

Prime Resorts Limited

Annual Report and Financial Statements

Year Ended

28 January 2007

Registered Number 3564066

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BDO Stoy Hayward
Chartered Accountants

Prime Resorts Limited

Annual report and financial statements for the year ended 28 January 2007

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Executive Directors	R Page E Fawdington M Leader
Non -Executive Directors	M Brayshaw (Chairman) 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

Prime Resorts Limited

Report of the directors for the year ended 28 January 2007

The directors present their report together with the audited financial statements for the year ended 28 January 2007

Principal activities

The profit and loss account for the year is set out on page 6

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

Financial instruments

The company is financed by bank loans and overdrafts, loan notes and preference shares. In addition, the group enters into debtor and creditor arrangements with third parties, under normal commercial terms, as part of its operating activities. Please refer to the notes supporting the financial statements for further commentary on these financial instruments

Review and future developments

Turnover was down by £1,791k (17.8%) on the prior year. Theme Park admission numbers were down by 18.3%. Hotel income was down by 16.9%.

Theme Park admissions have been declining generally in the UK, culminating in the closure of several competing attractions. The closure of a local theme park may benefit Camelot, but in general the trend is towards a reduction in visitor numbers.

This trend was reversed significantly at Camelot in the summer of 2003 with a new roller coaster and very good weather. With this in mind, Camelot has acquired another very large coaster subsequent to the year-end, in July 2007. This had only a small impact on increasing park sales in 2007 due to the ride being installed in late summer and the wettest summer weather on record. However, it is hoped that the new ride will have a big impact on summer 2008 park sales.

The hotel had a disappointing year. The new licensing laws, which extended the available opening hours for licensed premises, resulted in the closure of the nightclub. This is now only open for private lets. Conference business has declined over recent years due to competing venues, and the trend for large businesses to reduce the size or frequency of events. Hotel turnover is not expected to return to previous levels so costs have been adjusted in line with anticipated income.

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

Financial position

The company completed the year with a loss of £1,369k (2006 loss £933k) and net current liabilities of £3,745k (2006 £3,655k). The company meets its day to day working capital requirements through overdraft and loan facilities, and other bank facilities held by its parent company. In addition, the loan stock holders subscribed for and were issued with a further £237k of loan stock in the parent company in December 2006.

The installation costs of the new roller coaster and poor trading through the very wet summer of 2007 have resulted in the need to refinance the business subsequent to the year-end.

In November 2007 the shareholders purchased £250k Series D secured loan stock in the parent company and overdraft facilities have been extended by £250k. Working capital requirements to March 2009 have

been agreed and term debt repayments have been rolled forward to March 2009. These measures should secure the funding of the business for at least the next twelve months.

Prime Resorts Limited

Report of the directors for the year ended 28 January 2007 (*Continued*)

Dividends

The directors do not recommend the payment of a dividend (2006: £nil).

The loss for the financial period of £1,369k (2006: loss £933k) will be transferred to 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.

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 53 days (2006: 56 days) of purchases.

Prime Resorts Limited

Report of the directors for the year ended 28 January 2007 (Continued)

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

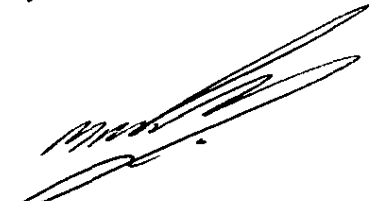
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

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**

Date 28/11/07

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 28 January 2007 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.

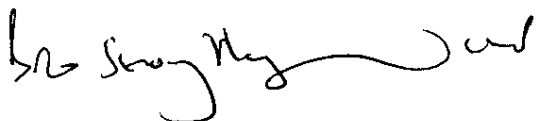
Prime Resorts Limited

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 30 June 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Manchester

Date *20 November 2007*

Prime Resorts Limited

Profit and loss account for the year ended 28 January 2007

	Note	2007 £'000	2006 £'000
Turnover	2	8,299	10,090
Cost of sales		4,448	5,153
		<hr/>	<hr/>
Gross profit		3,851	4,937
Net operating expenses	3	(4,609)	(5,268)
		<hr/>	<hr/>
Earnings before interest, tax, depreciation and amortisation (EBITDA)		546	946
Depreciation and amortisation		(1,304)	(1,277)
		<hr/>	<hr/>
Operating loss		(758)	(331)
Interest payable and similar charges	6	(611)	(602)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	7	(1,369)	(933)
Taxation on loss on ordinary activities	8	-	-
		<hr/>	<hr/>
Loss for the financial year	18	(1,369)	(933)
		<hr/> <hr/>	<hr/> <hr/>

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 10 to 21 form part of these financial statements

Prime Resorts Limited**Balance sheet at 28 January 2007**

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Intangible assets	9		3,364		3,676
Tangible assets	10		9,129		9,953
			<u>12,493</u>		<u>13,629</u>
Current assets					
Stocks	11	188		181	
Debtors	12	301		370	
		<u>489</u>		<u>551</u>	
Creditors: amounts falling due within one year	13	(4,234)		(4,206)	
Net current liabilities			<u>(3,745)</u>		<u>(3,655)</u>
Total assets less current liabilities			<u>8,748</u>		<u>9,974</u>
Creditors: amounts falling due after more than one year	14		12,903		12,760
Capital and reserves					
Called up share capital	17		6,750		6,750
Profit and loss account	18		(10,905)		(9,536)
Total equity shareholders' deficit	19		<u>(4,155)</u>		<u>(2,786)</u>
			<u>8,748</u>		<u>9,974</u>

The financial statements were approved by the Board of Directors on 28 November 2007 and were signed on its behalf by



M Leader
Director

The notes on pages 10 to 21 form part of these financial statements

Prime Resorts Limited

Cash flow statement for the year ended 28 January 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash inflow from operating activities (page 9)			436		944
Returns on investments and servicing of finance					
Bank interest paid		(483)		(472)	
Other interest (parent undertaking) paid		(128)		(129)	
		<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(611)		(601)
Capital expenditure					
Purchase of tangible fixed assets		(174)		(597)	
Receipts from sale of tangible fixed assets		6		-	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure			(168)		(597)
			<u> </u>		<u> </u>
Net cash outflow before financing			(343)		(254)
Financing					
Loan from parent company		237		-	
Principal payment under finance leases		(28)		(102)	
		<u> </u>		<u> </u>	
Net cash inflow/(outflow) from financing			209		(102)
			<u> </u>		<u> </u>
Decrease in cash in the period	20		(134)		(356)
			<u> </u>		<u> </u>

The notes on pages 10 to 21 form part of these financial statements

Prime Resorts Limited**Reconciliation of operating result to net cash inflow for the year ended 28 January 2007**

	2007 £'000	2006 £'000
Operating loss	(758)	(331)
Depreciation of tangible fixed assets	993	966
Amortisation of goodwill	312	312
(Increase)/decrease in stocks	(7)	13
Decrease in trade debtors	71	88
(Increase)/decrease in other debtors	(6)	20
Decrease in prepayments and accrued income	4	104
(Decrease) in trade creditors	(116)	(147)
(Decrease) in other taxation and social security payable	(49)	(83)
(Decrease)/increase in accruals and deferred income	(8)	2
Net cash inflow	<u>436</u>	<u>944</u>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007

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.

Going Concern

At 28 January 2007, the balance sheet shows net current liabilities of £3,745k. 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. On 5 November a bullet repayment of £1.7m and term loans of £4m were deferred so as not to be due before 31 March 2009. On the same date the shareholders purchased £250k Series D loan stock in the parent company and overdraft facilities have been extended by £250k. 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 5 November 2007. 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
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 28 January 2007 (*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.

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

2 Turnover

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

	2007 £'000	2006 £'000
Hotel	4,785	5,760
Theme Park	3,514	4,330
	<u>8,299</u>	<u>10,090</u>

3 Net operating expenses

	2007 £'000	2006 £'000
Administrative expenses	4,594	5,249
Add other operating expenses	15	19
	<u>4,609</u>	<u>5,268</u>

4 Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	225	260
Sums paid to third parties for directors' services	-	12
Emoluments for the highest paid director were as follows		
Aggregate emoluments	<u>82</u>	<u>106</u>

No amounts were paid to money purchase pension schemes in respect of directors (2006 nil) and no retirement benefits are accruing to directors under any such schemes (2006 nil)

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (*Continued*)

5 Employee information

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

	2007 Number	2006 Number
By activity		
Hotel	235	271
Theme park	119	139
	<u>354</u>	<u>410</u>

Staff costs (for the above persons)

	2007 £'000	2006 £'000
Wages and salaries	2,966	3,364
Social security costs	201	231
Other pension costs	11	13
	<u>3,178</u>	<u>3,608</u>

The company contributes to a defined contribution personal pension scheme for certain employees. The pension charge of £11k (2006: £13k) represents the contributions payable to the scheme during the year.

6 Interest payable and similar charges

	2007 £'000	2006 £'000
Bank loans and overdrafts	483	473
Other interest (parent undertaking)	128	129
	<u>611</u>	<u>602</u>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

7 Loss on ordinary activities before taxation

	2007	2006
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging		
Depreciation for the period		
Owned assets	922	806
Leased assets	70	160
Amortisation of goodwill	312	312
Auditors' remuneration – audit services	15	14
Hire of plant and machinery – operating leases	13	9
	<u> </u>	<u> </u>

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

	2007	2006
	£'000	£'000
Loss on ordinary activities before taxation	(1,369)	(933)
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	(411)	(280)
Effects of		
Expenses not deductible for tax purposes	94	86
Depreciation in excess of capital allowances	263	194
Tax losses carried forward	54	-
Current tax	<u> </u>	<u> </u>

Factors affecting future tax charges

At 28 January 2007 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 of £4.1 million (2006 £3.9m)

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (*Continued*)

9 Intangible fixed assets - Goodwill

	2007 £'000
<i>Cost or valuation</i>	
At 29 January 2006 and 28 January 2007	8,447
<i>Amortisation</i>	
At 29 January 2006	4,772
Charge for the year	312
At 28 January 2007	5,083
<i>Net book value</i>	
At 28 January 2007	3,364
At 29 January 2006	3,676

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 28 January 2007 (*Continued*)

10 Tangible assets

	Freehold land and buildings £'000	Rides £'000	Fixtures and fittings £'000	Short Life Assets £'000	Total £'000
<i>Cost or valuation</i>					
At 29 January 2006	5,724	4,176	3,978	1,002	14,880
Additions	-	-	117	57	174
Disposals	-	(15)	-	-	(15)
At 28 January 2007	5,724	4,161	4,095	1,059	15,039
<i>Depreciation</i>					
At 29 January 2006	928	1,599	1,864	536	4,927
Provided for the year	121	261	409	201	992
Released on disposals	-	(9)	-	-	(9)
At 28 January 2007	1,049	1,851	2,273	737	5,910
<i>Net book value</i>					
At 28 January 2007	4,675	2,310	1,822	322	9,129
At 29 January 2006	4,796	2,577	2,114	466	9,953

The net book value of tangible fixed assets includes an amount of £924k (2006 £1,214) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge on these assets for the year was £84k (2006 - £110k).

11 Stocks

	2007 £'000	2006 £'000
Goods held for resale	188	181

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

12 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Trade debtors	172	243
Other debtors	38	32
Prepayments and accrued income	91	95
	<u>301</u>	<u>370</u>

13 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank overdraft	2,818	2,683
Obligations under finance leases and hire purchase contracts (note 15)	150	84
Trade creditors	599	715
Other taxation and social security payable	124	173
Accruals and deferred income	543	551
	<u>4,234</u>	<u>4,206</u>

14 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Obligations under finance leases and hire purchase contracts (note 15)	603	697
Bank loan	2,000	2,000
Amount owed to parent undertaking	6,437	6,200
Shareholder interest accrual (owed to parent undertaking)	723	723
Accruals and deferred income	140	140
Redeemable ordinary shares(note 17)	3,000	3,000
	<u>12,903</u>	<u>12,760</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 reviewed on 5 November 2007 and is not due before 31 March 2009 Interest is at LIBOR plus 1.5%

A cross guarantee is in place between the company and its parent undertaking, Prime Resorts Holdings Limited in favour of the Group's bankers Total bank indebtedness at the year-end was £11,518k

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

15 Finance leases and hire purchase contracts

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

	2007 £'000	2006 £'000
Amounts falling due		
In one year or less	150	84
Between one and two years	114	84
Between two and five years	489	613
	<hr/>	<hr/>
	753	781
	<hr/>	<hr/>

16 Deferred taxation

No provision is required for deferred taxation for current or previous periods. The company has tax losses available to offset against future trading profits arising from the same trade of £4.1 million (2006: £3.9m). The unrecognised deferred tax asset calculated at the full rate of corporation tax, 30%, is analysed as follows:

	2007 £'000	2006 £'000
Effective tax losses	1,230	1,177
Depreciation in excess of capital allowances	1,136	873
	<hr/>	<hr/>
	2,366	2,050
	<hr/>	<hr/>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

17 Called up share capital

	2007 £'000	2006 £'000
Ordinary shares Authorised		
At 29 January 2006 and 28 January 2007 (6,750,000 ordinary shares of £1 each)	<u>6,750</u>	<u>6,750</u>
Allotted, called up and fully paid		
At 29 January 2006 and 28 January 2007 (6,750,000 ordinary shares of £1 each)	<u>6,750</u>	<u>6,750</u>
Redeemable ordinary shares of £1 each Authorised		
At 29 January 2006 and 28 January 2007 (3,000,000 redeemable shares of £1 each)	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid		
At 29 January 2006 and 28 January 2007 (3,000,000 redeemable shares of £1 each)	<u>3,000</u>	<u>3,000</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 28 January 2007 *(Continued)*

18 Profit and loss account

	£'000
At 29 January 2006	(9,536)
Loss for the financial period	(1,369)
As at 28 January 2007	<u>(10,905)</u>

19 Reconciliation of movements in shareholders' funds

	2007 £'000	2006 £'000
Loss for the financial period	(1,369)	(933)
Net change in shareholders' funds	<u>(1,369)</u>	<u>(933)</u>
Opening shareholders' funds	(2,786)	(1,853)
Closing shareholders' funds	<u>(4,155)</u>	<u>(2,786)</u>

20 Reconciliation of net cash flow to movement in net debt

	2007 £'000	2006 £'000
Decrease in cash in the year	(134)	(356)
Cash inflow from change in debt	28	102
Change in net debt resulting from cash flows	<u>(106)</u>	<u>(254)</u>

Prime Resorts Limited

Notes forming part of the financial statements for the year ended 28 January 2007 (Continued)

21 Analysis of net debt

	At 29 January 2006 £'000	Cash flow £'000	At 28 January 2007 £'000
Bank overdraft	(2,683)	(134)	(2,817)
Debt due after one year	(2,000)	-	(2,000)
Finance leases	(781)	28	(753)
	<u>(5,464)</u>	<u>(106)</u>	<u>(5,570)</u>

22 Capital commitments

Capital commitments authorised and contracted for at 28 January 2007 amounted to £nil (2006 £nil)

23 Financial commitments

At 28 January 2007 the company had annual commitments under non-cancellable operating leases as follows

	Vehicles, Plant and Machinery	
	2007 £'000	2006 £'000
Due in one year	8	8
Expiring between one and two years	8	8
Expiring between two and five years inclusive	5	13
	<u>21</u>	<u>29</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