

Registered number
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

24 November 2005



NORTON CRATHORNE (NO.1) LIMITED
Report and accounts
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NORTON CRATHORNE (NO.1) LIMITED
Company Information

Directors

R C Felton
J Hands

Secretary

Jordans Company Secretaries Limited

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London, UK
EC1M 3AP

Registered office

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number

3785378

NORTON CRATHORNE (NO.1) LIMITED

Directors' Report

The directors present their report and accounts for the 52 weeks ended 24 November 2005.

Principal activities

The company's principal activity during the period continued to be that of the operation of the Norton House and Crathorne Hall Hotels.

Review of business and future developments

The results for the period and financial position of the company are as shown in the annexed financial statements. The directors are optimistic as to the future success of the company.

Dividends

No dividends will be distributed for the period ended 24 November 2005.

Directors

The directors who served during the period under review were:

R.C. Felton

J. Hands

The directors holding office at 24 November 2005 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 25 November 2004 or 24 November 2005, except J Hands, who holds two shares.

Statement of Directors' responsibilities

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 the profit or 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements is prepared in accordance with company law in the United Kingdom.

The directors are responsible for maintaining 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.

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26 (5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting.



J Hands

Director

NORTON CRATHORNE (NO.1) LIMITED

Independent auditors' report to the members of NORTON CRATHORNE (NO.1) LIMITED

We have audited the accounts of Norton Crathorne (No.1) Limited for the period ended 24 November 2005 which comprise the Profit and Loss account, the Balance Sheet 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 24 November 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF(UK) LLP

PKF (UK) LLP
Registered auditors

London, UK

5 April 2006

NORTON CRATHORNE (NO.1) LIMITED**Profit and Loss Account****for the period from 26 November 2004 to 24 November 2005**

		52 weeks ended 24 November 2005 £	52 weeks ended 25 November 2004 £
	Notes		
Turnover		5,567,758	5,047,268
Cost of sales		(1,179,718)	(1,105,771)
Gross profit		<u>4,388,040</u>	<u>3,941,497</u>
Administrative expenses		(4,357,029)	(3,997,536)
Operating profit/(loss)	2	<u>31,011</u>	<u>(56,039)</u>
Interest receivable		1,209	2,103
Profit/(loss) on ordinary activities before taxation		<u>32,220</u>	<u>(53,936)</u>
Tax on profit/(loss) on ordinary activities	4	-	-
Retained profit/(loss) for the period	10	<u>32,220</u>	<u>(53,936)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two periods

NORTON CRATHORNE (NO.1) LIMITED**Balance Sheet****as at 24 November 2005**

	Notes	24 November 2005 £	25 November 2004 £
Fixed assets			
Tangible assets	5	4,011,932	3,875,294
Current assets			
Stocks	6	50,487	39,549
Debtors	7	1,157,619	1,127,014
Cash at bank and in hand		34,670	53,836
		<u>1,242,776</u>	<u>1,220,399</u>
Creditors: amounts falling due within one year	8	(2,697,230)	(2,570,435)
Net current liabilities		<u>(1,454,454)</u>	<u>(1,350,036)</u>
		<u>2,557,478</u>	<u>2,525,258</u>
Capital and reserves			
Called up share capital	9	3,370,002	3,370,002
Profit and loss account	10	(812,524)	(844,744)
Shareholders' funds	11	<u>2,557,478</u>	<u>2,525,258</u>



J Hands

Director

Approved by the board on **28** March 2006

NORTON CRATHORNE (NO.1) LIMITED**Cash Flow Statement****for the period from 26 November 2004 to 24 November 2005**

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)		31,011	(56,039)
Depreciation charges		859,990	784,607
Increase in stocks		(10,938)	(1,176)
Increase in debtors		(30,605)	(63,436)
Increase/(decrease) in creditors		126,795	(7,906)
Net cash inflow from operating activities		<u>976,253</u>	<u>656,050</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		976,253	656,050
Returns on investments and servicing of finance	12	1,209	2,103
Taxation		-	13,710
Capital expenditure	12	<u>(996,628)</u> <u>(19,166)</u>	<u>(637,576)</u> <u>34,287</u>
(Decrease)/increase in cash		<u>(19,166)</u>	<u>34,287</u>

Reconciliation of net cash flow to movement in net debt

(Decrease)/increase in cash in the period		(19,166)	34,287
Change in net debt	13	<u>(19,166)</u>	<u>34,287</u>
Net funds at 26 November 2004		<u>53,836</u>	<u>19,549</u>
Net funds at 24 November 2005		<u>34,670</u>	<u>53,836</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

1 Accounting policies

Fundamental Accounting Concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from Hand Picked Hotels Limited, a company under common control.

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, all of which is generated through the operation of the hotel. It is recognised at the point at which goods and services are delivered to the customer.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the period of the lease
Fixtures and fittings	4 to 25 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Deferred tax is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis set out in Financial Reporting Standard 19.

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.

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005**

2 Operating profit/(loss)	2005	2004
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	859,990	784,607
Other operating leases	7,983	14,671
Auditors' remuneration - audit fees	<u>4,680</u>	<u>5,200</u>

3 Staff costs	2005	2004
	£	£
Wages and salaries	1,745,122	1,565,329
Social security costs	138,851	126,110
Other pension costs	<u>31,228</u>	<u>23,739</u>
Sub total	<u>1,915,201</u>	<u>1,715,178</u>
Agency staff	<u>15,099</u>	<u>18,320</u>
Total	<u>1,930,300</u>	<u>1,733,498</u>

None of the directors received any remuneration for the period (2004: £nil).

Average number of employees during the year	Number	Number
Hotel operations	115	93
Administration	<u>12</u>	<u>12</u>
	<u>127</u>	<u>105</u>

4 Taxation	2005	2004
Current year charge	£	£
Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	-	-
Total tax	<u>-</u>	<u>-</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

4 Taxation (continued)

	2005	2004
	£	£
Factors affecting tax charge for the period		
Loss on ordinary activities before tax	32,220	(53,936)
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	9,666	(16,181)
<i>Explained by:</i>		
Expenses not deductible for corporation tax purposes	147,554	147,554
Capital allowances in excess of depreciation	(23,628)	(47,924)
Income not taxable for tax purposes	(126,886)	(126,470)
Losses brought forward utilised in the period	(6,706)	-
Losses carried forward for future offset	-	43,021
Total current tax	-	-
Deferred tax	£	
At 26 November 2004	-	
Charged to profit and loss	-	
At 24 November 2005	-	
Deferred tax is analysed as follows:		
Losses	154,000	
Accelerated capital allowances	(154,000)	
	-	

There are trading losses carried forward of £908,500 (2004 £931,000) available for offset against future trading profits. At the period end there is a deferred tax liability arising on accelerated capital allowances of £154,000 (2004 £130,500) and a deferred tax asset arising on losses of £272,500 (2004 279,500). The net deferred tax asset has not been recognised as the recoverability of the asset is uncertain.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

5 Tangible fixed assets

	Long leasehold land and buildings £	Fixtures and fittings £	Assets in course of construction £	Total £
Cost				
At 26 November 2004	3,442,925	3,422,789	93,171	6,958,885
Additions	-	618,257	378,371	996,628
Transfers	-	2,718	(2,718)	-
Disposals	-	(50,329)	-	(50,329)
At 24 November 2005	<u>3,442,925</u>	<u>3,993,435</u>	<u>468,824</u>	<u>7,905,184</u>
Depreciation				
At 26 November 2004	2,623,180	460,411	-	3,083,591
Charge for the 52 weeks	491,846	368,144	-	859,990
On disposals	-	(50,329)	-	(50,329)
At 24 November 2005	<u>3,115,026</u>	<u>778,226</u>	<u>-</u>	<u>3,893,252</u>
Net book value				
At 24 November 2005	<u>327,899</u>	<u>3,215,209</u>	<u>468,824</u>	<u>4,011,932</u>
At 25 November 2004	<u>819,745</u>	<u>2,962,378</u>	<u>93,171</u>	<u>3,875,294</u>

6 Stocks

	2005 £	2004 £
Goods for resale	<u>50,487</u>	<u>39,549</u>

7 Debtors

	2005 £	2004 £
Trade debtors	278,691	212,865
Amounts due to related companies	850,895	844,570
Other debtors	10,822	52,753
Prepayments and accrued income	17,211	16,826
	<u>1,157,619</u>	<u>1,127,014</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005****8 Creditors: amounts falling due within one year**

	2005	2004
	£	£
Payments in advance	278,704	248,185
Trade creditors	138,230	205,747
Amounts owed to related companies	1,917,906	1,784,633
Corporation tax	13,710	13,710
Other taxes and social security costs	206,547	212,000
Other creditors	8,908	10,141
Accruals and deferred income	133,225	96,019
	<u>2,697,230</u>	<u>2,570,435</u>

9 Share capital

	2005	2004	2005	2004
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000
Allotted, issued and fully paid:				
Ordinary shares of £1 each	3,370,002	3,370,002	<u>3,370,002</u>	<u>3,370,002</u>

10 Profit and loss account

	2005	2004
	£	£
At 26 November 2004	(844,744)	(790,808)
Retained profit/(loss)	32,220	(53,936)
	<u>(812,524)</u>	<u>(844,744)</u>
At 24 November 2005		

11 Reconciliation of movement in shareholders' funds

	2005	2004
	£	£
At 26 November 2004	2,525,258	2,579,194
Profit/(loss) for the financial period	32,220	(53,936)
	<u>2,557,478</u>	<u>2,525,258</u>
At 24 November 2005		

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005**

12 Gross cash flows	2005	2004
	£	£
Returns on investments and servicing of finance		
Interest received	1,209	2,103
Capital expenditure		
Payments to acquire tangible fixed assets	(996,628)	(728,047)
Receipts from sales of tangible fixed assets	-	90,471
	<u>(996,628)</u>	<u>(637,576)</u>

13 Analysis of changes in net debt

	At 26 Nov 2004	Cash flows	Non-cash changes	At 24 Nov 2005
	£	£	£	£
Cash at bank and in hand	53,836	(19,166)	-	34,670
Total	<u>53,836</u>	<u>(19,166)</u>	<u>-</u>	<u>34,670</u>

14 Contingent liabilities

At 24 November 2005, the company, along with certain other fellow subsidiary undertakings, has granted a fixed and floating charge over its assets, to a maximum of £5,245,000 (2004: £5,245,000), in respect of certain liabilities of Hand Picked Hotels Limited.

On 1 December 2005 the group paid off its bank loans and entered into a new facility. As part of this arrangement, the company has granted a new fixed and floating charge over the company and certain current property and assets. The amount owed following this transaction by the Hand Picked Hotels group was £80,000,000.

15 Related party disclosures

Included within amounts due to related companies is £1,917,263 (2004: £1,783,815) owed to Hand Picked Hotels Limited, a company which is under common control. The amount due represents amounts loaned by Hand Picked Hotels Limited.

Included within amounts due to related companies within creditors is £620 (2004: £815) which represents trading balances with members of the Hand Picked Hotels group.

Included within amounts due from related companies within debtors is £17,313 (2004: £7,508) which represents trading balances with members of the Hand Picked Hotels group.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

15 Related party disclosures (cont.)

Certain costs amounting to £342,090 (2004: £372,158) incurred by Hand Picked Hotels Limited in respect of the operations of the hotels owned by Norton Crathorne (No.1) Limited have been recharged to the company. A management fee of £545,820 (2004: £503,618) has been charged by Hand Picked Hotels Limited in respect of services and support provided to assist in the management of the running of the hotel.

16 Ultimate Parent Company

The company's immediate and ultimate parent undertaking is Bestmexico Limited, which is registered in England and Wales. The results of the company for the period ended 25th November 2004 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.

The controlling party is Mr G Hands.