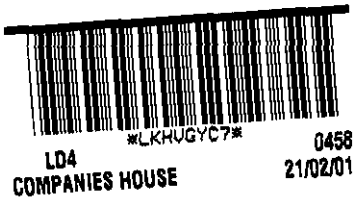
REPORT AND ACCOUNTS
NORTON CRATHORNE (NO 1) LIMITED

30 November 1999



REGISTERED NO

3785378

DIRECTORS

Michael T Fitzgerald
Robert C Felton

SECRETARY

Jordans Company Secretaries Limited
21 St Thomas Street
Bristol BS1 6JS

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

The Stables
Crathorne Hall
Yarm
North Yorkshire
TS15 0AR

DIRECTORS' REPORT

The directors present their first report and accounts for the period from incorporation on 9 June 1999 to 30 November 1999.

RESULTS AND DIVIDENDS

The company made a net profit for the period of £244,000.

The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the operation of the Norton House and Crathorne Hall Hotels.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period are shown on page 1.

None of the directors had any interest in the share capital of the company.

AUDITORS

Ernst & Young were appointed as auditors during the period. A resolution confirming that appointment and reappointment will be put to the members at the Annual General Meeting.

On behalf of the board

Director

14/2/ 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its profit and loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on a 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Norton Crathorne (No 1) Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors
As described on page 3 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion
We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 November 1999, and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

14th February 2001

PROFIT AND LOSS ACCOUNT
for the period from 9 June 1999 to 30 November 1999

	Notes	*Period ended 30 November 1999* £'000
TURNOVER	2	1,796
Cost of sales		(865)
GROSS PROFIT		931
Administration expenses		(687)
OPERATING PROFIT	3	244
Tax on profit on ordinary activities	6	(43)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		201

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the period.

BALANCE SHEET
at 30 November 1999

	Notes	£'000
FIXED ASSETS		
Tangible assets	7	3,284
		3,284
CURRENT ASSETS		
Stocks	8	133
Debtors	9	739
Cash at bank and in hand		272
		1,144
CREDITORS: amounts falling due within one year	10	(857)
NET CURRENT ASSETS		287
TOTAL ASSETS LESS CURRENT LIABILITIES		3,571
CAPITAL AND RESERVES		
Called up share capital	11	3,370
Profit and loss account	12	201
Shareholders' funds		3,571

Director

14/2/2001

NOTES TO THE ACCOUNTS
at 30 November 1999

1. ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Short leasehold property	-	Over period of lease
Fixtures, fittings and plant	-	15% and 25% on cost

Stock
Stock is stated at the lower of cost and net realisable value.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Cash Flow Statement
The Company has taken advantage of the exemptions in FRS 1 and hence a cash flow statement is not presented.

Related Party Transactions
The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

2. TURNOVER
Turnover represents the gross income receivable net of VAT in respect of the operations of the two hotels.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION
This is stated after charging:

	Period ended 30 November 1999 £'000
Depreciation of owned assets	164
Auditors' remuneration	4

4. DIRECTORS' EMOLUMENTS
The directors did not receive any remuneration from the company during the period.

5. Staff Costs

	Period ended 30 November 1999 £'000
Wages and salaries	513
Social security costs	57
	570
The monthly average number of employees during the period was as follows:	228

6. Tax on Profit on Ordinary Activities

	Period ended 30 November 1999 £'000
Based on the results for the period	
Charge for the period at 30%	81
Group relief receivable	(38)
	43

7. Tangible Fixed Assets

	Short leasehold property £'000	*Fixtures and fittings* £'000	*Total* £'000
Cost:			
Additions in period	3,443	5	3,448
At 30 November 1999	3,443	5	3,448
Depreciation:			
Provided during the period	(164)	-	(164)
At 30 November 1999	(164)	-	(164)
Net book value:			
At 30 November 1999	3,279	5	3,284

8. Stocks

	30 November 1999 £'000
Finished goods and goods for resale	133

NOTES TO THE ACCOUNTS
at 30 November 1999

9. DEBTORS

	30 November 1999 £'000
Trade debtors	344
Other debtors	307
Prepayments and accrued income	88
	739

10. CREDITORS: amounts falling due within one year

	30 November 1999 £'000
Trade creditors	372
Corporation tax	43
Taxation and social security	162
Accruals and deferred income	99
Other creditors	181
	857

11. SHARE CAPITAL

	30 November 1999 £'000
Authorised:	
5,000,000 Ordinary shares of £1 each	5,000
Allotted, called up and fully paid:	
3,370,002 Ordinary shares of £1 each	3,370

2 ordinary shares of £1 each were issued on the incorporation of the company.

During the year 3,370,000 shares of £1 each, with an aggregate nominal value of £3,370,000 were issued fully paid.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £'000	*Profit and loss account* £'000	*Total share-holders' funds* £'000
Shares issued during the period	3,370	-	3,370
Profit attributable to members of the company	-	201	201
	3,370	201	3,571

NOTES TO THE ACCOUNTS
at 30 November 1999

13. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Bestmexico Limited, which is registered in England and Wales. The results of the company for the period ended 30 November 1999 will not be consolidated in the financial statements of Bestmexico Limited as Bestmexico Limited has taken advantage of the exemption available in section 248 of the Companies Act 1985.

The financial statements of Bestmexico Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

14. RELATED PARTY TRANSACTIONS

Included within other debtors is £291,000 in respect of amounts owed by Hand Picked Hotels, a company which is under common control. The amount receivable represents amounts loaned to Hand Picked Hotels Limited.