

REGISTERED NUMBER 03340555 (England and Wales)

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2011
for
Riverside Croydon Limited**

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Riverside Croydon Limited (Registered number: 03340555)

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for the Year Ended 31 December 2011**

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Riverside Croydon Limited
Company Information
for the Year Ended 31 December 2011

DIRECTORS

M W Bucknall
N M Field
M G Merrick

SECRETARY

J Archibald

REGISTERED OFFICE

Active House
21, North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1HL

REGISTERED NUMBER

03340555 (England and Wales)

AUDITORS

KPMG LLP
Statutory Auditor
Chartered Accountants
Altius House
1, North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1NE

Riverside Croydon Limited (Registered number 03340555)

**Report of the Directors
for the Year Ended 31 December 2011**

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2011

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 profit before taxation for the year was £2,810,000 (2010 loss £229,000) as shown in the Profit and Loss Account on page 5

On 18 July 2011, Esporta Racquets and Non Racquets Holdings Limited, a parent undertaking of the company, was acquired by Virgin Active Holdings Limited

The Directors' report for the company's intermediate parent undertaking at the year end, Virgin Active Group Limited, contains a fair review of the business of the Virgin Active Group 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

At 31 December 2011 the company sold the trade and assets of The Surrey Health and Racquets Club to Esporta Tennis Clubs Limited for £3,007,000. A profit on disposal of £2,939,000 was made on this transaction. With the support of Virgin Active Holdings Limited the company will continue to operate and meet its obligations as they fall due for the foreseeable future

DIVIDENDS

The directors do not recommend payment of a dividend for the year (2010 £nil)

DIRECTORS

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows

R L Segal - resigned 18 July 2011
J B Cleland - resigned 18 July 2011
D J Leatherbarrow - resigned 18 July 2011
J Dhody - resigned 18 July 2011
M W Bucknall - appointed 18 July 2011
N M Field - appointed 18 July 2011
M G Merrick - appointed 18 July 2011

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company did not make any political donations during the year. The Company made charitable donations of £nil (2010 £nil)

EMPLOYEES

Employee involvement is recognised as being essential in order to maintain good employee relations, achieve improved performance and productivity and enhance the quality of working life. Regular meetings are held with both staff and works employees to discuss all aspects of the company's business.

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy, wherever practicable, to provide continuing employment under normal terms and conditions and it is the company's policy to provide training, career development and promotion to disabled employees wherever appropriate.

GOING CONCERN

The company is currently reliant upon its intermediate parent undertaking, Virgin Active Holdings Limited, and fellow subsidiary undertakings within the Group, for financial support.

Virgin Active Holdings Limited has confirmed its commitment to 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.

**Report of the Directors
for the Year Ended 31 December 2011**

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

KPMG LLP were appointed as auditors on 14 July 2011 following the resignation of Ernst & Young LLP.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD



J Archibald - Secretary

Date 25 June 2012

**Report of the Independent Auditors to the Members of
Riverside Croydon Limited**

We have audited the financial statements of Riverside Croydon Limited for the year ended 31 December 2011 set out on pages 5 to 13

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its profit 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



M Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
Altus House
1, North Fourth Street
Central Milton Keynes
Buckinghamshire
MK9 1NE

25 June 2012

Riverside Croydon Limited (Registered number 03340555)

**Profit and Loss Account
for the Year Ended 31 December 2011**

	Notes	2011 £'000	2010 £'000
TURNOVER	2	4,213	4,352
Cost of sales		(4,261)	(4,345)
GROSS (LOSS)/PROFIT		(48)	7
OPERATING (LOSS)/PROFIT	5	(48)	7
Profit on sale of trade & assets	6	2,939	-
Loss on sale of fixed assets	6	(2)	(153)
		2,889	(146)
Interest payable and similar charges	7	(79)	(83)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,810	(229)
Tax on profit/(loss) on ordinary activities	8	(6)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>2,804</u>	<u>(229)</u>

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the current year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

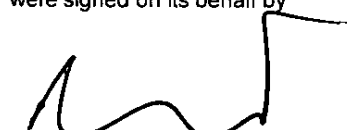
The notes form part of these financial statements

Riverside Croydon Limited (Registered number 03340555)

Balance Sheet
31 December 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	9	-	1,117
CURRENT ASSETS			
Stocks	10	-	14
Debtors	11	3,927	1,514
Cash at bank		-	6
		<u>3,927</u>	<u>1,534</u>
CREDITORS			
Amounts falling due within one year	12	(6)	(54)
NET CURRENT ASSETS		<u>3,921</u>	<u>1,480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,921</u>	<u>2,597</u>
CREDITORS			
Amounts falling due after more than one year	13	-	(1,480)
NET ASSETS		<u><u>3,921</u></u>	<u><u>1,117</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Profit and loss account	16	3,921	1,117
SHAREHOLDERS' FUNDS	18	<u><u>3,921</u></u>	<u><u>1,117</u></u>

The financial statements and notes on pages 7 to 13 were approved by the Board of Directors on 25 June 2012 and were signed on its behalf by



M G Merrick - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2011**

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 Virgin Active Group Ltd ("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.

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 Virgin Active Group Limited, and is included within the publicly available consolidated financial statements of that company.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Membership dues are included in turnover on an accruals basis.

Joining fees are recognised in the profit and loss account at the time membership commences. Annual subscriptions are recognised in the profit and loss account evenly over the membership term.

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:

Computer software and equipment	- 3 years (straight line)
Gym equipment	- 2 to 7 years (straight line)
Fixtures and fittings	- 5 to 10 years (straight line)

Assets under construction are not depreciated until completion. 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.

On the acquisition of the company by Virgin Active Holdings Limited the useful economic lives were reviewed and aligned with the useful economic lives of assets within the Virgin Active group.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

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 Virgin Active Group Limited.

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

	2011 £'000	2010 £'000
Wages and salaries	1,024	932
Social security costs	70	69
Other pension costs	3	5
	<u>1,097</u>	<u>1,006</u>

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

	2011	2010
Retail and operations	61	56
Management and office	1	1
	<u>62</u>	<u>57</u>

4 DIRECTORS' EMOLUMENTS

The directors' remuneration was paid by a fellow group company. 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.

Riverside Croydon Limited (Registered number 03340555)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2011**

5 OPERATING (LOSS)/PROFIT

The operating loss (2010 - operating profit) is stated after charging

	2011 £'000	2010 £'000
Rentals payable under operating leases - land and buildings	1,197	1,305
Depreciation - owned assets	<u>131</u>	<u>212</u>

Auditors' remuneration

Auditors' remuneration is paid by Esporta Management Services Ltd, a fellow subsidiary undertaking

6 EXCEPTIONAL ITEMS

The exceptional administrative expenses included in the profit and loss account are as follows

	Notes	2011 £'000	2010 £'000
Profit on sale of trade & assets	1	2,939	-
Loss on sale of fixed assets		<u>(2)</u>	<u>(153)</u>
		<u>2,937</u>	<u>(153)</u>

Notes

1 At 31 December 2011 the company sold the trade and assets of The Surrey Health & Racquets Club to Esporta Tennis Clubs Limited for £3,007,000. A profit on disposal of £2,939,000 was made on this transaction.

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Interest payable to group undertakings	65	80
Other interest payable	<u>14</u>	<u>3</u>
	<u>79</u>	<u>83</u>

8 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2011 £'000	2010 £'000
Current tax		
UK corporation tax	<u>6</u>	<u>-</u>
Tax on profit/(loss) on ordinary activities	<u>6</u>	<u>-</u>

UK corporation tax has been charged at 26%

Riverside Croydon Limited (Registered number 03340555)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

8 TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before tax	2,810	(229)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2010 - 28%)	731	(64)
Effects of		
Expenses not deductible for tax purposes	4	6
Capital allowances in arrears of depreciation	35	105
Group relief received without payment	-	(47)
Profit on intercompany transfer of business	(764)	-
Current tax charge	6	-

Factors that may affect future tax charges

Due to the sale of the trade and assets of the company no future tax charges are anticipated

Deferred taxation

The elements of unrecognised deferred taxation are as follows

	2011 £000	2010 £000
Difference between accumulated depreciation and capital allowances	246	241
Transferred to Esporta Tennis Clubs Limited	246 (246)	241 -
	-	241

The company's trade and assets were transferred to Esporta Tennis Clubs Limited on 31 December 2011 as referred to in note 6. The elements of unrecognised deferred taxation arising as a result of the company's past trading activities have therefore been transferred to Esporta Tennis Clubs Limited and are disclosed in the statutory accounts of that company.

Riverside Croydon Limited (Registered number 03340555)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

9 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £'000
COST	
At 1 January 2011	2,455
Additions	104
Disposals	(2,559)
At 31 December 2011	-
DEPRECIATION	
At 1 January 2011	1,338
Charge for year	131
Eliminated on disposal	(1,469)
At 31 December 2011	-
NET BOOK VALUE	
At 31 December 2011	-
At 31 December 2010	1,117

10 STOCKS

	2011 £'000	2010 £'000
Consumable stocks	-	14

11 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed by group undertakings	3,927	1,514

12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Corporation tax	6	-
Accruals and deferred income	-	54
	6	54

13 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed to group undertakings	-	1,480

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

14 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2011 £'000	2010 £'000
Expiring In more than five years	-	1,351

The company's trade and assets were transferred to Esporta Tennis Clubs Limited on 31 December 2011 as referred to in note 6. The operating lease commitments have therefore been transferred to Esporta Tennis Clubs Limited and are disclosed in the statutory accounts of that company.

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2011 £	2010 £
100	Ordinary shares		100	100

16 RESERVES

	Profit and loss account £'000
At 1 January 2011	1,117
Profit for the year	2,804
At 31 December 2011	3,921

17 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 controlling party is Darwin Holdings SARL which is registered in Luxembourg.

Virgin Active Holdings Limited acquired the entire share capital of Esporta Racquets and Non Racquets Holdings Limited and its subsidiaries, including the company on 18 July 2011. Prior to this and at 31 December 2010, the ultimate parent undertaking was Société Générale SA, a company incorporated in France.

The smallest group in which the results of the Company are consolidated is that headed by Virgin Active Group Limited, a company incorporated in England and Wales. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest group in which the results of the Company are consolidated is that headed by Active Midco Limited, a company incorporated in England and Wales. The first set of consolidated accounts of the group will be for the period ending 31 December 2012 and will be available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Profit/(loss) for the financial year	2,804	(229)
Net addition/(reduction) to shareholders' funds	2,804	(229)
Opening shareholders' funds	1,117	1,346
Closing shareholders' funds	3,921	1,117

19 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 which was carried out at 31 December 2008 and updated to 31 December 2011 by a qualified independent actuary, and amended to take account of the requirements of FRS 17, are contained in the financial statements of Esporta Health & Fitness Limited, a fellow subsidiary undertaking. The contribution for the year was £nil (2010 £nil). The scheme was frozen from 1 November 2003 and, from that date, members of the scheme ceased to accrue future service benefits.

	2011		2010		2008	
	Expected rate of return % per annum	Value £000	Expected rate of return % per annum	Value £000	Expected rate of return % per annum	Value £000
Equities	6.90	7,622	7.00	7,235	7.50	5,877
Bonds	3.80	4,263	4.70	4,491	5.00	4,353
Cash	0.50	1,034	0.50	748	5.00	653
Total assets	5.40	12,919	5.80	12,474	6.10	10,883
Actuarial value of liability		(10,773)		(10,247)		(10,078)
Net pension surplus		2,146		2,227		805

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 £3,000 (2010 £5,000). There were no outstanding or prepaid contributions at the end of the financial period payable by the company.