

**Riverside Croydon Limited**

**Directors' report and financial  
statements**

**Registered number 3340555**

**Year ended 31 December 2002**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### Principal activities

The principal activity of the company is the operation of tennis and leisure club facilities.

### Business review

The directors are satisfied with the results for the year.

### Proposed dividend and transfer to reserves

The profit after taxation attributable to the shareholder is £441,000 (*Restated 2001: £258,000*) and has been transferred to reserves.

The directors do not recommend the payment of a dividend (*2001: £nil*).

### Directors and directors' interests

The directors who held office during the period were as follows:

Mr D R Waddell (resigned 20 September 2002)  
Miss V M Penrice (resigned 28 February 2003)  
Mr M W Kelly (appointed 11 January 2002; resigned 22 August 2002)  
Mr M D Ball  
Mr S J Creed (appointed 23 October 2002; resigned 13 May 2003)  
Mr K B McCollum (appointed 23 October 2002; resigned 24 February 2003)  
Miss R Anderson (appointed 17 March 2003)  
Mr N Gillis (appointed 21 August 2003)  
Mr M McGuigan (appointed 3 October 2003)

None of the directors who held office at the end of the financial period had any disclosable interest in the share capital of the company.

The interests of Mr M Ball in the share capital of the company's parent undertaking, Esporta Ltd, at 31 December 2002, are disclosed in the financial statements of that company.

## Directors' report (cont'd)

### Employment policies

It is Company policy to involve employees in the business and to ensure that matters of concern to them, including the Esporta Group's aims and financial performance, are communicated in an open and regular way. This is achieved through the use of focus groups, management briefings, newsletters and other less formal communications.

The Esporta Group has a comprehensive annual training and development plan which accords with its policy of developing talent. The promotion of equal opportunities for all colleagues, including disabled persons, is regarded as an important Group priority. Applications for employment from, and promotion of, disabled persons are treated on the same basis as those from other applicants having regard to ability, requirements of the job and experience. In the event of a colleague becoming disabled, the company uses its best endeavours to ensure continuity of employment.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company was signed at the Annual General Meeting.

Subsequent to this, on 10th December 2002, KPMG Audit Plc resigned as auditors; the Directors appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming AGM.

On behalf of the board



**M Ball**  
Director

Trinity Court  
Molly Millars Lane  
Wokingham  
4 December 2003

## 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  
Reading, Berkshire  
RG7 4SD  
England

## **Report of the independent auditors to the members of Riverside Croydon Limited**

We have audited the financial statements on pages 5 to 14.

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 3, 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

Chartered Accountants

Registered Auditor

4/12/2003

**Profit and loss account**  
*for the year ended 31 December 2002*

	<i>Note</i>	Year ended 31 December 2002 £000	Restated Year ended 31 December 2001 £000
<b>Turnover</b>		3,916	3,490
Cost of sales		(1,103)	(808)
<b>Gross profit</b>		2,813	2,682
Administrative expenses		(2,333)	(2,421)
<b>Operating profit</b>		480	261
Interest payable and similar charges	5	(8)	-
<b>Profit on ordinary activities before taxation</b>	2	472	261
Tax on profit on ordinary activities	6	(31)	(3)
<b>Retained profit for the financial period</b>	12	441	258

All amounts relate to continuing operations.

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2002*

	2002 £000	Restated 2001 £000
<b>Profit for the financial year</b>	441	258
Total recognised gains and losses relating to the year	441	258
Prior year adjustment	(161)	
<b>Total gains and losses recognised since last annual report</b>	280	

**Balance sheet**  
*at 31 December 2002*

	Note	2002 £000	Restated 2001 £000	£000
<b>Fixed assets</b>				
Tangible assets	7			882
<b>Current assets</b>				
Debtors	8	1,924	1,001	
Cash at bank and in hand		6	1,128	
		<u>1,930</u>	<u>2,129</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(790)</u>	<u>(1,572)</u>	
<b>Net current assets/(liabilities)</b>				557
<b>Provisions for liabilities and charges</b>	10			(130)
<b>Net assets</b>				<u>1,309</u>
<b>Capital and reserves</b>				
Called up share capital	11	-	-	
Profit and loss account	13	1,750		1,309
<b>Equity shareholders' funds</b>	12	<u>1,750</u>		<u>1,309</u>

These financial statements were approved by the board of directors on 4 December 2003 and were signed on its behalf by:



**M 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.

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2002 it was a wholly owned subsidiary undertaking of Esporta Ltd, and its cash flows are included within the consolidated cash flow statements of that company.

#### ***Changes in accounting policy***

The company has changed its accounting policy in respect of base stocks. Previously, base stocks were capitalised and depreciated over the life of the underlying assets. The policy is now to write off the cost of base stocks as incurred. The effect of this change, which has been shown as a prior year adjustment, is no impact on the profit for the financial year ended 31 December 2001 and to reduce shareholders' funds at that date by £31,000. Had the previous policy been applied in the year ended 31 December 2002, the profit for the financial year would have increased by £1,000.

Finally, following the group's adoption of FRS 19 Deferred Taxation, the group has made full provision for deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes (previously only recognised to the extent that there was a reasonable probability that an actual liability would crystallise). The effect of this change, which has been accounted for as a prior year adjustment, has been to decrease the profit for the financial year ended 31 December 2001 by £3,000 and to reduce shareholders' funds at that date by £130,000.

#### ***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.

#### ***Turnover***

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

#### ***Cost of sales and overheads***

Cost of sales includes all costs directly related to sales and all costs controllable by unit management. Overheads include all other costs.

#### ***Membership and joining fee income***

Joining fee income is recognised in full in the period of enrolment. Membership fees are similarly recognised except where fees have been paid annually in advance. In such an event, the income is recognised over the period to which it relates and the unexpired element is held within deferred income at the period end.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of other tangible fixed assets in equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment      -              3 to 10 years

#### *Stocks*

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

#### *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.

#### *Pension costs*

The company participates in a defined benefit pension scheme operated by Esporta plc. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the pension scheme are charged to the profit and loss account.

Actuarial valuations on an on-going basis are prepared every three years and contributions are made in accordance with the recommendation of a professionally qualified actuary using the projected unit method.

### 2 Profit on ordinary activities before taxation

	Year ended 31 December 2002 £000	Restated Year ended 31 December 2001 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation and other amounts written off fixed assets	158	158
Rentals payable under operating leases - land and buildings	1,500	1,500
Hire of equipment	9	10
	<hr/>	<hr/>

Auditors' remuneration is paid by the company's fellow subsidiary undertaking, Esporta Health and Fitness Limited.

## Notes (continued)

### 3 Remuneration of directors

The directors received no remuneration from the company during the year (2001: £nil), but were remunerated by the company's ultimate parent undertaking Esporta Ltd.

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2002	2001
Operations	48	60
Administrative	9	9
	<hr/> 57	<hr/> 69

The above figures include 30 part-time employees (2001: 42).

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	793	774
Social security costs	48	45
Pension costs	14	19
	<hr/> 855	<hr/> 838

### 5 Interest payable and similar charges

	2002	2001
	£000	£000
Other interest payable	8	-

## Notes (continued)

### 6 Taxation

#### Analysis of charge in period

	2002		2001	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	42		-	
		<hr/>		<hr/>
Total current tax		42		-
Deferred tax (see note 10)				
Origination/reversal of timing differences	(11)		3	
	<hr/>	<hr/>	<hr/>	<hr/>
		(11)		3
		<hr/>		<hr/>
Tax on profit on ordinary activities		31		3
		<hr/>		<hr/>

#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2001: lower) than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	2002	2001
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	472	261
	<hr/>	<hr/>
Current tax at 30 % (2001: 30 %)	141	78
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Capital allowances for period in excess of depreciation	11	(3)
Group relief not paid	(111)	(76)
Other timing differences	-	
	<hr/>	<hr/>
Total current tax charge (see above)	42	-
	<hr/>	<hr/>

**Notes (continued)**

**7 Tangible fixed assets**

	<b>Fixtures, Fittings and Equipment £000</b>
<i>Cost</i>	
At 31 December 2001	1,856
Prior year adjustment	(62)
	<hr/>
At 31 December 2001 (Restated)	1,794
Additions	5
	<hr/>
At 31 December 2002	1,799
	<hr/>
<i>Depreciation</i>	
At 31 December 2001	943
Prior year adjustment	(31)
	<hr/>
At 31 December 2001 (Restated)	912
Charge for the period	158
	<hr/>
At 31 December 2002	1,070
	<hr/>
<i>Net book value</i>	
At 31 December 2002	<b>729</b>
	<hr/>
At 31 December 2001 (Restated)	882
	<hr/>

**8 Debtors**

	<b>2002 £000</b>	<b>2001 £000</b>
Trade debtors	26	457
Amounts owed by parent and fellow subsidiary undertaking	1,850	504
Prepayments and accrued income	48	40
	<hr/>	<hr/>
	<b>1,924</b>	<b>1,001</b>
	<hr/>	<hr/>

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2002		2001	
	£000	£000	£000	£000
Other creditors including taxation and social security:				
Corporation tax	56		15	
Other tax and social security	5		405	
Other creditors	32		7	
	<hr/>		<hr/>	
		93		427
Accruals and deferred income		697		1,145
		<hr/>		<hr/>
		790		1,572
		<hr/> <hr/>		<hr/> <hr/>

### 10 Provisions for liabilities and charges

#### Group

	Deferred Taxation £000
At 31 December 2001	-
Prior year adjustment (note 1)	130
	<hr/>
At 31 December 2001 (restated)	130
Utilised	(11)
	<hr/>
<b>At 31 December 2002</b>	<b>119</b>
	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	(11)	3
	<hr/>	<hr/>
Undiscounted provision	(11)	3
	<hr/> <hr/>	<hr/> <hr/>

The company has no provisions other than for deferred tax.

## Notes (continued)

### 11 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
100 ordinary shares of £1	100	100
	<hr/>	<hr/>
<i>Allotted, issued and fully paid</i>		
100 ordinary shares of £1	100	100
	<hr/>	<hr/>

### 12 Reconciliation of movements in equity shareholders' funds

	2002 £000	Restated 2001 £000
Profit for the financial period	441	258
Opening shareholders' funds (originally £1,209,000. Prior year adjustments of £158,000 per note1)	1,309	1,051
	<hr/>	<hr/>
Closing shareholders' funds	1,750	1,309
	<hr/>	<hr/>

### 13 Reserves

	Profit and loss account £000
At 31 December 2001	1,470
Prior year adjustment	(161)
At 31 December 2001 (Restated)	1,309
Retained profit for the financial period	441
	<hr/>
At 31 December 2002	1,750
	<hr/>

### 14 Pension scheme

During the year ended 31 December 2002, the company's employees were entitled to participate in the Esporta Ltd defined benefit pension scheme, the assets of which are held separately from those of Esporta Ltd. Full details of the scheme, including details of the last actuarial valuation at 1 July 2000 are contained in the financial statements of Esporta Ltd at 31 December 2002, and which can be obtained from the address set out in note 15. The pension cost for the company during the year was £14,000 (2001: £19,000).

**Notes** *(continued)*

**15 Ultimate parent undertaking**

The company is a subsidiary undertaking of Riverside Limited, a company registered in England and Wales.

The company's ultimate parent undertaking is Esporta Group Limited, a company 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