Esporta Financial Services Limited

Annual report and financial statements

Registered number 04555302

31 December 2015

Contents

Strategic report

Principal activities

The principal activity of the Company in the year under review was that of the collection of direct debit membership subscriptions on behalf of a number of Group companies.

Business review

The Strategic report for Virgin Active Health Fitness & Racquets Limited, the smallest and largest group in which the results are consolidated, contains a review of the business of the Virgin Active Health Fitness & Racquets 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.

Key Performance Indicators

Owing to the nature of the Company's activities, there are no Key Performance Indicators. The Directors consider the Company's performance to be satisfactory.

Financial Review

The profit before taxation for the year was £nil *(2014: £nil)* as shown in the Profit and loss account and other comprehensive income on page 5.

Net liabilities as at 31 December 2015 are £209,000 *(2014: £209,000)*.

By order of the board

J Archibald
Secretary

100 Aldersgate Street
London
EC1A 4LX
4 August 2016

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

Dividend

No dividends were paid or proposed during the year *(2014: £nil)*.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period *(2014: £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 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.

Directors

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

MW Bucknall
PA Woolf
MG Merrick
JR Hartley (appointed 9 December 2015)
MP Burrows (resigned 1 December 2015)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By order of the board

J Archibald
Secretary

100 Aldersgate Street
London
EC1A 4LX
4 August 2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- state whether applicable UK 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 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 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.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESPORTA FINANCIAL SERVICES LIMITED

We have audited the financial statements of Esporta Financial Services Limited for the year ended 31 December 2015 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 auditor

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 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and.
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

R.M. Seale

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
5 August 2016

Profit and loss account and other comprehensive income
for the year ended 31 December 2015

	Note	**2015**	2014
		£000	£000
Revenue		-	-
Operating costs		-	-
Operating profit		-	-
Profit on ordinary activities for the year	*2, 3*	-	-
Tax on profit on ordinary activities	*4*	-	-
Profit for the year		-	-
Total comprehensive income for the year		-	-

The notes on pages 8 - 14 form part of these financial statements.

Statement of financial position
at 31 December 2015

	Note	**2015**	2014
		£000	£000
Current assets			
Cash at bank and in hand		**14**	4,954
Amounts owed by group undertakings	*6*	**162,720**	158,738
		162,734	**163,692**
Total assets		**162,734**	**163,692**
Capital and reserves			
Called up share capital	5	**-**	-
Profit and loss account		**(209)**	(209)
Shareholders' funds		**(209)**	**(209)**
Current liabilities			
Amounts owed to group undertakings	*6*	**162,943**	163,901
Total liabilities and shareholders' funds		**162,734**	**163,692**

The notes on pages 8 - 14 form part of these financial statements.

These financial statements were approved by the board of directors on 4 August 2016 and were signed on its behalf by:

JR Hartley
Director

Statement of changes in equity
for the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£000	**£000**	**£000**
Balance at 1 January 2014	-	(209)	**(209)**
Profit for the year	-	-	-
Balance at 31 December 2014	-	**(209)**	**(209)**
Balance at 1 January 2015	-	(209)	**(209)**
Profit for the year	-	-	-
Balance at 31 December 2015	-	**(209)**	**(209)**

The notes on pages 8 - 14 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Esporta Financial Services Limited (the "Company") is a company incorporated in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 9.

The Company's parent undertaking, Virgin Active Health Fitness & Racquets Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Virgin Active Health Fitness & Racquets Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address given in note 7.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional statement of financial position for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Active Health Fitness & Racquets Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

Notes *(continued)*

1 Accounting policies *(continued)*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 8.

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis unless otherwise noted. All amounts are presented in Great British Pounds (GBP).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1.2 Going concern

The Company's business activities, together with the factors likely to affect future development and position, are set out in the Business Review section of the Strategic report on page 1.

The Company is a holding company and does not generate trading cash flows. However, the Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the Company's immediate parent Esporta Tennis Clubs Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Virgin Active Group to continue as a going concern or its ability to continue with the current banking arrangements.

The Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The company and its fellow group undertakings are able to relieve their tax losses by surrendering them to other group companies, within the UK corporation tax group, where capacity to utilise these losses exists. There is an agreement between members of the group that losses will not be paid for by the recipient company. Where there is reasonable certainty that tax losses can be relieved, the group relief receivable or payable is included in the taxation charge or credit in the year.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes *(continued)*

1 Accounting policies ***(continued)***

1.5 Non-derivative financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are stated at their nominal values as this approximates amortised cost.

1.6 Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net foreign exchange gains / losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

2 Operating profit

Auditor's remuneration

Auditor's remuneration is paid by Virgin Active Limited, a fellow subsidiary undertaking.

3 Staff numbers and costs

The Company had no employees other than the directors, who did not receive any remuneration from the Company during the period *(2014: £ nil)*.

4 Taxation

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 *(2014: £nil)*. There is no unprovided deferred tax *(2014: £nil)*

5 Called up share capital

		2015	2014
		£	£
Allotted, called up and fully paid			
Equity:	1 Ordinary share of £1	**1**	1
	Shares classified in shareholders' funds	**1**	**1**

Notes *(continued)*

6 Financial instruments

As the consolidated financial statements of Virgin Active Health Fitness & Racquets Limited include the equivalent disclosures, the Company has taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures. The disclosures below cover statutory balances in relation to Amounts owed by / to group undertakings that are not covered in the Virgin Active Health Fitness & Racquets Limited consolidated financial statements.

Fair value measurements of financial assets and financial liabilities

Amounts owed by group undertakings and Amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost. The directors of Esporta Financial Services Limited consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Carrying amount			
	Loans and receivables	**Other Financial liabilities**	Loans and receivables	Other Financial liabilities
	2015	**2015**	2014	2014
	£000	**£000**	£000	£000
Financial assets				
Amounts owed by group undertakings	162,720	-	158,738	-
Financial liabilities				
Amounts due to group undertakings	-	162,943	-	163,901

7 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Esporta Tennis Clubs Limited, a company incorporated in England and Wales. The ultimate parent company is Brait SE, which is registered in Malta.

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

Notes *(continued)*

8 Accounting estimates and judgements

Recoverability of amounts owed by group undertakings

Determining whether amounts owed by group undertakings are recoverable requires a determination of whether the other party is able to repay. This is performed by assessing the assets and liabilities of the other party.

The carrying value of amounts owed by group undertakings at 31 December 2015 was £162,720,000 *(2014: £158,738,000)* and no impairment loss has been recognised *(2014: £nil)*.

9 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 statement of financial position at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 statement of financial position, the Company has no adjustments to amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). As there is no impact on the Company's financial position and financial performance as a result of the transition from UK GAAP to FRS 101, no transition tables are presented.