GB Holiday Parks Limited

Directors' report and financial statements

Registered number 4166268

31 March 2006

Contents

Directors' report

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

Principal activities

The principal activity of the company is the operation of holiday parks generating revenue from the provision of holiday accommodation, the sale of holiday homes and from the associated retail and services income.

Business review

The company's results for the year comprised: turnover of £71,691,000 (2005: £54,427,000); a profit before exceptional items, interest and tax of £12,115,000 (2005: £6,790,000) and a profit after interest and tax of £4,487,000 (2005: £2,442,000). In the previous year the business incurred £1,697,000 of reorganisation costs as a result of the closure of the Winchester office and associated integration costs. The business changed its method of recognising owners' income to that adopted by other companies in the caravan park sector and now allocates such revenues evenly over a 12 month period (previously these were allocated over the March to October period). This change resulted in an exceptional gain of £1,667,000 due to the earlier recognition of 2005 rentals.

Interpretation of the results is affected by two factors. In the prior financial period the company's financial year end was changed from 31 January to 31 March and accordingly the comparative figures to this year's results are for a 14 month period. The results for the current year were also affected by the timing of Easter. This holiday period provides the opportunity for significant trading, but in 2005 there were no equivalent benefits since Easter 2005 fell at the end of March 2005 and Easter 2006 falls within the period to 31 March 2007.

After allowing for such factors the underlying trading profits of the business were static. Trading conditions were much more demanding throughout the main 2005 trading season, as compared with previous years. Nevertheless, the company was able to increase, substantially, turnover and profits in operational areas. On a like for like basis compared with last year's 12 month figures caravan sales increased by 80%, tariff income by 83% and retail income by 82% whilst owners' income showed a more modest gain of 14%. There were some significant cost pressures notably due to higher wages, which were affected by the National Minimum Wage, utility costs due to national pricing effects and marketing expenditure, which was required to help generate increased volumes. Nevertheless, the overall result represents a strong performance from the business within a more difficult economic environment.

Trading for the forthcoming financial year is anticipated to continue to improve. This assumes that there is no significant change to the underlying economic climate in the United Kingdom, any deterioration to which remains the principal risk to the business.

During the period, the company invested a further £6,351,000 (2005: £7,504,000) in capital expenditure, which included the construction of additional pitches, new hire fleet and retail facilities as well as routine maintenance expenditure.

Proposed dividend

The directors recommend that no dividend be paid (2005: £nil).

Directors' report *(continued)*

Directors and directors' interests

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

D Vaughan

R Sewell

A Castledine

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

The interests of D Vaughan, R Sewell and A Castledine in the shares of the ultimate parent undertaking, Park Resorts Group Limited are disclosed in the directors report of that company, copies of which can be obtained from the address in note 19.

Employment matters

The company recognises that the contribution of its employees is crucial to its success. Substantial investment is therefore made in the training, development and motivation of staff with particular attention to ensuring customer satisfaction and the achievement of high standards of service. The company endorses the application of equal opportunities policies to provide fair and equitable conditions for all employees regardless of sex, family status, religion, creed, colour, ethnic origin, age, disability or sexual orientation.

Political and charitable contributions

The company made no political or charitable contributions during the period.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

D Vaughan
Director

3rd Floor
Swan Court
Waterhouse Street
Hemel Hempstead
Herts
HP1 1FN

23 November 2006

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the *Companies Act 1985*. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

KPMG LLP
Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Independent auditors' report to the members of GB Holiday Parks Limited

We have audited the financial statements of GB Holiday Parks Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet, the Reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

Independent auditors' report to the members of GB Holiday Parks Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

23 November 2006

Profit and loss account

for the period ended 31 March 2006

	Note	**Year ended 31 March 2006 £000**	14 month period ended 31 March 2005 £000
Turnover *(includes an exceptional credit related to revenue recognition change totalling £1,667,000 (2005: £nil))*	*1*	**71,691**	54,427
Cost of sales		**(30,565)**	(20,281)
Gross profit		**41,126**	34,146
Administrative expenses *(including exceptional reorganisation costs of £nil (2005: £1,697,000) and the impairment of investments £nil (2005: £1,142,000)*		**(27,344)**	(30,195)
Operating profit	*2*	**13,782**	3,951
Other interest receivable and similar income	*5*	**-**	35
Interest payable and similar charges	*6*	**(6,955)**	(87)
Profit on ordinary activities before taxation		**6,827**	3,899
Tax on profit on ordinary activities	*7*	**(2,340)**	(1,457)
Retained profit for the period		**4,487**	2,442

The notes on 10 to 18 form part of these financial statements.

Statement of total recognised gains and losses
for the period ended 31 March 2006

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Profit for the financial year	**4,487**	2,442
Surplus on revaluation	**-**	34,062
Total recognised gains and losses	**4,487**	36,504

Balance sheet
as at 31 March 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Fixed assets					
Tangible assets	8		103,711		99,892
Current assets					
Stocks	9	4,658		3,553	
Debtors (including £91,309,000 (2005: £149,000) due after more than one year)	10	96,103		2,206	
Cash at bank and in hand		168		997	
		100,929		6,756	
Creditors: amounts falling due within one year	11	(16,372)		(19,082)	
Net current asssets			84,557		(12,326)
Total assets less current liabilities			188,268		87,566
Creditors: amounts falling due after more than one year	12		(108,454)		(11,189)
Provisions for liabilities and charges	14		-		(1,050)
Net assets			79,814		75,327
Capital and reserves					
Called up share capital	15		-		-
Share premium account	16		36,341		36,341
Revaluation reserve	16		34,062		34,062
Profit and loss account	16		9,411		4,924
Equity Shareholders' funds			79,814		75,327

These financial statements were approved by the board of directors on 23/11/06 and were signed on its behalf by:

D Vaughan
Director

R Sewell
Director

Reconciliation of movements in shareholders' funds

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Profit for the financial period	**4,487**	2,442
Surplus on revaluation	**-**	34,062
Net addition to shareholders' funds	**4,487**	36,504
Opening shareholders' funds	**75,327**	38,823
Closing shareholders' funds	**79,814**	75,327

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date'; and
- *the presentation requirements of* FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

FRS 21 'Events after the balance sheet date' and the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure' have had no material effect on the Company. FRS 28 'Corresponding amounts' has also had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Park Resorts Group Ltd, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with the entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Park Resorts Group Ltd, within which this company is included, can be obtained from the address given in note 19.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	15 to 50 years
Plant and machinery	-	3 to 20 years
Caravans	-	10 years
Motor vehicles	-	4 to 5 years

No depreciation is provided on freehold land.

Hire Purchase

Assets sold under hire purchase contracts are included in debtors at cost less amounts received to date. Income is allocated to each year on the basis of the annual interest charge plus principal in equal instalments over the life of the contract.

Notes *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Caravan sales are recognised at the point of sale subject to either full cash receipt or a signed third party finance agreement. Owners' rents are recognised on a straight line basis over the 12 month period to which invoiced amounts relate. Hiring and touring income is recognised in full when holidays are completed. Retail and other income are recognised at the point of sale.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Financial guarantee contracts

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2006.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 April 2006.

2 Operating Profit

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Operating profit is stated after charging/(crediting):		
Auditors' remuneration for audit	**-**	35
Depreciation and other amounts written off tangible fixed assets:		
Owned	**1,990**	1,835
Held under finance leases	**330**	325
Loss/(profit) on sale of tangible fixed assets	**2**	(2)
Operating leases:		
Hire of plant and machinery – rentals payable under operating leases	**275**	294
Hire of other assets – operating leases	**1,244**	1,394

The audit fees for the year ended 31 March 2006 were borne by another group company.

Notes *(continued)*

3 Directors' emoluments

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Remuneration paid to the directors of the company:		
Aggregate emoluments	-	893
Company pension contributions to money purchase pension schemes	-	39
	-	932
Emoluments payable to the highest paid director are as follows:		
Aggregate emoluments	-	402
Company pension contributions to money purchase pension schemes	-	12

The costs of the directors are included in the accounts of Park Resorts Ltd in the current year.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2006	2005
Caravan parks	552	380
Administrative and corporate	-	57
	552	437

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Wages and salaries including directors	8,293	9,937
Social security costs	644	847
Other pension costs	3	63
	8,940	10,847

5 Other interest receivable and similar income

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Interest receivable	-	35

Notes *(continued)*

6 Interest payable and similar charges

	Year ended 31 March 2006 £000	14 month period ended 31 March 2005 £000
Interest payable on other loans	**6,905**	1
	6,905	1
Interest payable on finance leases	**50**	86
	6,955	87

7 *Taxation*

Analysis of charge in period

	***2006* £000**	*2005* £000
The charge based on the profit for the year comprises		
UK corporation tax		
Current tax on profit for the period	**2,737**	1,179
Adjustments in respect of prior year	**653**	(27)
	3,390	1,152
Deferred tax (see note 14)		
Origination/reversal of timing differences	**(1,050)**	305
Total deferred tax	**(1,050)**	305
Tax on profit on ordinary activities	**2,340**	1,457

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(2005: lower)* than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are explained below.

	2006 £000	2005 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**6,827**	3,899
Current tax at 30% (2005: 30%)	**2,048**	1,169
Effects of:		
Disallowed expenses and non taxable income	**5**	66
Depreciation for period in excess of capital allowances/(capital allowances in excess of depreciation)	**684**	(56)
Adjustments to tax charge in respect of previous period	**653**	(27)
Total current tax charge (see above)	**3,390**	1,152

Notes *(continued)*

8 Tangible fixed assets

	Freehold land and buildings £000	Long Leasehold property £000	Short leasehold property £000	Plant and equipment £000	Fixtures Fittings, Tools & equipment £000	Total £000
Cost or valuation						
At beginning of year	90,752	3,978	138	6,272	5,200	106,340
Additions	3,655	38	-	2,301	357	6,351
Interco Transfers	-	-	-	11	-	11
Disposals	-	-	-	(441)	-	(441)
Reclassification	-	20	(20)	2,240	(2,240)	-
At end of year	94,407	4,036	118	10,383	3,317	112,261
Depreciation						
At beginning of year	2,346	350	39	2,217	1,496	6,448
Charge for year	496	147	24	1,404	249	2,320
Interco Transfers	-	-	-	2	-	2
Disposals	-	-	-	(220)	-	(220)
Reclassifications	-	16	(16)	835	(835)	-
At end of year	2,842	513	47	4,238	910	8550
Net book value						
At 31 March 2006	**91,565**	**3,523**	**71**	**6,145**	**2,407**	**103,711**
At 31 March 2005	88,406	3,628	99	4,055	3,704	99,892

All fixed assets are included at cost to the company.

The cost of freehold land and buildings is made up of £65,485,000 (2005: £69,914,000) in respect of land and £28,922,000(2005: £20,838,000) in respect of buildings.

Freehold land and buildings were valued on 16 July 2004 based on existing use by Humberts Leisure Limited. The surplus arising on revaluation has been taken to the revaluation reserve. Humberts Leisure Limited are chartered surveyors of leisure property.

The net book value of plant and equipment and the caravan hire fleet includes £1,419,000 (2005: £1,749,000) relating to assets held under finance leases. The amount charged during the year and included in depreciation for such assets is £330,000 (2005: £325,000).

Notes *(continued)*

9 Stocks

	2006 £000	2005 £000
Stock of caravans held for resale	**4,134**	3,365
Goods for resale	**524**	188
	4,658	3,553

10 Debtors

	2006 £000	2005 £000
Trade debtors	**3,497**	766
Amounts owed by intermediate parent companies	**91,600**	149
Prepayments and accrued income	**1,006**	671
Corporation tax	**-**	620
	96,103	2,206

£91,309,000 owed by intermediate parent companies is due after more than one year (2005: £149,000).

11 *Creditors: amounts falling due within one year*

	2006 £000	2005 £000
Obligations under finance leases and hire purchase contracts (see note 13)	**291**	573
Trade creditors	**2,456**	3,135
Deposits received from customers	**1,773**	192
Other taxation and social security	**-**	447
Accruals	**1,985**	3,605
Deferred income	**9,867**	11,130
	16,372	19,082

12 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Obligations under finance leases and hire purchase contracts (see note 13)	**219**	495
Amounts due to intermediate holding company	**-**	9,417
Amounts owed to Group undertakings	**108,235**	1,277
	108,454	11,189

Notes *(continued)*

13 Obligations under finance leases

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2006	2005
	£000	£000
Within one year	**311**	618
In the second to fifth years	**225**	296
Over five years	**-**	225
	536	1,139
Less future finance charges	**(26)**	(71)
	510	1,068

14 Provisions for liabilities and charges

	2006	2005
	£000	£000
Deferred taxation		
At beginning of year	**(1,050)**	(745)
Transfers from/(to) profit and loss account	**1,050**	(305)
At end of year	**-**	(1,050)

The elements of deferred taxation are as follows:

	2006	2005
	£000	£000
Difference between accumulated depreciation and capital allowances	**-**	(1,050)
Provision	**-**	(1,050)

The current rate of corporation tax of 30% has been used to calculate the amount of deferred taxation. Provision has been made for all deferred taxation assets and liabilities in respect of accelerated capital allowances, short term timing differences and tax losses carried forward, arising from transaction and events recognised in the financial statements of the current year.

Notes *(continued)*

15 Called up share capital

	2006	2005
	£	£
Equity authorised		
74 "A" Ordinary shares of £1 each	**74**	74
26 "B" Ordinary shares of £1 each	**26**	26
	100	100
Equity allotted, called up and fully paid		
74 "A" Ordinary shares of £1 each	**74**	74
26 "B" Ordinary shares of £1 each	**26**	26
	100	100

The respective rights attaching to the "A" and "B" ordinary shares are as follows:

The holders of the "A" ordinary shares are entitled to receive all dividends and other distributions of profits to the entire exclusion of the holders of all other shares and on a winding up of the company to the repayment of the amount paid up or credited as paid up on the "A" ordinary shares and subject to the rights of the holders of the "B" ordinary shareholders to be repaid the amount paid up or credited as paid up on those shares, to the whole of the assets of the company available to its shareholders.

The holders of the "B" ordinary shares are not entitled to any dividend or distribution unless and to the extent that the profits of the company for any period in respect of which audited accounts have been drawn up exceed £10,000,000 in which event the holders shall be entitled to participate pari passu with the holders of the "A" ordinary shares in respect of any payment or distribution of profits made in respect of any such period. On a winding up of the company, the holders of the "B" ordinary shares are entitled only to the repayment of the amount paid up or credited as paid up on their shares.

The "A" ordinary shares carry 1,000 votes per share and the "B" ordinary shares, 1 vote per share.

16 Share premium and reserves

	Share premium account	**Revaluation reserve**	**Profit and loss account**
	£000	**£000**	**£000**
At beginning of period	36,341	34,062	4,924
Profit for the year	-	-	4,487
At end of period	36,341	34,062	9,411

17 Major non-cash transactions

Finance leases

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £nil *(2005:* £1,237,000).

Notes *(continued)*

18 Commitments

a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

	2006 **£000**	2005 £000
Future capital expenditure committed but not provided for	**618**	135

b) Annual commitments under non-cancellable operating leases as follows:

	2006		2005	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	**-**	**143**	20	9
In the second to fifth years inclusive	**-**	**84**	-	240
Over five years	**1,389**	**-**	902	-
	1,389	**227**	922	249

19 *Ultimate parent company and controlling party*

The company is a wholly owned subsidiary undertaking of GB Holiday Parks (Holdings) Limited, a company registered in England and Wales. The ultimate parent company is ABN AMRO Holding N.V., incorporated in The Netherlands.

The largest group in which the results of the company are consolidated is that headed by ABN AMRO Holding N.V., incorporated in The Netherlands. The consolidated accounts of this group are available to the public and may be obtained from ABN AMRO, 250 Bishopsgate, London EC2M 4AA.

The smallest group in which the results of the company are consolidated is that headed by Park Resorts Group Limited (formerly Beach Equity Limited). The consolidated accounts of this group are available to the public and may be obtained from Park Resorts Group Limited, 3rd Floor, Swan Court, Waterhouse Street, Hemel Hempstead, Herts, HP1 1FN.