

Registered number
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

25 November 2010



NORTON CRATHORNE (NO.1) LIMITED
Report and accounts
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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 25 November 2010

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 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 hotels turnover has increased to £8 29m and the operating loss for the period was £3k compared to £56k profit for 2009 EBITDA for the period was £1 14m (2009 £1 20m)

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 25 November 2010 (2009 £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.

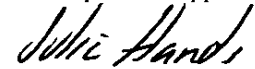
NORTON CRATHORNE (NO.1) LIMITED
Directors' Report (continued)

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 ²² March 2011



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 25 November 2010 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 statement of directors' responsibilities, 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 25 November 2010 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 period 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

24 March 2011

NORTON CRATHORNE (NO.1) LIMITED**Profit and Loss Account****for the period from 27 November 2009 to 25 November 2010**

		Period ended 25 November 2010 £	Period ended 26 November 2009 £
	Notes		
Turnover		8,290,770	8,094,998
Cost of sales		(1,707,740)	(1,676,722)
Gross profit		<u>6,583,030</u>	<u>6,418,276</u>
Administrative expenses		(6,585,533)	(6,362,405)
Operating (loss)/profit	2	<u>(2,503)</u>	<u>55,871</u>
Interest receivable		-	4
Interest payable	4	(661,231)	(925,399)
Loss on ordinary activities before and after taxation and for the period	11	<u>(663,734)</u>	<u>(869,524)</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 loss for the above two periods

NORTON CRATHORNE (NO.1) LIMITED**Registered number 3785378****Balance Sheet****as at 25 November 2010**

	Notes	25 November 2010 £	26 November 2009 £
Fixed assets			
Tangible assets	6	15,107,730	16,124,245
Current assets			
Stocks	7	83,000	71,057
Debtors	8	1,112,504	1,053,914
Cash at bank and in hand		446,610	103,493
		<u>1,642,114</u>	<u>1,228,464</u>
Creditors: amounts falling due within one year	9	(15,440,847)	(15,379,978)
Net current liabilities		<u>(13,798,733)</u>	<u>(14,151,514)</u>
Total assets less current liabilities		<u>1,308,997</u>	<u>1,972,731</u>
		<u>1,308,997</u>	<u>1,972,731</u>
Capital and reserves			
Called up share capital	10	3,370,002	3,370,002
Profit and loss account	11	(2,061,005)	(1,397,271)
Shareholders' funds	12	<u>1,308,997</u>	<u>1,972,731</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **22** March 2011



J Hands
Director

NORTON CRATHORNE (NO.1) LIMITED
Notes to the Accounts
for the period from 27 November 2009 to 25 November 2010

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 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 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	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. 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.

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.

NORTON CRATHORNE (NO.1) LIMITED
Notes to the Accounts
for the period from 27 November 2009 to 25 November 2010

1 Accounting policies (continued)

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	2010	2009
	£	£
This is stated after charging		
Depreciation of owned fixed assets	1,146,853	1,142,520
Other operating leases	8,943	8,985
Auditors' remuneration	<u>6,240</u>	<u>6,240</u>

3 Staff costs	2010	2009
	£	£
Wages and salaries	2,974,894	2,858,264
Social security costs	209,985	222,859
Other pension costs	<u>33,494</u>	<u>37,564</u>
	<u>3,218,373</u>	<u>3,118,687</u>
Agency staff	-	2,636
	<u>3,218,373</u>	<u>3,121,323</u>

None of the directors received any remuneration for the period (2009 £nil)

Average number of employees during the year	Number	Number
Hotel operations	143	154
Administration	<u>13</u>	<u>13</u>
	<u>156</u>	<u>167</u>

4 Interest payable	2010	2009
	£	£
Group interest payable	<u>661,231</u>	<u>925,399</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 27 November 2009 to 25 November 2010****5 Taxation**

	2010 £	2009 £
Current year charge		
Corporation tax	-	-
Total current tax	-	-
Deferred taxation	-	-
Total tax	-	-
	2010 £	2009 £
Factors affecting tax charge for the period		
Loss on ordinary activities before tax	(663,734)	(869,524)
Loss on ordinary activities multiplied by standard rate of corporation tax 28.0% (2009 28.0%)	(185,846)	(243,467)
<i>Explained by</i>		
Expenses not deductible for corporation tax purposes	135,620	102,478
Depreciation in excess of capital allowances	147,948	209,235
Non taxable income	-	(68,179)
Unutilised losses arising in the period	-	27,431
Expense adjustment for tax purposes	(431,760)	(320,740)
Group relief surrendered	334,038	293,242
Total current tax	-	-

Potential deferred tax assets of £555,500 (2009 £285,000) and £563,000 (2009 £412,000) 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

NORTON CRATHORNE (NO.1) LIMITED
Notes to the Accounts
for the period from 27 November 2009 to 25 November 2010

6 Tangible fixed assets

	Leasehold improve- ments £	Fixtures and fittings £	Total £
Cost			
At 27 November 2009	6,438,999	13,384,877	19,823,876
Additions	-	130,338	130,338
Disposals	-	(128,275)	(128,275)
At 25 November 2010	<u>6,438,999</u>	<u>13,386,940</u>	<u>19,825,939</u>
Depreciation			
At 27 November 2009	321,950	3,377,681	3,699,631
Charge for the period	128,780	1,018,073	1,146,853
On disposals	-	(128,275)	(128,275)
At 25 November 2010	<u>450,730</u>	<u>4,267,479</u>	<u>4,718,209</u>
Net book value			
At 25 November 2010	<u>5,988,269</u>	<u>9,119,461</u>	<u>15,107,730</u>
At 26 November 2009	<u>6,117,049</u>	<u>10,007,196</u>	<u>16,124,245</u>

7 Stocks	2010 £	2009 £
Goods for resale	<u>83,000</u>	<u>71,057</u>

8 Debtors	2010 £	2009 £
Trade debtors	236,731	172,471
Amounts due from fellow subsidiary undertakings	816,058	822,485
Other debtors	2,925	9,623
Prepayments and accrued income	<u>56,790</u>	<u>49,335</u>
	<u>1,112,504</u>	<u>1,053,914</u>

9 Creditors: amounts falling due within one year	2010 £	2009 £
Payments in advance	843,954	829,358
Trade creditors	226,195	250,398
Amounts owed to parent company	13,870,038	13,790,662
Amounts due to fellow subsidiary undertakings	-	7
Corporation tax	13,710	13,710
Other taxes and social security costs	239,925	181,977
Other creditors	23,788	31,559
Accruals and deferred income	<u>223,237</u>	<u>282,307</u>
	<u>15,440,847</u>	<u>15,379,978</u>

NORTON CRATHORNE (NO.1) LIMITED
Notes to the Accounts
for the period from 27 November 2009 to 25 November 2010

10 Share capital	2010 No	2009 No	2010 £	2009 £
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>

11 Profit and loss account	2010 £	2009 £
At 27 November 2009	(1,397,271)	(527,747)
Loss for the period	(663,734)	(869,524)
At 25 November 2010	<u>(2,061,005)</u>	<u>(1,397,271)</u>

12 Reconciliation of movement in shareholders' funds	2010 £	2009 £
At 27 November 2009	1,972,731	2,842,255
Loss for the period	(663,734)	(869,524)
At 25 November 2010	<u>1,308,997</u>	<u>1,972,731</u>

13 Operating leases

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

	2010 £	2009 £
Operating leases which expire within one year	3,580	-
within two to five years	<u>5,363</u>	<u>8,985</u>
	<u>8,943</u>	<u>8,985</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 25 November 2010 was £98,654,000

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 27 November 2009 to 25 November 2010

15 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 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.