

Registered number  
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

26 November 2009

THURSDAY



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**NORTON CRATHORNE (NO.1) LIMITED**  
**Report and accounts**  
**Contents**

	<b>Page</b>
Company information	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

**NORTON CRATHORNE (NO.1) LIMITED**  
**Company Information**

**Directors**

K Arkley  
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 period ended 26 November 2009

#### **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

#### **Business review**

The hotels continued to operate successfully within the upmarket country house hotel business through a programme of

- asset refurbishment
- improvements to services and facilities

#### **Results**

The hotels turnover has remained at £8.09m and the operating profit for the period was £56k compared to £137k for 2008. EBITDA for the period was £1.20m (2008: £1.29m)

The hotel is now well positioned for growth as the market recovers, driven by investment that will deliver significant 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**

### **Directors' Report (continued)**

#### **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 will be distributed for the period ended 26 November 2009 (2008 £Nil).

#### **Future developments**

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

#### **Directors**

The directors who served during the period under review were

K. Arkley

J. Hands

#### **Statement of Directors' responsibilities**

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 judgments and estimates that are reasonable and prudent, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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**

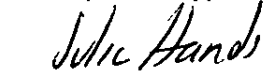
### **Directors' Report (continued)**

#### **Provision of information to auditors**

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the auditors are aware of that information

This report was approved by the board on 24 May 2010



J Hands  
Director

## **NORTON CRATHORNE (NO.1) LIMITED**

### **Independent auditors' 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 26 November 2009 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 auditors' 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 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 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**

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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 26 November 2009 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements 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 auditors

London, UK

~~14 June 2010~~

16 June 2010

**NORTON CRATHORNE (NO.1) LIMITED****Profit and Loss Account****for the period from 28 November 2008 to 26 November 2009**

	Notes	Period ended 26 November 2009 £	Period ended 27 November 2008 £
Turnover		8,094,998	8,090,242
Cost of sales		(1,676,722)	(1,648,573)
Gross profit		6,418,276	6,441,669
Administrative expenses		(6,362,405)	(6,304,681)
Operating profit	2	55,871	136,988
Interest receivable		4	110
Interest payable	4	(925,399)	(46)
(Loss)/profit on ordinary activities before and after taxation and for the year	11	(869,524)	137,052

**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 (loss)/profit for the above two periods



**NORTON CRATHORNE (NO.1) LIMITED****Registered number 3785378****Balance Sheet****as at 26 November 2009**

	Notes	26 November 2009 £	27 November 2008 £
<b>Fixed assets</b>			
Tangible assets	6	16,124,245	17,058,960
<b>Current assets</b>			
Stocks	7	71,057	78,395
Debtors	8	1,053,914	1,256,293
Cash at bank and in hand		103,493	2,140
		<u>1,228,464</u>	<u>1,336,828</u>
<b>Creditors: amounts falling due within one year</b>	9	(15,379,978)	(15,553,533)
<b>Net current liabilities</b>		<u>(14,151,514)</u>	<u>(14,216,705)</u>
		<u>1,972,731</u>	<u>2,842,255</u>
<b>Capital and reserves</b>			
Called up share capital	10	3,370,002	3,370,002
Profit and loss account	11	(1,397,271)	(527,747)
<b>Shareholders' funds</b>	12	<u>1,972,731</u>	<u>2,842,255</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2010



J Hands  
Director

# **NORTON CRATHORNE (NO.1) LIMITED**

## **Notes to the Accounts**

**for the period from 28 November 2008 to 26 November 2009**

### **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, the intermediate parent company

#### ***Accounting convention***

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

#### ***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 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:

Freehold buildings core	50 years
Fixtures and fittings	3 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.

#### ***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.

#### ***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 28 November 2008 to 26 November 2009**

<b>2 Operating (loss)/profit</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Depreciation of owned fixed assets	1,142,520	1,157,461
Other operating leases	8,985	12,104
Auditors' remuneration	6,240	5,200

<b>3 Staff costs</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,858,264	2,878,171
Social security costs	222,859	233,749
Other pension costs	37,564	42,846
	<u>3,118,687</u>	<u>3,154,766</u>
Agency staff	2,636	46,439
	<u>3,121,323</u>	<u>3,201,205</u>

None of the directors received any remuneration for the period (2008 £nil)

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Hotel operations	154	162
Administration	13	17
	<u>167</u>	<u>179</u>

<b>4 Interest payable</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Group interest payable	<u>925,399</u>	<u>46</u>

# **NORTON CRATHORNE (NO.1) LIMITED**

## **Notes to the Accounts**

**for the period from 28 November 2008 to 26 November 2009**

### **5 Taxation**

	2009 £	2008 £
<b>Current year charge</b>		
Corporation tax	-	-
Total current tax	-	-
 Deferred taxation	 -	 -
Total tax	-	-
 <b>Factors affecting tax charge for the period</b>	 <b>2009 £</b>	 <b>2008 £</b>
(Loss)/profit on ordinary activities before tax	(869,524)	137,052
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax 28.0% (2008 28.7%)	(243,467)	39,334
<i>Explained by</i>		
Expenses not deductible for corporation tax purposes	102,478	108,051
Depreciation in excess of capital allowances	209,235	181,671
Non taxable income	(68,179)	(102,894)
Unutilised losses arising in the period	27,431	-
Losses brought forward utilised in the period	-	(226,131)
Expense adjustment for tax purposes	(320,740)	-
Group relief surrendered	293,242	-
<b>Total current tax</b>	-	31

Potential deferred tax assets of £285,000 (2008 £245,000) and £412,000 (2008 £nil) 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

# **NORTON CRATHORNE (NO.1) LIMITED**

## **Notes to the Accounts**

**for the period from 28 November 2008 to 26 November 2009**

### **6 Tangible fixed assets**

	Leasehold improve- ments £	Fixtures and fittings £	Assets in course of construction £	Total £
<b>Cost</b>				
At 28 November 2008	6,438,999	13,282,694	25,945	19,747,638
Additions	-	207,805	-	207,805
Transfers	-	25,945	(25,945)	-
Disposals	-	(131,567)	-	(131,567)
At 26 November 2009	<u>6,438,999</u>	<u>13,384,877</u>	<u>-</u>	<u>19,823,876</u>
<b>Depreciation</b>				
At 28 November 2008	193,170	2,495,508	-	2,688,678
Charge for the period	128,780	1,013,740	-	1,142,520
On disposals	-	(131,567)	-	(131,567)
At 26 November 2009	<u>321,950</u>	<u>3,377,681</u>	<u>-</u>	<u>3,699,631</u>
<b>Net book value</b>				
At 26 November 2009	<u>6,117,049</u>	<u>10,007,196</u>	<u>-</u>	<u>16,124,245</u>
At 27 November 2008	<u>6,245,829</u>	<u>10,787,186</u>	<u>25,945</u>	<u>17,058,960</u>

<b>7 Stocks</b>	<b>2009</b> £	<b>2008</b> £
Goods for resale	<u>71,057</u>	<u>78,395</u>

<b>8 Debtors</b>	<b>2009</b> £	<b>2008</b> £
Trade debtors	172,471	338,980
Amounts due from related companies	822,485	856,008
Other debtors	9,623	16,755
Prepayments and accrued income	49,335	44,550
	<u>1,053,914</u>	<u>1,256,293</u>

<b>9 Creditors amounts falling due within one year</b>	<b>2009</b> £	<b>2008</b> £
Bank loans and overdrafts	-	88,209
Payments in advance	829,358	675,927
Trade creditors	250,398	130,509
Amounts owed to intermediate parent undertaking	13,790,662	13,996,745
Amounts due to fellow group undertakings	7	4,860
Corporation tax	13,710	13,710
Other taxes and social security costs	181,977	257,171
Other creditors	31,559	30,786
Accruals and deferred income	282,307	355,616
	<u>15,379,978</u>	<u>15,553,533</u>

**NORTON CRATHORNE (NO.1) LIMITED****Notes to the Accounts****for the period from 28 November 2008 to 26 November 2009**

<b>10 Share capital</b>	<b>2009 No</b>	<b>2008 No</b>	<b>2009 £</b>	<b>2008 £</b>
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>

<b>11 Profit and loss account</b>	<b>2009 £</b>	<b>2008 £</b>
At 28 November 2008	(527,747)	(664,799)
(Loss)/profit for the period	(869,524)	137,052
At 26 November 2009	<u>(1,397,271)</u>	<u>(527,747)</u>

<b>12 Reconciliation of movement in shareholders' funds</b>	<b>2009 £</b>	<b>2008 £</b>
At 28 November 2008	2,842,255	2,705,203
(Loss)/profit for the period	(869,524)	137,052
At 26 November 2009	<u>1,972,731</u>	<u>2,842,255</u>

**13 Operating leases**

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

	<b>Other 2009 £</b>	<b>Other 2008 £</b>
Operating leases which expire within one year	-	12,519
within two to five years	<u>8,985</u>	<u>-</u>

**14 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 26 November 2009 was £98,596,500

**15 Ultimate parent company**

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