

Prime Resorts Limited

Annual Report and Financial Statements

Year Ended

29 January 2006

Registered Number 3564066



BDO Stoy Hayward
Chartered Accountants

Prime Resorts Limited

Annual report and financial statements for the year ended 29 January 2006

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Directors

R Page
E Fawdington
M Leader
M Brayshaw
I Slater

Secretary and registered office

M Brayshaw
Prime Resorts Limited
Park Hall Hotel
Leisure & Conference Centre
Park Hall Road
Charnock Richard
Chorley
Lancashire PR7 5LP

Company number

3564066

Auditors

BDO Stoy Hayward LLP
Commercial Buildings
11-15 Cross Street
Manchester M2 1WE

Bankers

Bank of Scotland
19-21 Spring Gardens
Manchester
M2 1FB

Solicitors

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

Prime Resorts Limited

Report of the directors for the year ended 29 January 2006

The directors present their report together with the audited financial statements for the year ended 29 January 2006.

Principal activities

The profit and loss account for the year is set out on page 5.

The principal activities of the Company include the operation of Camelot Theme Park and Park Hall Hotel, Leisure and Conference Centre.

Review and future developments

Turnover was down by 2% but this was offset by cost savings and interest savings.

Management are currently exploring alternate uses for the unused land adjoining the business.

Financial position

The company completed the year with a loss of £932,683 (2005: loss £1,130,174) and net liabilities of £2,785,904 (2005: assets of £1,146,779). The apparent change arose due to reclassifying redeemable ordinary shares as debt under FRS25. The company meets its day to day working capital requirements through overdraft and loan facilities, and other bank facilities held by its parent company. The directors expect the company to operate, for at least the next twelve months from the date of signing these accounts, within the facilities agreed with the bank on 20 December 2006 when the facilities required by the company were extended to 31 March 2008.

Dividends

The directors do not recommend the payment of a dividend (2005: £nil).

The loss for the financial period of £932,683 (2005: loss £1,130,074) will be transferred from reserves.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Directors

The directors of the company who served during the year were as follows:

R Page	
E Fawdington	
M Leader	
M Brayshaw	(non-executive chairman)
I Slater	(non-executive director)

Directors' interests in the share capital and debt of the holding company are disclosed in its financial statements.

Prime Resorts Limited

Report of the directors for the year ended 29 January 2006 (Continued)

Employment of disabled persons

The company's policy is to encourage disabled workers to apply for those vacancies which they are able to fill. Applications which are received from disabled persons are always given full consideration.

The company's policy on training, career development and promotion of disabled people is, as far as possible, identical to that for other employees, and if employees become disabled every effort is made to ensure their continued employment, with appropriate training where necessary.

Employee communication and involvement

The company's policy is to consult and discuss with employees, at meetings, on matters likely to affect their interests.

Employees' involvement in the company's performance is encouraged through regular appraisals and reviews. Every effort is made, through regular meetings, to achieve a common awareness on the part of all employees of the financial and economic factors that affect the company's performance.

Policy and practice on payment of suppliers

The company applies a policy of agreeing payment terms with each of its major suppliers and endeavours to abide by these terms, subject to satisfactory performance by the suppliers. Trade creditors at the year end represented 56 days (2005: 53 days) of purchases.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 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; 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP will be proposed at the annual general meeting.

By order of the Board



M Leader
Director

19 January 2007

Prime Resorts Limited

Report of the independent auditors

To the shareholders of Prime Resorts Limited

We have audited the financial statements of Prime Resorts Limited for the year ended 29 January 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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 have been 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 those 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

Prime Resorts Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 January 2006 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Manchester

19 January 2007

Prime Resorts Limited**Profit and loss account for the year ended 29 January 2006**

	Note	2006 £	2005 £
Turnover	2	10,090,439	10,295,311
Cost of sales		5,153,574	5,206,136
Gross profit		4,936,865	5,089,175
Net operating expenses	3	(5,268,261)	(5,346,379)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		946,231	979,017
Depreciation and amortisation		(1,277,627)	(1,236,221)
Operating loss		(331,396)	(257,204)
Interest payable and similar charges	6	(601,287)	(872,870)
Loss on ordinary activities before taxation	7	(932,683)	(1,130,074)
Taxation on loss on ordinary activities	8	-	-
Loss for the financial year	18	(932,683)	(1,130,074)

All amounts relate to continuing activities.

The company has no recognised gains and losses other than the loss for the year, and therefore no separate statement of total recognised gains and losses has been presented.

There are no differences between the loss on ordinary activities before taxation and the loss for the financial year, and their historical cost equivalents.

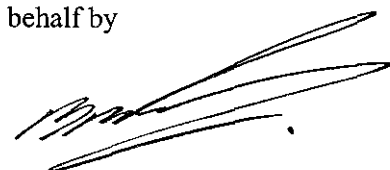
The notes on pages 9 to 20 form part of these financial statements.

Prime Resorts Limited

Balance sheet at 29 January 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	9		3,675,839		3,987,839
Tangible assets	10		9,952,968		10,321,311
			<u>13,628,807</u>		<u>14,309,150</u>
Current assets					
Stocks	11	180,924		193,861	
Debtors	12	370,462		583,012	
		<u>551,386</u>		<u>776,873</u>	
Creditors: amounts falling due within one year	13	(4,206,374)		(4,258,992)	
Net current liabilities			<u>(3,654,988)</u>		<u>(3,482,119)</u>
Total assets less current liabilities			<u>9,973,819</u>		<u>10,827,031</u>
Creditors: amounts falling due after more than one year	14		12,759,723		9,680,252
Capital and reserves					
Called up share capital	17		6,750,000		9,750,000
Profit and loss account	18		(9,535,904)		(8,603,221)
Total equity shareholders' deficit/funds	19		<u>(2,785,904)</u>		<u>1,146,779</u>
			<u>9,973,819</u>		<u>10,827,031</u>

The financial statements were approved by the Board of Directors on 19 January 2007 and were signed on its behalf by



M Leader
Director

The notes on pages 9 to 20 form part of these financial statements.

Prime Resorts Limited

Cash flow statement for the year ended 29 January 2006

	Note	2006 £	2006 £	2005 £	2005 £
Net cash inflow from operating activities (page 8)			944,490		1,229,862
Returns on investments and servicing of finance					
Bank interest paid		(472,586)		(584,669)	
Other interest (parent undertaking) paid		(128,701)		(288,201)	
Net cash outflow from returns on investments and servicing of finance			(601,287)		(872,870)
Capital expenditure					
Purchase of tangible fixed assets		(597,284)		(405,208)	
Receipts from sale of tangible fixed assets		-		110,000	
Net cash outflow from capital expenditure			(597,284)		(295,208)
Net cash (outflow)/inflow before Financing			(254,081)		61,784
Financing					
Principal payment under finance leases		(102,323)		(122,628)	
Net cash outflow from financing			(102,323)		(122,628)
Decrease in cash in the period	20		(356,404)		(60,844)

The notes on pages 9 to 20 form part of these financial statements.

Prime Resorts Limited**Reconciliation of operating result to net cash inflow for the year ended 29 January 2006**

	2006	2005
	£	£
Operating loss	(331,396)	(257,204)
Depreciation of tangible fixed assets	965,627	924,221
Amortisation of goodwill	312,000	312,000
Loss on disposal of tangible fixed assets	-	113,550
Decrease/(increase) in stocks	12,937	(9,632)
Decrease/(increase) in trade debtors	88,199	(54,483)
Decrease/(increase) in other debtors	20,204	(7,583)
Decrease/(increase) in prepayments and accrued income	104,147	(35,210)
(Decrease)/increase in trade creditors	(146,948)	51
(Decrease)/increase in other taxation and social security payable	(82,314)	26,754
Increase/(decrease) in accruals and deferred income	2,034	(70,803)
Increase in accrual for interest on loan stock	-	288,201
Net cash inflow	944,490	1,229,862

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006

1 Accounting policies

Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below, including a change under FRS25.

Going Concern

At 29 January 2006, the balance sheet shows net current liabilities of £3,654,988 and net liabilities of £2,785,904, after reclassifying redeemable ordinary shares as debt under FRS 25. The company meets its day to day working capital requirements through overdraft and loan facilities and other bank facilities held by its parent company (notes 13 and 14).

The terms of these Group facilities were revised during the year. As a result, a bullet repayment of £1.7m due on 30 June 2006 and the expiry of a £4m facility due on 31 December 2006 have been deferred so as not to fall due before 31 January 2007. Subsequently, on 20 December 2006, agreement was reached with the bank that these facilities were revised again and repayments would not be due before 31 March 2008. The remaining group bank loan of £3m remains due for repayment in 2010.

The directors expect the company to operate within the overdraft facilities agreed on 20 December 2006. The parent company has also agreed to provide the company with the support required for its continuing operations over the next twelve months. For these reasons, the directors have prepared the financial statements on a going concern basis.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Tangible fixed assets

Fixed assets are stated at their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings:	
Hotel	2
Theme Park	4
Rides	6.667
Computers and short term assets	20
Fixtures and fittings	10

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised on a straight line basis over a period of 20 years.

Finance and operating leases

Assets acquired under finance leases have been recorded in the balance sheet as tangible fixed assets at their equivalent capital value and will be depreciated over the useful life of the asset. The corresponding liability has been recorded as an obligation under finance leases and the interest element of the finance charge is charged to the profit and loss account over the lease period. Rental payments in respect of operating leases are charged to the profit and loss account.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

Stocks

Stocks comprise goods for resale, and are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or other events that result in an obligation to pay less tax in the future occurred at the balance sheet date. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be available taxable profits from which the future reversal of the timing differences can be deducted.

Pension costs

The company operates a defined contribution personal pension scheme for certain employees of the company. Payments to the scheme are charged in the financial statements as part of employment costs and comprise the company's total liability to the scheme.

Change in accounting policy

In accordance with the requirements of Financial Reporting Standard 25, redeemable ordinary shares, which are redeemable after 31 December 2010 by the notification of the holders, previously categorised as equity share capital were reclassified as liabilities.

The company has taken advantage of the exemption in FRS 25 from the requirement to restate comparative information and have instead restated the amounts included in these financial statements as at 25 January 2005, the beginning of the financial year.

There is no impact on the current or comparative profit and loss account. The full impact on the company of the adoption of FRS 25 on the balance sheet at 29 January 2006 is to reduce share capital by £3,000,000, increase creditors due after one year by £3,000,000 and reduce net assets by £3,000,000.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

2 Turnover

The company's turnover arises in the United Kingdom and is derived from its principal activities:

	2006 £	2005 £
Hotel	5,760,454	6,175,343
Theme Park	4,329,985	4,119,968
	<u>10,090,439</u>	<u>10,295,311</u>

3 Net operating expenses

	2006 £	2005 £
Administrative expenses	5,248,894	5,340,622
Add: other operating expenses	19,367	5,757
	<u>5,268,261</u>	<u>5,346,379</u>

4 Directors' emoluments

	2006 £	2005 £
Aggregate emoluments	260,329	260,587
Sums paid to third parties for directors' services	12,000	24,000
Emoluments for the highest paid director were as follows:		
Aggregate emoluments	<u>105,541</u>	<u>113,105</u>

No amounts were paid to money purchase pension schemes in respect of directors (2005: nil) and no retirement benefits are accruing to directors under any such schemes (2005: nil).

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (*Continued*)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2006 Number	2005 Number
By activity		
Hotel	271	281
Theme park	139	151
	<u>410</u>	<u>432</u>

Staff costs (for the above persons)

	2006 £	2005 £
Wages and salaries	3,364,195	3,370,956
Social security costs	231,278	230,954
Other pension costs	13,002	12,516
	<u>3,608,475</u>	<u>3,614,426</u>

The company contributes to a defined contribution personal pension scheme for certain employees. The pension charge of £13,002 (2005: £12,516) represents the contributions payable to the scheme during the year.

6 Interest payable and similar charges

	2006 £	2005 £
Bank loans and overdrafts	472,586	584,669
Other interest (parent undertaking)	128,701	288,201
	<u>601,287</u>	<u>872,870</u>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (*Continued*)

7 Loss on ordinary activities before taxation

	2006 £	2005 £
Loss on ordinary activities before taxation is stated after charging:		
Depreciation for the period:		
Owned assets	805,937	764,531
Leased assets	159,690	159,690
Amortisation of goodwill	312,000	312,000
Auditors' remuneration – audit services	14,200	13,900
Hire of plant and machinery – operating leases	8,991	17,167

8 Taxation

Based upon the results shown by the financial statements, no taxation liability arises, and no provision is required for deferred taxation (note 16).

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2006 £	2005 £
Loss on ordinary activities before taxation	(932,683)	(1,130,074)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	(279,805)	(339,022)
Effects of:		
Expenses not deductible for tax purposes	86,302	75,474
Depreciation in excess of capital allowances	193,503	263,548
Current tax	-	-

Factors affecting future tax charges

At 29 January 2006 a deferred tax asset has not been recognised in respect of tax losses. The company is not expecting to suffer a tax charge for the foreseeable future as a result of the utilisation of tax losses carried forward.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

9 Intangible fixed assets - Goodwill

	2006 £
<i>Cost or valuation</i>	
At 25 January 2005 and 29 January 2006	8,447,361
<i>Amortisation</i>	
At 25 January 2005	4,459,522
Charge for the year	312,000
At 29 January 2006	4,771,522
<i>Net book value</i>	
At 29 January 2006	3,675,839
At 24 January 2005	3,987,839

Goodwill arose upon the acquisition of the business in 1998 and is being amortised over 20 years.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (*Continued*)

10 Tangible assets

	Freehold land and buildings £	Rides £	Fixtures and fittings £	Short Life Assets £	Total £
<i>Cost or valuation</i>					
At 25 January 2005	5,724,433	3,991,512	3,747,770	818,851	14,282,566
Additions	-	184,758	229,866	182,660	597,284
At 29 January 2006	<u>5,724,433</u>	<u>4,176,270</u>	<u>3,977,636</u>	<u>1,001,511</u>	<u>14,879,850</u>
<i>Depreciation</i>					
At 25 January 2005	806,567	1,337,329	1,475,384	341,975	3,961,255
Provided for the year	121,499	261,490	389,063	193,575	965,627
At 29 January 2006	<u>928,066</u>	<u>1,598,819</u>	<u>1,864,447</u>	<u>535,550</u>	<u>4,926,882</u>
<i>Net book value</i>					
At 29 January 2006	<u>4,796,367</u>	<u>2,577,451</u>	<u>2,113,189</u>	<u>465,961</u>	<u>9,952,968</u>
At 24 January 2005	<u>4,917,866</u>	<u>2,654,183</u>	<u>2,272,386</u>	<u>476,876</u>	<u>10,321,311</u>

The net book value of tangible fixed assets includes an amount of £1,579,703 (2005: £1,579,703) in respect of assets held under finance leases and hire purchase contracts.

11 Stocks

	2006 £	2005 £
Goods held for resale	<u>180,924</u>	<u>193,861</u>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

12 Debtors

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	242,901	331,100
Other debtors	32,091	52,295
Prepayments and accrued income	95,470	199,617
	<u>370,462</u>	<u>583,012</u>

13 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft	2,682,593	2,326,189
Obligations under finance leases and hire purchase contracts (note 15)	84,166	265,960
Trade creditors	715,043	861,991
Other taxation and social security payable	173,247	255,561
Accruals and deferred income	551,325	549,291
	<u>4,206,374</u>	<u>4,258,992</u>

14 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Obligations under finance leases and hire purchase contracts (note 15)	697,165	617,694
Bank loan	2,000,000	2,000,000
Amount owed to parent undertaking	6,200,000	6,200,000
Shareholder interest accrual (owed to parent undertaking)	722,558	722,558
Accruals and deferred income	140,000	140,000
Redeemable ordinary shares(note 17)	3,000,000	-
	<u>12,759,723</u>	<u>9,680,252</u>

The bank loan and overdraft are secured by a debenture with fixed and floating charges over the assets of the company.

The bank loan, was revised in the year so as not to fall due before 31 January 2007. It was also subsequently reviewed on 20 December 2006 and is not due before 31 March 2008. Interest is at LIBOR plus 1.5%.

A cross guarantee is in place between the company and it's parent undertaking, Prime Resorts Holdings Limited in favour of the Group's bankers. Total bank indebtedness at the year-end was £11,382,593.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

15 Finance leases and hire purchase contracts

The net finance lease and hire purchase contract obligations to which the company is committed are:

	2006 £	2005 £
Amounts falling due		
In one year or less	84,166	265,960
Between one and two years	84,166	119,128
Between two and five years	612,999	498,566
	<hr/>	<hr/>
	781,331	883,654
	<hr/>	<hr/>

16 Deferred taxation

There is no taxation liability and no provision is required for deferred taxation for the current or previous periods as the company has tax losses available to carry forward and offset against future trading profits. The unrecognised deferred tax asset calculated at the full rate of corporation tax, 30%, is analysed as follows:

Unprovided

	2006 £	2005 £
Effective tax losses	1,176,929	1,176,929
Depreciation in excess of capital allowances	872,561	679,358
	<hr/>	<hr/>
	2,049,490	1,856,287
	<hr/>	<hr/>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

17 Called up share capital

	2006 £	2005 £
Ordinary shares		
Authorised		
At 24 January 2005 and 29 January 2006 (6,750,000 ordinary shares of £1 each)	6,750,000	6,750,000
	<u>6,750,000</u>	<u>6,750,000</u>
Allotted, called up and fully paid		
At 26 January 2005 and 29 January 2006 (6,750,000 ordinary shares of £1 each)	6,750,000	6,750,000
	<u>6,750,000</u>	<u>6,750,000</u>
Redeemable ordinary shares of £1 each		
Authorised		
At 26 January 2005 and 29 January 2006 (3,000,000 redeemable shares of £1 each)	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, called up and fully paid		
At 26 January 2005 and 29 January 2006 (3,000,000 redeemable shares of £1 each)	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>

The redeemable shares shall be redeemable by the company at any time after 31 December 2010 upon receipt by the company of a notice from any holder of the redeemable shares. Such notice shall specify the number of redeemable shares to be redeemed. The shares are redeemable at their nominal value.

The redeemable ordinary shares have the same rights to dividends, the same priorities and amounts receivable on a winding up and voting rights as the ordinary shares.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

18 Profit and loss account

	£
At 26 January 2005	(8,603,221)
Loss for the financial period	(932,683)
As at 29 January 2006	(9,535,904)

19 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Loss for the financial period	(932,683)	(1,130,074)
Net change in shareholders' funds	(932,683)	(1,130,074)
Opening shareholders' funds	1,146,779	2,276,853
Reclassification of redeemable shares	(3,000,000)	-
Closing shareholders' funds	(2,785,904)	1,146,779

20 Reconciliation of net cash flow to movement in net debt

	2006 £	2005 £
Decrease in cash in the year	(356,404)	(60,844)
Cash inflow from change in debt	102,323	122,628
Change in net debt resulting from cash flows	254,081	61,784

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 29 January 2006 (Continued)

21 Analysis of net debt

	At 26 January 2005 £	Cash flow £	New finance leases £	At 29 January 2006 £
Bank overdraft	(2,326,189)	(356,404)	-	(2,682,593)
Debt due after one year	(2,000,000)	-	-	(2,000,000)
Finance leases	(883,654)	102,323	-	(781,331)
	<u>(5,209,843)</u>	<u>(254,081)</u>	<u>-</u>	<u>(5,463,924)</u>

22 Capital commitments

Capital commitments authorised and contracted for at 29 January 2006 amounted to £nil.
(2005: £17,455).

23 Financial commitments

At 29 January 2006 the company had annual commitments under non-cancellable operating leases as follows

	Vehicles, Plant and Machinery	
	2006 £	2005 £
Due in one year	8,304	-
Expiring between one and two years	8,484	11,942
Expiring between two and five years inclusive	12,967	4,414
	<u>29,755</u>	<u>16,356</u>

24 Related party transactions

As the company is a wholly owned subsidiary of Prime Resorts Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has not therefore disclosed transactions or balances with its parent company.

25 Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Prime Resorts Holdings Limited, a company registered in England. The financial statements of that company are available at its registered office, Park Hall Hotel, Leisure & Conference Centre, Park Hall Hotel, Charnock Richard, Chorley, Lancashire, PR7 5LP.

Prime Resorts Holdings Limited, which holds the group's loan facilities, except for the bank loan and the overdraft, has confirmed its intention to continue to support Prime Resorts Limited.