

Registered number
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

29 November 2012

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

Directors

K Arkley

P Fullerton

J Hands

Secretary

Jordans Company Secretaries Limited

Auditor

PKF (UK) LLP

Farringdon Place

20 Farringdon Road

London

EC1M 3AP

Registered office

The Old Library

The Drive

Sevenoaks

Kent

TN13 3AB

Registered number

3785378

NORTON CRATHORNE (NO.1) LIMITED
Registered number: 3785378
Directors' Report

The directors present their report and accounts for the period ended 29 November 2012

Principal activities

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

Business review

The hotel has continued to operate successfully within the upmarket country house hotel business and has maintained the assets of the business through a programme of improvements to services and facilities

Results

The hotel's turnover has decreased 4.1% to £8.07m and the operating loss for the period was £30k compared to £3k profit in 2011. EBITDA for the period was £0.967m (2011: £1.121m)

The hotel is still well positioned for growth as the market recovers, driven by investment that will deliver increases in sales and EBITDA. The ongoing improvement in brand perception together with the continued drive towards excellence in service provision will also contribute to future growth.

Expansion for the future

We are maintaining our investment in constantly upgrading and improving our existing bedroom stock.

Operating risks

The directors consider the following to be principal risks and uncertainties facing the group:

- economic recession,
- timely completion of development projects,
- changes to government regulations including legislation on employees, environmental and health and safety,
- natural disasters

The directors take a regular review of the company's exposure to these risks.

Environment

The hotel operates in a beautiful location and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotel.

Personnel

We clearly understand that our employees are the most valuable asset in the company. We continue to invest in training and skills development programmes. We intend to continue our philosophy and invest in our staff. The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

NORTON CRATHORNE (NO.1) LIMITED

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Directors' Report

Financial instruments

The company is exposed to the usual credit risk and cash flow movement involved with selling on credit and manages this through the company credit policy. The policy is to finance working capital through retained earnings and finance fixed assets through long term borrowings on fixed rates. The company and the group of which it is part have borrowings in sterling on fixed and floating rates with an interest rate swap in place, the profile of which is reviewed on a regular basis. The counterparty to the majority of the group's financial instruments is its bankers, the company is exposed to minimal credit and liquidity risks in respect of these instruments.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the company's financial position or result.

Dividends

No dividends were paid during the period ended 29 November 2012 (2011 £Nil)

Directors

The following persons served as directors during the period

K Arkley
P Fullerton
J Hands

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions, to 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 2006. 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.

NORTON CRATHORNE (NO.1) LIMITED

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Directors' Report

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information

This report was approved by the board on ²⁹April 2013



J Hands
Director

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

We have audited the financial statements of Norton Crathorne (No 1) Limited for the period ended 29 November 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 November 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

PKF(UK) LLP

Stuart Collins (Senior Statutory Auditor)
for and on behalf of PKF (UK) LLP, Statutory Auditor
London, UK

30 April 2013

NORTON CRATHORNE (NO 1) LIMITED
Profit and Loss Account
for the period from 25 November 2011 to 29 November 2012

	Notes	2012 £	2011 £
Turnover		8,072,034	8,417,728
Cost of sales		(1,631,836)	(1,723,051)
Gross profit		<u>6,440,198</u>	<u>6,694,677</u>
Administrative expenses		(6,469,899)	(6,691,564)
Operating (loss)/profit	2	<u>(29,701)</u>	<u>3,113</u>
Exceptional items			
loss on the disposal of tangible fixed assets		(2,454)	-
		<u>(32,155)</u>	<u>3,113</u>
Interest payable and similar charges	4	(639,337)	(658,276)
Loss on ordinary activities before taxation		<u>(671,492)</u>	<u>(655,163)</u>
Tax on loss on ordinary activities	5	-	-
Loss for the period	12	<u>(671,492)</u>	<u>(655,163)</u>

Continuing operations

All results are derived from continuing operations

Statement of total recognised gains and losses

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

NORTON CRATHORNE (NO.1) LIMITED
Balance Sheet
as at 29 November 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	7	13,522,999	14,239,220
Current assets			
Stocks	8	78,287	77,917
Debtors	9	1,100,214	1,139,378
Cash at bank and in hand		372,836	327,539
		<u>1,551,337</u>	<u>1,544,834</u>
Creditors amounts falling due within one year	10	(15,091,994)	(15,130,220)
Net current liabilities		<u>(13,540,657)</u>	<u>(13,585,386)</u>
Total assets less current liabilities		<u>(17,658)</u>	<u>653,834</u>
Net (liabilities)/assets		<u>(17,658)</u>	<u>653,834</u>
Capital and reserves			
Called up share capital	11	3,370,002	3,370,002
Profit and loss account	12	(3,387,660)	(2,716,168)
Shareholders' funds	13	<u>(17,658)</u>	<u>653,834</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on ²⁹April 2013



J Hands
Director

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 25 November 2011 to 29 November 2012

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and preceding period.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Basis of preparation. going concern

The Company reports net current liabilities, net liabilities and losses for the period. The parent company, Hand Picked Hotels Limited has indicated that it will continue to provide financial support as necessary for the foreseeable future to ensure the Company can meet all liabilities as they fall due. On this basis the directors are satisfied that it is appropriate to prepare these accounts on a going concern basis.

Turnover

Turnover represents amounts receivable for accommodation, food and beverage sales and ancillary hotel services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer. Deposits which have been received at the balance sheet date for which services have not yet been provided are shown as payments in advance within creditors.

Depreciation

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

Freehold buildings core	50 years
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.

Cash flow statement

Under the provisions of FRS 1 (Revised) Cash Flow Statements, the Company has not prepared a cash flow statement because its parent company, Hand Picked Hotels Limited, prepares consolidated accounts. The cash flows of the Company are included in the consolidated cash flow statement.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax balances are not discounted.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 25 November 2011 to 29 November 2012

1 Accounting policies (continued)

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other wholly owned 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

2 Operating (loss)/profit	2012 £	2011 £
This is stated after charging		
Depreciation of owned fixed assets	996,321	1,117,683
Operating lease rentals - plant and machinery	11,492	10,250
Auditor's remuneration for audit services	6,890	6,760

3 Staff costs	2012 £	2011 £
Wages and salaries	2,958,248	2,990,136
Social security costs	197,368	233,089
Other pension costs	42,144	42,049
	<u>3,197,760</u>	<u>3,265,274</u>
Agency staff	-	602
	<u>3,197,760</u>	<u>3,265,876</u>

None of the directors received any remuneration for the period (2011 £nil)

Average number of employees during the year	2012 Number	2011 Number
Hotel operations	147	159
Administration	12	13
	<u>159</u>	<u>172</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 25 November 2011 to 29 November 2012**

4 Interest payable and similar charges	2012	2011
	£	£
Group interest payable	639,337	658,276
5 Taxation	2012	2011
	£	£
Analysis of charge in period		
Current tax	-	-
Deferred tax	-	-
Tax on profit on ordinary activities	-	-

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2012	2011
	£	£
Loss on ordinary activities before tax	(671,492)	(655,163)
Standard rate of corporation tax in the UK	24 7%	26 7%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	(165,855)	(174,902)
Effects of		
Expenses not deductible for corporation tax purposes	67,350	125,116
Depreciation in excess of capital allowances	176,798	163,325
Expense adjustment for tax purposes	(557,590)	(411,651)
Group relief surrendered	479,297	298,112
Current tax charge for period	-	-

Potential deferred tax assets of £783,000 (2011 £736,000) and £479,000 (2011 £542,000) have not been recognised in respect of depreciation charged in excess of capital allowances at the end of the period and trading losses carried forward available for offset against future trading profits respectively

The company also has capital losses carried forward of £7,800 (2011 £nil) which create a potential deferred tax asset of £1,800 (2011 £nil)

6 Related Party Disclosures

A payment of £62,599 was made in respect of a disposal of fixed assets to Mrs J Hands

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 25 November 2011 to 29 November 2012

7 Tangible fixed assets

	Leasehold improve- ments £	Fixtures and fittings £	Total £
Cost			
At 25 November 2011	6,438,999	13,064,303	19,503,302
Additions	-	344,982	344,982
Disposals	-	(242,973)	(242,973)
At 29 November 2012	<u>6,438,999</u>	<u>13,166,312</u>	<u>19,605,311</u>
Depreciation			
At 25 November 2011	579,510	4,684,572	5,264,082
Charge for the period	128,780	867,541	996,321
On disposals	-	(178,091)	(178,091)
At 29 November 2012	<u>708,290</u>	<u>5,374,022</u>	<u>6,082,312</u>
Net book value			
At 29 November 2012	<u>5,730,709</u>	<u>7,792,290</u>	<u>13,522,999</u>
At 24 November 2011	<u>5,859,489</u>	<u>8,379,731</u>	<u>14,239,220</u>

8 Stocks

	2012 £	2011 £
Goods for resale	<u>78,287</u>	<u>77,917</u>

9 Debtors

	2012 £	2011 £
Trade debtors	208,802	258,985
Amounts due from fellow subsidiary undertaking	809,058	812,558
Other debtors	21,405	2,415
Prepayments and accrued income	60,949	65,420
	<u>1,100,214</u>	<u>1,139,378</u>

10 Creditors' amounts falling due within one year

	2012 £	2011 £
Payments in advance	637,602	703,902
Trade creditors	171,845	250,669
Amounts due to intermediate parent undertaking	13,736,647	13,667,029
Other taxes and social security costs	250,006	269,474
Other creditors	9,668	28,972
Accruals and deferred income	286,226	210,174
	<u>15,091,994</u>	<u>15,130,220</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 25 November 2011 to 29 November 2012

11 Share capital	2012 Number	2011 Number	2012 £	2011 £
Allotted, called up and fully paid Ordinary shares of £1 each	3,370,002	3,370,002	<u>3,370,002</u>	<u>3,370,002</u>

12 Profit and loss account	2012 £	2011 £
At 25 November	(2,716,168)	(2,061,005)
Loss for the period	(671,492)	(655,163)
At 29 November	<u>(3,387,660)</u>	<u>(2,716,168)</u>

13 Reconciliation of movement in shareholders' funds	2012 £	2011 £
At 25 November	653,834	1,308,997
Loss for the period	(671,492)	(655,163)
At 29 November	<u>(17,658)</u>	<u>653,834</u>

14 Operating leases

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	2012 £	2011 £
Operating leases which expire within one year	-	4,462
within two to five years	<u>11,492</u>	<u>5,788</u>
	<u>11,492</u>	<u>10,250</u>

15 Contingent liabilities

The company has granted fixed and floating charges over its assets in respect of group borrowing facilities. The amount owed by the Hand Picked Hotels Limited group as at 29 November 2012 was £79,519,000 (2011 £97,111,500)

16 Ultimate parent company and controlling party

The company's ultimate parent company is Alscot Sarl, which is incorporated in Luxembourg. The company's immediate parent company is Bestmexico Limited. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited, the company's intermediate parent undertaking. The consolidated accounts of Hand Picked Hotels 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