



**GB Holiday Parks
Limited**

**Annual Report
2002**

6 Leylands Park, Nobs Crook, Colden Common
Winchester, Hampshire SO21 1TH

Tel: 0870 4429296 Fax: 023 8069 6088

GB Holiday Parks Limited
Directors and advisers

Directors

P Mason
S J Last
G P Briggs
A N Clish
R Swinhoe

Secretary and registered office

N P Fenn
6 Leylands Park
Nobs Crook
Colden Common
Winchester
Hampshire
SO21 1TH

Registered Auditor

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Solicitors

Macfarlanes
10 Norwich Street
London
EC4A 1BD

Bankers

Barclays Bank Plc
50 Pall Mall
London
SW1A 1QA

Company Registration No

4166268

Directors' Report

The directors present their annual report and the audited company financial statements for the period from incorporation on 22nd February 2001 to 31st January 2002.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company was incorporated as a private limited company on 22nd February 2001. On 14th March 2001, a management buy-out of the business and certain assets of Queensborough Holdings Limited was completed and the company commenced trading with effect from that date.

The principal activity of the company is the operation of holiday caravan parks.

The profit on ordinary activities before taxation was £5,948,000. The profit and loss account is shown on page 7.

In this first period of trading, turnover has exceeded budget with encouraging growth from all income streams. This strong performance in turnover combined with good cost control have enabled the company to produce an excellent result and places the company in a strong position to take advantage of any opportunities which may arise in the future.

FUTURE DEVELOPMENTS

The directors aim to achieve substantial growth in the business both organically and by acquisition. Opportunities for the latter are constantly under review.

DIVIDENDS

The directors recommend that no dividend be paid.

FIXED ASSETS

The movements in fixed assets are set out in note 8 to the accounts.

POST BALANCE SHEET EVENTS

On 1st March 2002, the entire share capital of Warden Springs Caravan Parks Limited, the operators of Warden Springs Caravan Park, was acquired for a consideration of £1,107,000.

On 12th April 2002, the trade and assets of Eyemouth Holiday Park were acquired for a consideration of £1,993,000.

Directors' Report

Continued

DIRECTORS

The directors during the period and subsequently were as follows:-

R A Robinson	(appointed 22 nd February 2001, resigned 7th March 2001)
P Mason	(appointed 7th March 2001)
S J Last	(appointed 7th March 2001)
G P Briggs	(appointed 17th April 2001)
A N Clish	(appointed 17th April 2001)
R Swinhoe	(appointed 17th April 2001)

No directors had any interests in the shares of the company on their dates of appointment or at 31st January 2002. Mr Mason and Mr Last are directors of the parent company, GB Holiday Parks (Holdings) Limited and their interests in the shares of that company are shown in that directors report. The interests of the other directors at 31st January 2002 in the ordinary share capital of the parent company were as follows:

Ordinary shares

	31 st January 2002	Date of appointment
G P Briggs	17,500	17,500
A N Clish	17,500	17,500
R Swinhoe	17,500	17,500

HEALTH, SAFETY AND THE ENVIRONMENT

The board is aware of its responsibilities on all matters relating to health, safety and the environment. Directors and senior executives monitor performance and assist with the education and training of employees on health, safety and environmental matters with the objective of meeting or exceeding the requirements of relevant regulations.

EMPLOYMENT MATTERS

The employment policies of the company embody the principles of equal opportunity and are designed to meet the needs of the business. The full involvement of all employees, both full time and part time, in the performance of the business is actively encouraged. The company communicates with employees through briefing meetings and newsletters. The company recognises the need for suitable training.

The company also recognises its obligations towards disabled persons and applications from them for employment are given full and fair consideration. Training and career progression are available for the disabled as for any other member of the staff. Whenever possible every endeavour is made to assist existing employees who have become disabled to continue their employment.

Directors' Report

Continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31st January 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

Ernst & Young were appointed by the directors as the company's first auditor. On 28th June 2001 Ernst & Young transferred its entire business to Ernst & Young LLP a limited liability partnership incorporated under the Limited Liability Partnerships Act 2001. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28th June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



NP Fenn

Secretary

18th April 2002

6 Leylands Park
Nobs Crook
Colden Common
Winchester
Hampshire
SO21 1TH

Auditors' Report

Independent Auditors' Report to the Members of GB Holiday Parks Limited

We have audited the company's financial statements for the period ended 31st January 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the 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 transactions with the company 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 United Kingdom Auditing Standards 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.

Auditors' Report

Continued

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st January 2002 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

Southampton

18th April 2002

Profit and Loss Account

For the period from incorporation to 31st January 2002

	Notes	2002 £'000
Turnover	1 & 2	33,166
Operating profit	2	6,054
Interest receivable	6	6
Interest payable and similar changes	6	(112)
Profit on ordinary activities before taxation		5,948
Tax on profit on ordinary activities	7	(1,953)
Retained profit for the period		3,995

There are no recognised gains or losses other than the profit of £3,995,000 for the period ended 31st January 2002.

All results in the period relate to acquired activities.

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

Balance Sheet

As at 31st January 2002

	Notes	2002 £'000
FIXED ASSETS		
Tangible assets	8	45,348
CURRENT ASSETS		
Stocks	9	2,543
Debtors: Amounts due within one year	10	4,826
Debtors: Amounts due after more than one year	10	500
Cash at bank and in hand		31
		7,900
CREDITORS		
Amounts falling due within one year	11	(11,694)
NET CURRENT LIABILITIES		(3,794)
TOTAL ASSETS LESS CURRENT LIABILITIES		41,554
CREDITORS		
Amounts falling due after more than one year	12	(1,024)
PROVISION FOR LIABILITIES AND CHARGES	14	(194)
NET ASSETS		40,336
CAPITAL AND RESERVES		
Called up share capital	15	-
Share premium account	16	36,341
Profit and loss account	16	3,995
EQUITY SHAREHOLDERS' FUNDS	17	40,336

The financial statements on pages 7 to 20 were approved by the board of directors on 18th April 2002 and signed on its behalf by:


P Mason
Director


S J East
Director

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

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. The directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Cash flow statement

The company has utilised the exemptions provided under Financial Reporting Standard 1 ("FRS1") and has not presented a cash flow statement. The cash flow statement has been presented in the group accounts of the ultimate parent undertaking.

(c) Turnover

Turnover, which excludes value added tax, comprises the total amount derived from the value of goods and services supplied and rental income. Income which has been invoiced or received for future periods is carried forward as deferred income and reported as turnover for the period to which it relates.

The company's turnover is wholly attributable to the operation of holiday caravan parks and arises solely in the United Kingdom.

(d) Tangible fixed assets and depreciation

The cost of fixed assets is their purchase cost to the company together with any incidental costs of acquisition.

Depreciation is provided on tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful economic life on a straight-line basis. The principal annual rates used for this purpose are:-

Freehold buildings	2%
Caravan hire fleet	10%
Plant	2% to 20%
Office equipment	33.3%
Motor vehicles	20% to 33.3%

Freehold land is not depreciated. Leasehold property is amortised over the period of the lease.

If any impairment is identified, provision is made for such impairment by means of accelerated depreciation in the profit and loss account.

Notes to the Financial Statements

Continued

(e) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost includes transport and handling costs.

Cost is normally determined on a first in, first out basis except for caravans held for resale which are dealt with individually. Where necessary, provision is made for obsolete, slow moving and defective stocks.

(f) Finance and operating leases

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account. Assets held under finance leases are depreciated over the shorter of the lease period and their useful lives.

Payments in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(g) Taxation

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

FRS 19 'Deferred Taxation' was issued on 7th December 2000 and is mandatory for periods ending on or after 23rd January 2002.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets with no likely subsequent roll over and/or available capital losses.
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements

Continued

(h) Pensions

The company's contributions to the money purchase schemes arranged on behalf of certain directors and other employees are charged to the profit and loss account in the year in which they are payable.

2. OPERATING PROFIT

	2002 £'000
Turnover	33,166
Cost of sales	(16,714)
Gross profit	16,452
Administrative expenses	(10,398)
Operating profit	6,054
Operating profit is after charging and (crediting):	2002 £'000
Auditors' remuneration for audit	27
Depreciation of tangible fixed assets:	
Owned	1,015
Held under finance leases	185
Gain on sale of tangible fixed assets	(2)
Operating leases:	
Hire of plant and machinery	112
Other	857

3. DIRECTORS' EMOLUMENTS

	2002 £'000
Remuneration paid to the directors of the company:	
Aggregate emoluments	218
Company pension contributions to money purchase schemes	14
	232
Emoluments payable to the highest paid director are as follows:	
Aggregate emoluments	88
Company pension contributions to money purchase scheme	6

No director waived emoluments in respect of the period ended 31st January 2002.

The number of directors for whom payments to money purchase schemes were made was three.

Notes to the Financial Statements

Continued

4. DIRECTORS' INTERESTS IN CONTRACTS AND TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption available under Financial Reporting Standard 8 ("FRS 8") - Related Party Disclosures, not to disclose transactions with other group companies.

5. STAFF COSTS AND EMPLOYEE INFORMATION

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

	2002 Number
Caravan parks	484
Corporate	41
	525

	2002 £'000
Salaries and wages including directors	5,370
Social security costs	466
Other pension costs	31
	5,867

6. INTEREST

	2002 £'000
Interest payable – on finance leases	112
Interest receivable – external	(6)
	106

Notes to the Financial Statements

Continued

7. TAXATION

	Note	2002 £'000
a) Analysis of tax charge in the period		
The charge based on the profit for the period comprises:		
UK Corporation tax on profit for the period		667
Group relief payable		1,092
Total current tax		1,759
UK deferred tax:		
Origination and reversal of timing differences		194
Total deferred tax	14	194
Tax on profit on ordinary activities		1,953
b) Factors affecting tax charge for the period		
Profit on ordinary activities before tax		5,948
Profit on ordinary activities before tax at 30%		1,785
Effects of:		
Disallowed expenses and non-taxable income		168
Depreciation in excess of capital allowances		(194)
Total current tax		1,759

8. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Long Leasehold Property £'000	Short Leasehold Property £'000	Plant and equipment £'000	Caravan Hire Fleet £'000	Total £'000
Cost						
Acquisitions	33,825	3,510	138	1,357	1,843	40,673
Additions	1,673	-	-	866	807	3,346
Transfers from fellow subsidiaries	2,563	-	-	62	-	2,625
Reclassifications	-	-	-	-	(92)	(92)
Disposals	-	-	-	(4)	-	(4)
At 31 st January 2002	38,061	3,510	138	2,281	2,558	46,548
Depreciation						
Charge for the period	390	76	9	371	354	1,200
At 31 st January 2002	390	76	9	371	354	1,200
Net Book Value at 31 st January 2002	37,671	3,434	129	1,910	2,204	45,348

Notes to the Financial Statements

Continued

All fixed assets are included at cost to the company.

The cost of freehold land and buildings is made up of £24,541,000 in respect of land and £13,520,000 in respect of buildings.

The net book value of plant and equipment and the caravan hire fleet includes £1,579,000 relating to assets held under finance leases. The amount charged during the period and included in depreciation and impairment for such assets is £185,000

9. STOCKS

	2002 £'000
Stock of caravans held for resale	2,483
Goods for resale	60
	2,543

10. DEBTORS

	2002 £'000
Amounts falling due within one year:	
Trade debtors	1,336
Amounts owed by parent company	2,093
Prepayments and accrued income	1,397
	4,826
Amounts falling due after more than one year:	
Other debtors	500
Total debtors	5,326

Notes to the Financial Statements

Continued

11. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000
Bank overdraft	1,384
Obligations under finance leases (note 13)	80
Trade creditors	420
Deposits received from customers	260
Amounts due to fellow subsidiary undertakings	32
Corporation tax	667
Other taxation and social security	1,028
Other creditors	397
Accruals	2,087
Deferred income (note 1 (c))	5,339
	11,694

12. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000
Obligations under finance leases (note 13)	1,024

13. OBLIGATIONS UNDER FINANCE LEASES

	2002 £'000
The maturity of these amounts is as follows:	
Amounts payable	
Within one year	157
In one to two years	308
In two to five years	763
	1,228
Less: finance charges allocated to future periods	(124)
	1,104
Finance leases are analysed as follows:	
Current obligations (note 11)	80
Non-current obligations (note 12)	1,024
	1,104

Notes to the Financial Statements

Continued

14. PROVISION FOR LIABILITIES AND CHARGES

	2002 £'000
Deferred taxation	
Transfer to profit and loss account (note 7)	194
At 31 st January 2002	194

The major components of the provision for deferred taxation and the amounts not provided are as follows:

	Provided 2002 £'000	Not Provided 2002 £'000
Accelerated capital allowances	194	-
	194	-

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 transactions and events recognised in the financial statements of the current year.

15. SHARE CAPITAL

	2002 £
Authorised	
74 "A" Ordinary shares of £1 each	74
26 "B" Ordinary shares of £1 each	26
Allotted, called up and fully paid	
74 "A" Ordinary shares of £1 each	74
26 "B" Ordinary shares of £1 each	26
Ordinary shares of £1 each in issue at 31 st January 2002	100

On 22nd February 2001, 1 "B" ordinary share of £1 was issued as subscription on incorporation.

On 14th March 2001, 25 "B" ordinary shares of £1 each in the company were issued to the parent company, GB Holiday Parks (Holdings) Limited as its subscription. On the same date 74 "A" ordinary shares of £1 each were issued to Queensborough Holdings Limited as consideration for the purchase of the UK caravan site and leisure park business and related assets of Queensborough. Again on the same date, the 74 "A" ordinary shares of £1 each were acquired from Queensborough by GB Holiday Parks (Holdings) Limited.

Notes to the Financial Statements

Continued

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. RESERVES

	Share premium account £'000	Profit and loss account £'000
Profit for the period	-	3,995
Arising on issue of 74 "A" Ordinary shares	36,341	-
At 31st January 2002	36,341	3,995

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000
Profit for the financial period	3,995
Share premium arising on issue of ordinary shares	36,341
Closing equity shareholders' funds	40,336

Notes to the Financial Statements

Continued

18. MAJOR NON-CASH TRANSACTIONS

Finance Leases

During the period the company entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £ 766,000 .

19. CAPITAL COMMITMENTS

	2002 £'000
Future capital expenditure committed but not provided for	1,503

20. PENSION COMMITMENTS

The company contributes to the money purchase schemes arranged on behalf of certain directors and senior employees. The assets of the schemes are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the period end.

21. FINANCIAL COMMITMENTS

At 31st January 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	
	Land and buildings £'000	Other £'000
Expiring within one year	-	11
Expiring in two to five years	-	214
Expiring in over five years	80	40
	80	265

22. ACQUISITIONS

i) On 14th March 2001 the company acquired the trade and assets of 14 caravan parks from Queensborough Holdings Limited in exchange for the issue of 74 "A" ordinary shares of £1 each..

The trade and assets have been included in the company's accounts using the acquisition method of accounting.

Notes to the Financial Statements

Continued

Net assets at date of acquisition:	Book value to company £'000	Adjustments £'000	Fair value to company £'000
Tangible fixed assets	30,390	10,283	40,673
Stocks	2,456	(50)	2,406
Debtors	31	-	31
Cash	80	117	197
Creditors due within one year	(5,955)	-	(5,955)
Net Assets	27,002	10,350	37,352
Discharged by:			
Issue of 74 "A" ordinary shares and premium on issue			36,341
Costs associated with the acquisition			1,011
			37,352

The adjustments reflect the restatement of assets and liabilities of Queensborough Holdings Limited to their estimated fair values at the date of acquisition.

The turnover, operating profit and operating cash flows for the company in the period resulted from the acquisition.

The following information has been extracted from the records held by Queensborough Holdings Limited for the caravan parks acquired by GB Holiday Parks Limited.

	Period from 1 st February 2001 to 14 th March 2001 £'000
Turnover	1,655
Operating loss	(274)
Loss before tax	(281)

There were no recognised gains and losses in the period from 1st February 2001 to the date of acquisition other than the loss of £281,000 above. The profit before taxation attributable to the caravan parks for the financial year ended 31st January 2001 was £5,026,000.

Amounts relating to taxation for periods prior to the acquisition are not available to GB Holiday Parks Limited and accordingly profit before taxation figures have been included above.

Notes to the Financial Statements

Continued

ii) On 31st March 2001, the company acquired the trade and assets of Waterside Holiday Park from a fellow subsidiary undertaking.

	£'000
Net assets at date of acquisition:	
Tangible fixed assets	2,625
Current assets:	
Stock	77
Debtors	75
Cash	3
Total assets	2,780
Creditors	(78)
	2,702
Satisfied by:	
Cash	2,702
	2,702

The trade and assets have been included in the company's accounts using the acquisition method of accounting.

Waterside Holiday Park (formerly Beacon Hill Caravan Park) was previously acquired by a fellow subsidiary undertaking on 30th July 2001. The following figures have been extracted from certain financial information provided by Absper Developments Limited, the owners of Beacon Hill Caravan Park prior to acquisition by the fellow subsidiary undertaking.

	Year to 30 April 2001 £'000
Turnover	1,013
Operating profit	53

23. POST BALANCE SHEET EVENTS

On 1st March 2002, the entire issued share capital of Warden Springs Caravan Parks Limited, the operators of Warden Springs Caravan Park, was acquired for a consideration of £1,107,000.

On 12th April 2002, the trade and assets of Eyemouth Holiday Park were acquired for a consideration of £1,993,000.

24. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company is a wholly owned subsidiary of GB Holiday Parks (Holdings) Limited, a company registered in England and Wales. Copies of the parent company's financial statements may be obtained from The Secretary, GB Holiday Parks (Holdings) Limited, 6 Leylands Park, Nobs Crook, Colden Common, Winchester, Hampshire SO21 1TH