

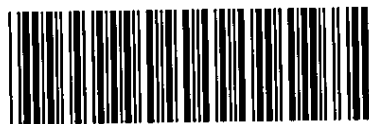
Registered number 04374605

Esporta (DSCH) Limited

**Directors' report and financial
statements**

Year ended 31 December 2008

TUESDAY



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Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members	4
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Reconciliation of movements in shareholders' funds	8
Notes to the financial statements	9

Directors' report

Directors

J Dhody
D J Leatherbarrow

Secretary

E P Scales

The directors present their report together with the audited financial statements in respect of the year ended 31 December 2008.

Principal Activity

The principal activity of the company is that of a holding company.

Business Review

The profit before taxation for the year was £nil (2007: £11,000) as shown in the Profit and Loss Account on page 6. The directors do not recommend the payment of a dividend for the year (2007: £nil).

On 18 June 2009 Société Générale SA acquired the entire share capital of New Esporta Holding Limited, a parent undertaking of the company. At the same time New Esporta Holding Limited secured new facilities totalling £205m from Société Générale. The revised financing structure now in place provides a strong platform for New Esporta Holding Limited and its subsidiaries to move forward.

The Directors' report for the company's intermediate parent undertaking at the year end, New Esporta Holding Limited, contains a fair review of the business of the Esporta Group including the company, and an indication of future developments as required by section 234ZZB of the Companies Act 1985, using key performance indicators and risk analysis.

Directors

The directors shown at the head of this report are currently in office. Changes to the directors since 1 January 2008 were as follows:

Name	Appointed	Resigned
S P Charlton	-	30 November 2008
A J Hall	-	30 April 2008
J Dhody	26 March 2008	-
D J Leatherbarrow	19 December 2008	-
G G Timms	-	18 June 2009

There were no other directors during the year.

Indemnity

The Articles of Association provide for the company indemnifying all directors subject to the provisions of the Companies Act 1985 (as amended).

Auditors

Ernst & Young LLP, having confirmed their willingness to act, will continue as Auditor to the Company pursuant to Section 386 (2) of the Companies Act 1985.

Annual General Meeting

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.

Directors' report *(continued)*

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On Behalf of the Board


J Dhody
Director

18 August 2009

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

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with the 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).

The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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 1985. They have 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ESPORTA (DSCH) LIMITED

We have audited the company's financial statements for the year ended 31 December 2008, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

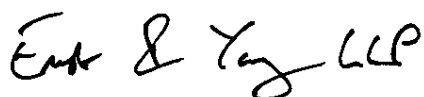
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2008 and of the profit of the company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered auditor

London

20 August 2009

Profit and loss account
for the year ended 31 December 2008

		2008 £000	2007 £000
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Interest receivable and similar income	4	-	11
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	-	11
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit for the financial year	10	-	11
		<hr/> <hr/>	<hr/> <hr/>

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2008

The company has no recognised gains or losses in either period other than the profit for the year and the results relate wholly to continuing operations.

Balance sheet
at 31 December 2008

	Note	2008	2007
		£000	£000
Fixed assets			
Investments	6	20,000	20,000
Current assets			
Debtors	7	-	130,219
Cash at bank and in hand		-	28
		<u>-</u>	<u>130,247</u>
Creditors: amounts falling due within one year	8	<u>(19,846)</u>	<u>(150,093)</u>
Net current liabilities		<u>(19,846)</u>	<u>(19,846)</u>
Net assets		<u>154</u>	<u>154</u>
Capital and reserves			
Called up share capital	9	203	203
Share premium account	10	285	285
Profit and loss account - deficit	10	(334)	(334)
Equity shareholders' funds		<u>154</u>	<u>154</u>

These financial statements were approved by the board of directors on
signed on its behalf by:

18 August 2009 and

J Dhody
Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	2008 £000	2007 £000
Opening shareholders' funds	154	143
Profit for the financial year	-	11
	<hr/>	<hr/>
Closing shareholders' funds	154	154
	<hr/>	<hr/>

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 financial statements, except as noted below.

Basis of preparation

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 1985.

Fundamental accounting concept

The accounts have been prepared under the going concern basis, as the parent undertaking has agreed to continue to provide financial support to the company.

Exemption from preparation of consolidated financial statements

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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 Limited, and is included within the publicly available consolidated financial statements 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.

Investments

Investments held as fixed assets are stated at cost less impairment provision. Such investments are reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be appropriate.

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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Profit on ordinary activities before taxation

Auditors' remuneration was paid by a fellow subsidiary undertaking.

3 Directors' remuneration

The directors received no remuneration from the company during the year (2007: £nil) but were remunerated by a fellow subsidiary undertaking, Esporta Health & Fitness Limited. It is not possible to identify separately this remuneration in respect of services to the company.

4 Interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	-	11

Notes (continued)

5 Taxation

There is no current or deferred tax charge for the year (2007: £ nil).

Factors affecting the current tax for the year

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	11
	<hr/>	<hr/>
Current tax at 28.5% (2007: 30%)	-	3
	<hr/>	<hr/>
<i>Effects of:</i>		
Utilisation of brought forward tax losses	-	(3)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

An unprovided deferred tax asset of £67,000 (2007: £67,000) exists reflecting capital losses carried forward.

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008. This rate change will affect the amount of future cash tax payments to be made by the company. The unprovided deferred tax balance reflects the rate change.

6 Fixed asset investments

	Shares in subsidiary undertaking £000
<i>Cost</i>	
At 1 January 2008 and 31 December 2008	20,000
	<hr/>
<i>Net book value</i>	
At 1 January 2008 and 31 December 2008	20,000
	<hr/>

The company's subsidiary undertaking at 31 December 2008 is set out below.

Name	Country of incorporation	Principal Activity	Percentage of ordinary Share capital held
Esporta (DSCLI) Limited	UK	Holding Company	100%

7 Debtors

	2008 £000	2007 £000
Due within one year:		
Amounts owed by group undertakings	-	130,219
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	19,846	150,093
	<u>19,846</u>	<u>150,093</u>

9 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
503,325 Ordinary shares of £1 each	503	503
	<u>503</u>	<u>503</u>
<i>Allotted, called up and fully paid</i>		
202,976 Ordinary shares of £1 each	203	203
	<u>203</u>	<u>203</u>

10 Reserves

	Share Premium Account £000	Profit and Loss Account £000	Total £000
At 1 January 2008	285	(334)	(49)
Profit for the financial year	-	-	-
	<u>285</u>	<u>(334)</u>	<u>(49)</u>
At 31 December 2008	285	(334)	(49)

11 Ultimate parent undertaking

The company's immediate parent undertaking is Health and Fitness Holdings Limited, a company registered in England and Wales.

EG01 Limited (formerly Esporta Group Limited), a company registered in England and Wales, was an intermediate parent undertaking and is the parent undertaking of the largest group of which the company is a member and for which group financial statements are prepared. Copies of the financial statements of EG01 Limited (formerly Esporta Group Limited) may be obtained from Trinity Court, Molly Millars Lane, Wokingham, Berkshire RG41 2PY.

The first group of which the company is a member and prepares financial statements containing the results of the company 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.

At 31 December 2008, the company's ultimate parent undertaking was Bell Leisure Group Limited, a company registered in Jersey. Following the acquisition of the entire share capital of New Esporta Holding Limited on 18 June 2009 Société Générale SA became the company's ultimate parent undertaking.