

# G

CHFP021

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## COMPANIES FORM No. 155(6)b

### Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

# 155(6)b

Pursuant to section 155(6) of the Companies Act 1985

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

To the Registrar of Companies  
(Address overleaf - Note 5)

For official use

Company number

--	--	--

02434151

Name of company

\* PARK HOLIDAYS UK LIMITED

Note  
Please read the notes  
on page 3 before  
completing this form

\* insert full name  
of company

~~X~~ We ~~of~~ PLEASE SEE ATTACHED APPENDIX

Ø insert name(s) and  
address(es) of all  
the directors

† delete as  
appropriate

~~the sole director~~ [all the directors]† of the above company (hereinafter called 'this company') do  
solemnly and sincerely declare that

§ delete whichever  
is inappropriate

The business of the company is

- ~~(a) that of a recognised bank or licensed institution within the meaning of the Banking Act 1979~~  
~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom~~  
(c) something other than the above§

The company is [the] ~~X~~ holding company of GOLDEN SANDS LIMITED (COMPANY NUMBER:  
02076677)

which is

proposing to give financial assistance in connection with the acquisition of shares

in [this company][

~~the holding company of this company]~~†

Presenter's name address and  
reference (if any)

DMH STALLARD  
GAINSBOROUGH HOUSE  
CRAWLEY  
WEST SUSSEX  
RH11 7FZ  
(0811/35410-41)

For official Use (02/06)  
General Section

Post mark

WEDNESDAY



\*AD4OKYC9\*

A07

26/03/2008

498

COMPANIES HOUSE

The assistance is for the purpose of ~~[that acquisition]~~ [reducing or discharging a liability incurred for the purpose of that acquisition] † (note 1)

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The number and class of the shares acquired or to be acquired is 1,650 ORDINARY SHARES OF £1  
EACH

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

The assistance is to be given to (note 2) CP ACQUISITIONCO LIMITED (company no. 05647328)  
OF COGHURST HALL, IVYHOUSE LANE, ORE, HASTINGS, EAST SUSSEX TN35 4NP

The assistance will take the form of

**PLEASE SEE ATTACHED APPENDIX**

The person who [has acquired] ~~[will acquire]~~ the shares is  
CP ACQUISITIONCO LIMITED (company no. 05647328)

† delete as  
appropriate

The principal terms on which the assistance will be given are

**PLEASE SEE ATTACHED APPENDIX**

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is NIL

The amount of cash to be transferred to the person assisted is £ Please see attached appendix

The value of any asset to be transferred to the person assisted is £ 0.00

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write in  
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Please complete  
legibly, preferably  
in black type, or  
bold block lettering

\* delete either (a) or  
(b) as appropriate

The date on which the assistance is to be given is Please see attached appendix

I/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts (note 3)

(a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)

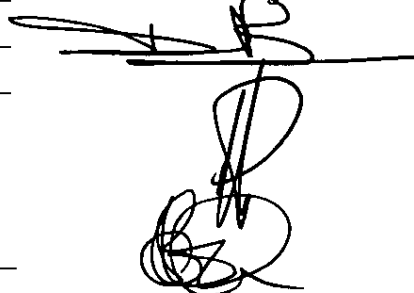
~~(b) [I/we intended to commence the winding up of the company within 12 months of the date and I/we have formed the opinion that this company will be able to pay its debts as they fall due within 12 months of the commencement of the winding up]\* (note 3)~~

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835

Declared at

Southernhay Gardens  
Exeter

Declarants to sign below




on

Day Month Year

13 03 2005

before me

 DAVID HODGE

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths

## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given, if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form

- 5 The address for companies registered in England and Wales or Wales is -

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

DX 33050 Cardiff

or, for companies registered in Scotland -

The Registrar of Companies  
37 Castle Terrace  
Edinburgh  
EH1 2EB

DX 235 Edinburgh

or LP-4 Edinburgh 2

**APPENDIX  
Form 155(6)b**

**PARK HOLIDAYS UK LIMITED  
Company number 02434151  
(the "Company")**

**1 List of Directors**

The names and addresses of all the directors of the Company are as follows:

Jeffrey Alan Sills  
11 Heath Park Drive  
Bromley  
BR1 2WQ

Alasdair Bell Loch  
19 Stapleford Road  
Whissendine  
Oakham  
Leicestershire LE15 7HF

David Peter Bull  
Burntwood House  
Powdermill Close  
Battle TN33 OSU

**2. Form which assistance will take**

- 2.1. In this Statutory Declaration the following expressions have, unless otherwise defined, the following meanings

**"CP Acquisition"** means CP AcquisitionCo Limited;

**"Debenture"** means a debenture to be entered into by the Subsidiary in favour of the Security Trustee,

**"Facility Agreement"** means the £87,000,000 term and revolving facilities agreement dated 17 January 2006 (as amended and restated by a supplemental facilities agreement dated 22 May 2007) between, among others, CP Acquisition, the Original Borrowers (as defined therein), the Original Guarantors (as defined therein), the Original Lenders (as defined therein), The Royal Bank of Scotland plc (as mandated lead arranger and agent), and National Westminster Bank plc (as security trustee), as amended and restated from time to time,

**"Guarantor Accession Agreement"** means a guarantor accession agreement to the Facility Agreement to be entered into by the Subsidiary on or around the date hereof in favour of the Security Trustee,

**"Intercreditor Agreement"** means an intercreditor agreement dated 17 January 2006 between, amongst others, the Company and the Initial Guarantors, the Security Trustee, the Lenders, the Investors, Investorco and Parent referred to therein,

**"Intra-Group Accession Letter"** an accession agreement to be entered into by the Subsidiary on or around the date hereof to an intra-group funding agreement dated 17 January 2006 between, amongst others, CP Acquisition and the Company (the **"Intra-Group Funding Agreement"**),

**"Intercreditor Deed of Accession"** means a deed of accession to an intercreditor agreement dated 17 January 2006 between, amongst others, the Company and the Initial Guarantors, the Security Trustee, the Lenders, the Investors, Investorco and Parent (each as defined therein) to be entered into by the Subsidiary) (the **"Intercreditor Agreement"**),

**"Original Acquisition"** means the purchase of all share capital in the Company by CP Acquisition,

**"Security Trustee"** means National Westminster Bank plc as security trustee for the Secured Parties referred to in the Debenture;

**"Subsidiary"** means Golden Sands Limited (company number 02076677)

2.2. The financial assistance will take the form of

2 2 1 the execution, delivery and performance by the Subsidiary of its obligations under the following documents (as the same may be amended, varied, supplemented or substituted from time to time) (together, the **"Assistance Documents"**):

- (a) the Debenture,
- (b) the Guarantor Accession Agreement,
- (c) the Intercreditor Deed of Accession; and
- (d) the Intra-Group Accession Letter, and

2 2 2 the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the Assistance Documents

### 3. Principal terms of assistance given

3 1. All capitalised terms in this paragraph 3 shall, unless contrary indication appears, have the same meanings given to them in paragraph 2 1.

3 2 The principal terms on which the financial assistance will be given are as follows

3.2 1. by entering into the Debenture

- (a) the Subsidiary, as security for the payment, performance and discharge of all the Secured Liabilities (as defined therein), charges in favour of the Security Trustee (as trustee for the Secured Parties) by way of a first legal mortgage all of the Subsidiary's right, title and interest in and to the freehold, commonhold and leasehold property now vested in it (including, but not limited to, the freehold, commonhold and leasehold property (if any) specified in Schedule 2 of the Debenture (*Real Property*)) (other than any subject to an Exclusion unless and until the same is Satisfied);
- (b) the Subsidiary, as security for the payment, performance and discharge of all the Secured Liabilities, charges in favour of the Security Trustee (as trustee for the Secured Parties) by way of first fixed charge all of the Subsidiary's right, title and interest in and to the following assets, both present and future.
  - (i) all estates or interests in any freehold, commonhold or leasehold property (other than (i) such property effectively mortgaged under Clause 3 1 of the Debenture and (ii) any property subject to an Exclusion unless and until the same is satisfied),
  - (ii) all licences held by it to enter upon or use land and/or to carry on the business carried on upon that land and all agreements relating to land to which it is a party or otherwise entitled,
  - (iii) where any Mortgaged Property is leasehold property, any right or interest arising by virtue of any enfranchising legislation (including, but not limited to, the Leasehold Reform Act 1967 and the Leasehold Reform Housing and Urban Development Act 1993 but excluding Part II of the Landlord and Tenant Act 1954) which confers upon a tenant of property whether individually or collectively with other tenants of that or other properties the right to acquire a new lease of that property or to acquire, or require the acquisition by a nominee of, the freehold or any intermediate reversionary interest in that property;
  - (iv) any amounts owing to it by way of rent, licence fee, service charge, dilapidations, ground rent and/or rent charge in respect of any Mortgaged Property or Premises,

- (v) all fixed and other plant and machinery, computers, vehicles, office equipment and other chattels in its ownership or possession (but excluding any of those items to the extent that they are part of its stock in trade),
- (vi) all Insurances, including all claims, the proceeds of all claims and all returns of premium in connection with Insurances,
- (vii) all book debts and all other debts or monetary claims (including all choses in action which may give rise to a debt or monetary claim), all proceeds thereof and, in each case, any cheque, bill, note, negotiable instrument or other document representing the same;
- (viii) all moneys from time to time deposited in or standing to the credit of any bank account with the Security Trustee or any other bank or financial institution (including, without limitation, any rent deposit given to secure liabilities in relation to land and any retention or similar sum arising out of a construction contract or any other contract (and, in each case, any cheque, bill, note, negotiable instrument or other document representing the same), together with all moneys from time to time deposited in or standing to the credit of any Holding Account and/or Mandatory Prepayment Account
- (ix) all Securities and their Related Rights,
- (x) all of its goodwill and uncalled capital;
- (xi) all Intellectual Property;
- (xii) all licences, consents and authorisations (statutory or otherwise) held by it in connection with its business or the use of any Security Asset and the right to recover and receive all compensation which may be payable in respect of them;
- (xiii) each of the Specified Contracts, together with each Hedging Agreement (to the extent not otherwise validly and effectively assigned pursuant to Clause 3.3 of the Debenture (*Assignment*): and
  - (A) all contracts, guarantees, appointments, warranties and other documents to which it is a party or in its favour or of which it has the benefit relating to any letting, development,

sale, purchase or the operation of any Mortgaged Property or Premises,

- (B) all agreements entered into by it or of which it has the benefit under which credit of any amount is provided to any person,
- (C) all contracts for the supply of goods and/or services by or to it or of which it has the benefit (including, without limitation, any contracts of hire or lease of chattels), and
- (D) any currency or interest swap or any other interest or currency protection, hedging or financial futures transaction or arrangement entered into by it or of which it has the benefit (whether entered into with any of the Finance Parties or any other person),

including, in each case, but without limitation, the right to demand and receive all moneys whatsoever payable to or for its benefit under or arising from any of them, all remedies provided for in any of them or available at law or in equity in relation to any of them, the right to compel performance of any of them and all other rights, interests and benefits whatsoever accruing to or for its benefit arising from any of them,

- (c) the Subsidiary, as security for the payment, performance and discharge of all the Secured Liabilities, assigns to the Security Trustee (as trustee for the Secured Parties) absolutely by way of a first legal assignment all of that Chargor's right, title and interest in and to each Hedging Agreement
- (d) the Subsidiary, as security for the payment, performance and discharge of all the Secured Liabilities, charges in favour of the Security Trustee (as trustee for the Secured Parties) by way of a first floating charge all of the Subsidiary's undertaking and all its other property, assets and rights whatsoever, all the stock in trade of the Subsidiary and the property, assets and rights not otherwise validly and effectively mortgaged, charged or assigned (whether at law or in equity) by way of fixed security pursuant to Clause 3 of the Debenture (*Fixed Security*);
- (e) the Subsidiary shall not (nor shall agree to) sell, factor, discount, transfer, assign, lease or otherwise dispose of the whole or any part of the Security Assets (whether in



a single transaction or in a series of transactions whether related or not), except for any disposal in the ordinary course of trading (as conducted by the Subsidiary at the date of the Debenture) of any Security Asset which is subject only to the floating charge created by Clause 4.1 of the Debenture (*Creation of Floating Charge*) or except as expressly permitted by the terms of the Facilities Agreement or the Debenture, and

- (f) the Subsidiary shall, at its own expense, take whatever action the Security Trustee or any Receiver may reasonably require for
  - (i) preserving, perfecting or protecting any Security Asset or the security constituted or intended to be constituted by the Debenture over any Security Asset,
  - (ii) at any time after the security constituted by this Deed has become enforceable, facilitating the realisation of any Security Asset, and/or
  - (iii) at any time after the security constituted by the Debenture has become enforceable, facilitating the exercise of all rights, powers and remedies of the Security Trustee or any Receiver or Delegate provided by or pursuant to the Debenture or by law in respect of any Security Asset,

including, without limitation, the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of, or intended to form part of, the Security Assets (whether to the Security Trustee or to its nominee(s)) and the giving of any notice, order or direction and the making of any registration which, in any such case, the Security Trustee may think expedient (acting reasonably) but such action being no more onerous than that required under the terms of the Debenture ,

(in this paragraph 3.2.1, capitalised terms, unless otherwise defined in paragraph 2.1 shall have the meanings given to them in the Debenture),

3.2.2 by entering into the Guarantee Accession Letter as Guarantor, the Subsidiary will

- (a) accede to the Facility Agreement as an additional guarantor and thereby guarantee the performance of each other Obligor's obligations under the Finance Documents in accordance with Clause 20 (*Guarantee and*

*indemnity*) of the Facility Agreement (the "**Facility Guarantee**") (under the Facility Guarantee, each Subsidiary undertakes that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, it shall immediately on demand pay that amount as if it was the principal obligor),

- (b) indemnify each Finance Party against any cost, loss or liability suffered if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal,
- (c) make representations and warranties to the extent required in Clause 21 (*Representations and Warranties*) of the Facility Agreement,
- (d) undertake to comply with certain general undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and not to dispose of any of its assets (in each case, subject to certain exceptions),

(in this paragraph 3.2.2, capitalised terms, unless otherwise defined in paragraph 2 1 shall have the meanings given to them in the Guarantee Accession Agreement),

3.2 3 by entering into the Intercreditor Deed of Accession, the Subsidiary will accede to the Intercreditor Agreement and thereby agree to certain ranking and priority arrangements in respect of sums due and owing to the Security Trustee and the security constituted in relation thereto, and

3.2.4. by entering into the Intra-Group Accession Letter, the Subsidiary will accede to the Intra-Group Funding Agreement and thereby may make loans to CP Acquisition to allow CP Acquisition to meet its debt service requirements in respect of the Original Acquisition, and to discharge any costs and expenses incurred by CP Acquisition in connection with the Original Acquisition

**4. The amount of cash to be transferred to the person assisted**

Such sums as are payable under the Intra-Group Accession Letter.

**5. The date on which the financial assistance is to be given**

The financial assistance is to be given on any date prior to 8 weeks from the date of this Statutory Declaration

This is the Appendix referred to in the Form 155(6)b as declared by the directors of the Company on **13 March** 2008

CP EquityCo Ltd

Increase in Banking Facilities

March 2008

Financial Assistance Board Memorandum in respect of

Crumpwood Ltd  
and  
Golden Sands Ltd

## **INTRODUCTION**

### **Background**

The directors of the group have recently negotiated an increase in banking facilities in order to part fund the acquisition of Crumpwood Ltd and Golden Sands Ltd

The banks require to take security over the properties owned by Crumpwood Ltd and Golden Sands Ltd in support of the additional facility which means that Crumpwood Ltd and Golden Sands Ltd will be providing financial assistance in relation to the provision of additional facility

This Board Memorandum has been prepared for the directors of Crumpwood Ltd and Golden Sands Ltd and based on the information provided the directors need to satisfy themselves that the companies can service their debts as they fall due and then make the conclusions and statutory declarations set out on pages 7 & 9

### **Statutory Requirements**

As a result of the financial assistance, it will be necessary for the directors to sign statutory declarations of solvency in respect of Crumpwood Ltd and Golden Sands Ltd

The statutory declarations which the directors are required to sign must state inter alia that the companies will be able to pay their debts as they fall due for a period of 12 months immediately following the date of giving the financial assistance and that the aggregate of their net assets, as stated in the accounting records, exceed the aggregate of its liabilities as similarly stated immediately before the financial assistance is proposed to be given

Cash will be free to flow around the group and there are cross guarantees between various of the group companies. Consequently, in the context of financial assistance, consolidated cash flows for the whole of the group have been considered rather than in relation to Crumpwood Ltd and Golden Sands Ltd

In accordance with section 156(4) of the Companies Act 1985, the auditors of each company will be required to report to the directors that they are not aware of anything that would indicate that the statutory declaration made by the directors is unreasonable

### **Purpose of this Board Memorandum**

The purpose of this memorandum is to summarise all of the relevant information available to the directors at the date of this document and the work and enquiries which the directors have undertaken upon which they have based their forecast of working capital for the period to 31 March 2009 and upon which they have considered the compliance of Crumpwood Ltd and Golden Sands Ltd with the requirements of Section 152(2) of the Companies Act 1985 in respect of net assets

The cash flow forecasts referred to in this memorandum, in respect of the group, are solely the responsibility of the directors and have been prepared to support statements by the directors to be included in the statutory declarations to be completed under Section 155 and 156 of the Companies Act 1985 before granting the financial assistance. These forecasts were approved at a board meeting held today, the date of this memorandum

## FINANCIAL PROJECTIONS

The financial projections contained in this board memorandum are based on the detailed budgets of the group for the period to 31 December 2008 together with a forecast for the first three months of the following financial year which has been extracted from a high level group projection. The projections reflect the addition of the parks operated by Crumpwood Ltd and Golden Sands Ltd and a small uplift in respect of the higher than budgeted number of owners returning for the 2008 season

The forecast EBITDA for the 12 months to 31 March 2009 based on the above approach is £19.9m. This figure compares to a pro-forma EBITDA figure of £17.2m for the financial year ended 31 December 2007.

While trading in the early months of 2008 has been ahead of budget in terms of caravan unit sales, no uplift has been applied to the balance of the 2008 unit sales figures as originally budgeted.

A summary of the key assumptions used in preparing the EBITDA forecast is detailed below:

- Caravan unit sales for March to December of 2008 assumed at 1,279 units which is an increase of 181 units compared to the same period in 2007. 12% (21 units) of this increase relates to sales in the new parks which recorded sales of 15 units in 2007. As at 2 March 2008 completed unit sales were up by 40% compared to 2007, an increase of 34 units. A further 5% increase in unit sales against the 2008 budget is anticipated in 2009 to a full year figure of 1,389 units and a relatively low element of this is anticipated in the first three months of that year.
- Caravan sales margins have been assumed as broadly in line with 2007 achievements on an individual park basis however, due to a central contingency provision the forecast anticipates a drop of around £530 (5%) per unit compared to 2007. Sales staff are again being remunerated on margins achieved as well as volumes replicating the system operated in 2007. Further strengthening of the sales team was actioned in the latter half of 2007 which is believed to be a factor in the strong early season performance in 2008.
- Site fee levels were increased by 8.5% on average and the level of owners who have confirmed for the coming season already exceeds the base level assumed in the 2008 budget. An element of site fees is linked to caravan sales and based on the early season sales figures this element of fee income growth should be achieved. For 2009, a 5% increase in average fees has been assumed although in reality this figure is expected to be higher due to the ongoing levels of investment in the parks.
- Other income streams are forecast to be broadly in line with historic performance although allowance has been made for limited uplifts from improved bar and restaurant facilities and a "normal" year in terms of weather.
- Costs have been planned on a bottom up basis and overspends experienced in 2007 are not expected to be repeated given an improvement in the planning process derived from a second year of operating the business.

Balance sheet projections have been prepared by considering each individual aspect of the balance sheet. Certain of the cash flows are unique to the business and traditional methods of linking balance sheet projections to P&L performance are therefore not appropriate. Key assumptions relating to the balance sheet projections are as follows

- Site fee debtors are modelled on known cash flows following the 2008 site fee renewal process and remaining direct debit payments to be collected
- Capital Expenditure reflects the approved programme as adopted by the board for 2008 and with most projects well progressed there is very low prospects of adverse variances in expenditure levels
- Tax assumed at 30% with quarterly payments in accordance with HMRC arrangements

Cash flow projections are derived from the EBITDA and balance sheet projections and the only other major assumption to be considered is interest rates

Interest has been modelled based on the current LIBOR loan which runs to the end of April with rate drops to 5.25% from May and 5% from August assumed. £39m of the debt package is subject to a rate swap at an average rate of 5% (plus margin). Swap rates currently sit below the rates allowed for in the model. As a result of the current swap arrangements, just less than £80m of the debt is subject to floating rates and a 0.25% differential in rates therefore equates to a differential in interest costs of £200k in a full year.

While base rates have been held at 5.25% following the MPC's March review further quarter point reductions are widely tipped and stability in rates should also lead to a narrowing of the base rate/LIBOR differential which currently sits at around 0.5% on three month money.

Following the repayment of the short term bridging facility the projections indicate that the business will be in funds throughout the period with average balances on deposit of circa £2m. A deposit rate of base minus 1% has been assumed in the calculation of credit interest.

### **Base Case Figures and Downside Scenario**

The base case projections as described above are included in appendix 1. Following a difficult trading season in 2007 largely driven by adverse weather conditions the 2008 budget, which underpins the projections, has been prepared on a prudent basis with in excess of £1m allowed in central contingencies.

A downside scenario which assumes underperformance against the base case is included in appendix 2. Assumptions used in the downside scenario are a 7% reduction in caravan sales volumes between April and October, a 5% reduction in Hire and Touring income between June and August and a 10% reduction in Food, Beverage and Arcades during the same period. This level of performance would result in a reduced cost base as bonus thresholds would not be met however no account has been taken for this within the figures.

In both of these appendices, facility headroom and covenant compliance are considered.

## BORROWING FACILITIES

### Overview

The following table details the current long term facilities available to the group. In addition to the amounts shown in the table, a short term bridging facility of £5m has been provided for a period of three months and will be repaid from the proceeds of the sale of Riviera Bay Holiday Park or via an equity call on the investors. The relevant investors have provided a guarantee in relation to this amount.

TRANCHE	TYPE	MATURITY	MARGIN	AMOUNT
A	Term Loan	8 years	1.25%	33,875,000
B	Term Loan	10 years	1.50%	25,000,000
C	Term Loan	10 years	2.00%	50,000,000
D	Term Loan	10 years	2.50%	10,000,000
	Revolving Credit Facility	10 years	2.00%	5,000,000

The above represents an increase of £10m compared to the previous debt package.

The additional funds will be utilised to part fund the acquisition of Crumpwood Ltd and Golden Sands Ltd.

Comments in relation to interest costs are included under Financial Projections above.

All banking funds are drawn by CP AcquisitionCo Ltd and the directors of that company have confirmed that the funds will be made available to other members of the group in order to allow them to pay their debts as they fall due immediately following the date on which the financial assistance is given and for a period of twelve months thereafter.

### Headroom

The base case scenario shows that the group would not require to draw down on the £5m revolving credit facilities at any time during the period hence maintaining headroom of at least £5.9m with a peak of £13m. Minimum cash would be at the end of July and this situation is driven by the scheduled term loan repayment and interest settlements immediately prior to a major inflow of cash from the peak trading month.

Covenant tests based on the projections indicate compliance with targets throughout the period with headroom of a minimum 10.6%. This minimum headroom occurs at the end of June 2008 and it should be remembered that the bulk of the twelve month performance related to the test period has already been secured.

Against the downside case, the headroom in the early part of the review period is not significantly worse due to the fact that the bulk of the relevant performance is secured. Cash headroom in July as shown is reduced to £5.2m. Covenant tests under the downside scenario indicate that compliance would continue throughout and interest rates would need to sit 1% higher than the assumed levels for the full year to March 09 to threaten a breach in the senior interest test.

Under both scenarios it should be noted that some flexibility exists on the exact timing of cash flows in relation to interest payments and capital expenditure.

## NET ASSETS OF CRUMPWOOD LTD

The balance sheet of Crumpwood Ltd as at 31 January 2008 is detailed below

The directors are not aware of any unusual liabilities arising subsequent to the balance sheet date and are not aware of any material ongoing litigation or any significant action being brought against the company which would require a provision in the accounts

Subsequent to the balance sheet date, the business will have traded at a loss and has also been involved in a number of property related and other transactions. The estimated impact of these transactions is also detailed below

In addition, the nature of the financial assistance being given will not, in the opinion of the directors, require any provisions to be established in the accounts which would give rise to a reduction in the net assets of the company

### Balance Sheet

£000s

	As at 31 1 08	Recognise Deferred Tax Liab	Property Disposals	Trading to 11 3 08	Share Issue	Projected 11 3 08
Fixed Assets	2,977		(625)	(8)		2,344
Current Assets	66			(42)	100	124
Current Liabilities	(184)					(184)
Long Term Liabilities	(2,846)	(44)	700			(2,190)
<b>Net Assets</b>	<b>13</b>	<b>(44)</b>	<b>75</b>	<b>(50)</b>	<b>100</b>	<b>94</b>
Financed By						
<b>Shareholders Funds</b>	<b>13</b>	<b>(44)</b>	<b>75</b>	<b>(50)</b>	<b>100</b>	<b>94</b>

### Notes

- Deferred tax liabilities in relation to accelerated capital allowances were not previously recognised
- Property disposals relate to assets excluded from the deal (swimming pool and club)
- Trading is based on operating costs of around £50k per month with an add back for the profit on sale of a caravan in February
- Share issue reflects the issue of preference shares issued prior to the whitewash



## **NET ASSETS OF CRUMPWOOD LTD**

In accordance with section 156(4) of the Companies Act 1985 the directors are required to confirm the positive net asset position of Crumpwood Ltd at the latest practicable date before this memorandum is signed. In order to be able to give this confirmation the balance sheet as at 31 January 2008 is shown on the previous page. The balance sheet has been derived from the accounting records as at 31 January 2008 and estimated movements since that date have also been shown.

The directors have also considered the potential impact on net assets of trading since 31 January 2008 in reaching their conclusion.

### **Conclusion**

Condition precedent to the provision of financial assistance

As at the close of business on 31 January 2008, the latest practicable date before the memorandum was signed, the aggregate of the company's assets as stated in its accounting records exceeded the aggregate of the liabilities as so stated.

From the directors knowledge of events since that date and of the likely course of the company's business, the directors have formed the opinion that

- the aggregate of the company's assets will exceed the aggregate of its liabilities immediately before the proposed financial assistance is given, and
- that the giving of such assistance will not reduce the net assets of the company

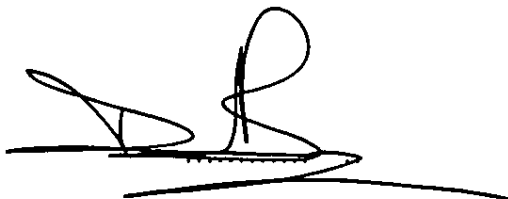
### **Directors' Statutory Declaration**

The directors are of the opinion that having carefully considered and adopted the contents of this memorandum that they are able to make a statutory declaration under section 156 of the companies act, in the prescribed form.

Signed on behalf of the board



Director



Director

## NET ASSETS OF GOLDEN SANDS LTD

The balance sheet of Golden Sands Ltd as at 31 January 2008 is detailed below

The directors are not aware of any unusual liabilities arising subsequent to the balance sheet date and are not aware of any material ongoing litigation or any significant action being brought against the company which would require a provision in the accounts

Subsequent to the balance sheet date, the business will have traded at a loss however the level of loss sustained will be insignificant in comparison to the net asset position of the business as detailed below

In addition, the nature of the financial assistance being given will not, in the opinion of the directors, require any provisions to be established in the accounts which would give rise to a reduction in the net assets of the company

### Balance Sheet as at 31 January 2008

	£000
Fixed Assets	3,159
Current Assets	27
Current Liabilities	(1,745)
Long Term Liabilities	(59)
<b>Net Assets</b>	<b>1,382</b>
Financed by	
<b>Shareholders Funds</b>	<b>1,382</b>

## **NET ASSETS OF GOLDEN SANDS LTD**

In accordance with section 156(4) of the Companies Act 1985 the directors are required to confirm the positive net asset position of Golden Sands Ltd at the latest practicable date before this memorandum is signed. In order to be able to give this confirmation the balance sheet as at 31 January 2008 is shown on the previous page. The balance sheet has been derived from the accounting records as at 31 January 2008.

The directors have also considered the potential impact on net assets of trading since 31 January 2008 in reaching their conclusion.

### **Conclusion**

Condition precedent to the provision of financial assistance

As at the close of business on 31 January 2008, the latest practicable date before the memorandum was signed, the aggregate of the company's assets as stated in its accounting records exceeded the aggregate of the liabilities as so stated.

From the directors knowledge of events since that date and of the likely course of the company's business, the directors have formed the opinion that

- the aggregate of the company's assets will exceed the aggregate of its liabilities immediately before the proposed financial assistance is given, and
- that the giving of such assistance will not reduce the net assets of the company.

### **Directors' Statutory Declaration**

The directors are of the opinion that having carefully considered and adopted the contents of this memorandum that they are able to make a statutory declaration under section 156 of the companies act, in the prescribed form.

Signed on behalf of the board



Director



Director



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East Sussex TN35 4NP

Our ref **bkc/ajh/745**

Contact

13 March 2008

Dear Sirs

**Auditors' report to the directors of Park Holidays UK Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors dated 13 March 2008 in connection with the proposal that Golden Sands Limited, of which this company is a holding company, should give financial assistance for the purchase of this company's ordinary shares

This report is made solely to the company's directors as a body in accordance with section 156(4) of the Companies Act 1985. Our work has been undertaken so that we as the company's auditors might state to the company's directors those matters we are required to state to them in a report under section 156(4) of that Act 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 directors as a body for our work under section 156(4) of that Act or for this report.

We have enquired into the state of the company's affairs in order to review the bases for the statutory declaration.

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

*KPMG LLP*

KPMG LLP, Registered Auditor