345)	(4,389)
GROSS PROFIT		7	217
OPERATING PROFIT	4	7	217
Profit or loss on sale of fixed assets		(153)	-
		(146)	217
Interest payable and similar charges	5	(83)	(73)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(229)	144
Tax on (loss)/profit on ordinary activities	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(229)	144

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or 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 Croydon Limited (Registered number 03340555)

Balance Sheet
31 December 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	7	1,117	1,343
CURRENT ASSETS			
Stocks	8	14	16
Debtors	9	1,514	1,813
Cash at bank		6	280
		1,534	2,109
CREDITORS			
Amounts falling due within one year	10	(54)	(680)
NET CURRENT ASSETS		1,480	1,429
TOTAL ASSETS LESS CURRENT LIABILITIES		2,597	2,772
CREDITORS			
Amounts falling due after more than one year	11	(1,480)	(1,426)
NET ASSETS		1,117	1,346
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	1,117	1,346
SHAREHOLDERS' FUNDS	16	1,117	1,346

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 18 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

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses Such costs include costs directly attributable to making the asset capable of operating as intended

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value, based on prices prevailing at the date of acquisition of each asset, evenly over the asset's expected useful life, as follows

Fixtures, fittings and equipment - 3 to 25 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks
Stocks are stated at the lower of cost and net realisable value Cost includes all costs incurred in bringing each product to its present location and condition on a first-in first-out basis

continued

1 **ACCOUNTING POLICIES - continued**

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

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Lease incentives are recognised over the shorter of the lease term and the date of the next rent review

Pension costs and other post-retirement benefits

Employees may participate in a defined contribution pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Esporta Group defined benefit pension scheme was closed to future service accrual on 1 November 2003

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

Working capital

In the prior year, the company had its own prepayments, trade debtors, trade creditors, accruals and related balances During the year, the company entered into an agreement with a fellow group company such that the prepayments, trade debtors, trade creditors, accruals, provisions and related balances are now due to/from a fellow group company In return for accepting these assets and liabilities an intercompany balance equal to the assets and liabilities has been created between the company and a fellow group company The net intercompany position with this fellow group company is presented within current debtors or current creditors as appropriate

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**

	2010	2009
	£'000	£'000
Wages and salaries	932	957
Social security costs	69	73
Other pension costs	5	4
	1,006	1,034

The average monthly number of employees during the year was as follows

	2010	2009
Retail and operations	56	58
Management and office	1	1
	57	59

continued

4 OPERATING PROFIT

The operating profit is stated after charging

	2010	2009
	£'000	£'000
Rentals payable under operating leases - land and buildings	1,305	1,271
Rentals payable under operating leases - other	-	8
Depreciation - owned assets	212	192

	2010	2009
	£	£
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	2009
	£'000	£'000
Interest payable to group undertakings	80	71
Other interest payable	3	2
	83	73

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	2009
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(229)	144
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(64)	40
Effects of		
Expenses not deductible for tax purposes	6	16
Capital allowances in arrears of depreciation	105	54
Group relief received without payment	(47)	(110)
Current tax charge	-	-

continued

6 **TAXATION - contınued**

Factors that may affect future tax charges
Future tax charges are expected to remaın below the current rate of tax due to capıtal allowances ın arrears of depreciatıon ın the company

Deferred taxatıon
The elements of unrecognısed deferred taxatıon are as follows

	2010 £000	2009 £000
Dıfference between accumulated depreciatıon and capıtal allowances	241	167

No deferred tax asset has been recognısed as there ıs currently ınsuffıcıent evıdence that any such asset would be recoverable

The UK Government announced ın ıts Emergency Budget ın June 2010 that the headlıne rate of UK corporatıon tax was to be reduced from 28% to 24% over the course of the next four years The first reductıon to 27% (effectıve from 1 Apnl 2011) had been enacted by the balance sheet date and therefore the closıng unrecognısed deferred tax asset reflects thıs reduced rate The 2009 unrecognısed asset was based on a sıngle rate of 28%

In addıtıon, the UK Government announced ın ıts 2011 Budget on 23 March 2011 that the rate was to be reduced to 26% from 1 Apnl 2011, thıs ımpact and the ımpact of the further reductıons ın the rate now to 23% has not been reflected ın the deferred tax figures as these have not been substantıvely enacted at the balance sheet date

A reductıon to 23% would gıve nse to a reductıon ın the unrecognısed deferred tax asset of £36,000

7 **TANGIBLE FIXED ASSETS**

	Fıxtures, fittıngs and equıpment £'000
COST	
At 1 January 2010	3,410
Addıtıons	161
Dısposals	(1,116)
At 31 December 2010	2,455
DEPRECIATION	
At 1 January 2010	2,067
Charge for year	212
Elımınated on dısposal	(941)
At 31 December 2010	1,338
NET BOOK VALUE	
At 31 December 2010	1,117
At 31 December 2009	1,343

8 **STOCKS**

	2010 £'000	2009 £'000
Consumable stocks	14	16

contınued

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade debtors	-	31
Amounts owed by group undertakings	1,514	1,399
Prepayments and accrued income	-	383
	1,514	1,813

In the prior year the company had its own prepayments, trade debtors and related balances. During the year the company assigned it's rights to the receivables due and owing to a fellow group company such that the, trade debtors and prepayments and related balances are now due to a fellow group company. In return for accepting these assets an intercompany balance equal to the assets has been created between the company and a fellow group company. The net intercompany position with this fellow group company is presented within current debtors or current creditors as appropriate

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£'000	£'000
Trade creditors	-	21
Social security and other taxes	-	90
Other creditors	-	15
Accruals and deferred income	54	554
	54	680

In the prior year, the company had its own trade creditors, accruals and related balances. During the year the company entered into an arms-length agreement with a fellow group company such that trade creditors, accruals, provisions and related balances are now due from a fellow group company. In return for accepting these liabilities an intercompany balance equal to the liabilities has been created between the company and a fellow group company. The net intercompany position with this fellow group company is presented within current debtors or current creditors as appropriate

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2010	2009
	£'000	£'000
Amounts owed to group undertakings	1,480	1,426

12 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2010	2009
	£'000	£'000
Expiring		
In more than five years	1,351	1,298

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2010 £	2009 £
100	Ordinary shares	£1	100	100

continued

14 RESERVES

	Profit and loss account £'000
At 1 January 2010	1,346
Deficit for the year	(229)
At 31 December 2010	1,117

15 ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Riverside Racquet Centre 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

The smallest group of which the company is a member, and for which publicly available financial statements are prepared 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

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

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £'000	2009 £'000
(Loss)/Profit for the financial year	(229)	144
Net (reduction)/addition to shareholders' funds	(229)	144
Opening shareholders' funds	1,346	1,202
Closing shareholders' funds	1,117	1,346

continued

17 EMPLOYEE BENEFIT OBLIGATIONS

Employees may be members of the Esporta pension scheme providing benefits based on final pensionable pay Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme Full details of the scheme, including details of the last actuarial valuation at 31 December 2008, amended to take account of the requirements of FRS 17, are contained in the financial statements of New Esporta Holding Limited, an intermediate parent company The contribution for the year was £nil (2009 £nil) The scheme was frozen from 1 November 2003 and, from that date, members of the scheme ceased to accrue future service benefits

	2010 Expected rate of return % per annum	2010 Value £000	2009 Expected rate of return % per annum	2009 Value £000	2008 Expected rate of return % per annum	2008 Value £000
Equities	7 00	7,235	7 50	5,877	7 00	4,646
Bonds	4 70	4,491	5 00	4,353	5 00	4,583
Property	7 00	-	5 70	-	7 00	452
Cash	0 50	748	5 00	653	5 00	204
Total assets	5 80	12,474	6 10	10,883	6 00	9,885
Actuarial value of liability		(10,247)		(10,078)		(6,962)
Net pension surplus		2,227		805		2,923

Employees may participate in a Group Personal Pension Plan The pension cost charge for the period represents contributions payable to the scheme and amounted to £5,000 (2009 £4,000) There were no outstanding or prepaid contributions at the end of the financial period payable by the company

18 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