

Registered number  
3785378

# NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

26 November 2015

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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**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Registered office**

The Old Library  
The Drive  
Sevenoaks  
Kent  
TN13 3AB

**Registered number**

3785378

**NORTON CRATHORNE (NO.1) LIMITED**  
**Strategic Report**  
**for the period ended 26 November 2015**

The directors present their strategic report for the period ended 26 November 2015.

**Business review**

The hotel's turnover has increased by £10k to £7.99m and the operating loss for the period was £388k compared to £333k loss in 2014. EBITDA for the period, before profit on disposal of fixed assets of £299k (2014: £1.3m), was £604k (2014: £678k).

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

On 1st October 2014, Crathorne Hall Hotel was severely damaged by fire. Operations were resumed using part of the building while full repairs were completed. The hotel reopened all of its services on 1st October 2015. In accordance with Accounting Standards, the difference between the anticipated insurance payments to fund the rebuild and the net book value of the assets destroyed is reported in the profit and loss accounts as a profit on disposal.

The hotel turnover and operating profit at Crathorne Hall has been adversely impacted by the fire incident in the current year by £429k and £316k respectively.

The hotels are 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.

**Principal risks and uncertainties**

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

- economic recession;
- 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.

**Expansion for the future**

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

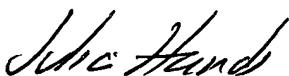
**Environment**

The hotels operate in beautiful locations and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotels.

**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.

This report was approved by the board on 20 May 2016.



J Hands  
Director

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

**Registered number:** 3785378

### **Directors' Report**

The directors present their report and accounts for the period ended 26 November 2015.

#### **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.

#### **Results and dividend**

The loss before tax for the period was £824,627 (2014: £247,889 profit).

No dividends were paid during the period ended 26 November 2015 (2014 £nil).

#### **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.

#### **Directors**

The following persons served as directors during the period:

K Arkley  
P Fullerton  
J Hands

#### **Directors' responsibilities**

The directors are responsible for preparing the strategic report, 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 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**

**Registered number:** 3785378

**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 20 May 2016.



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 26 November 2015 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 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 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2015 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 strategic report and 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.

**BDO LLP**

Stuart Collins (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

**24 May 2016**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**NORTON CRATHORNE (NO.1) LIMITED**  
**Profit and Loss Account**  
**for the period from 28 November 2014 to 26 November 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>		7,990,748	8,000,763
Cost of sales		(1,962,213)	(1,834,586)
<b>Gross profit</b>		<u>6,028,535</u>	<u>6,166,177</u>
Administrative expenses		(7,239,927)	(6,868,101)
Other operating income	2	823,302	369,021
<b>Operating loss</b>	3	<u>(388,090)</u>	<u>(332,903)</u>
Exceptional items:			
profit on the disposal of tangible fixed assets	7	299,076	1,265,682
		<u>(89,014)</u>	<u>932,779</u>
Interest payable and similar charges	5	(735,613)	(684,890)
<b>(Loss)/profit on ordinary activities before taxation</b>		<u>(824,627)</u>	<u>247,889</u>
Tax on (loss)/profit on ordinary activities	6	-	-
<b>(Loss)/profit for the period</b>	12	<u>(824,627)</u>	<u>247,889</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)/profit for the above two periods.

**NORTON CRATHORNE (NO.1) LIMITED**  
**Balance Sheet**  
**as at 26 November 2015**

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	7	13,613,754	12,325,508
<b>Current assets</b>			
Stocks	8	90,243	82,879
Debtors	9	2,079,776	3,166,998
Cash at bank and in hand		633,953	245,286
		<u>2,803,972</u>	<u>3,495,163</u>
<b>Creditors: amounts falling due within one year</b>	10	(18,116,973)	(16,695,291)
<b>Net current liabilities</b>		<u>(15,313,001)</u>	<u>(13,200,128)</u>
<b>Total assets less current liabilities</b>		<u>(1,699,247)</u>	<u>(874,620)</u>
<b>Net liabilities</b>		<u>(1,699,247)</u>	<u>(874,620)</u>
<b>Capital and reserves</b>			
Called up share capital	11	3,370,002	3,370,002
Profit and loss account	12	(5,069,249)	(4,244,622)
<b>Shareholders' deficit</b>	13	<u>(1,699,247)</u>	<u>(874,620)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2016.



J Hands  
Director

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

## **Notes to the Accounts**

**for the period from 28 November 2014 to 26 November 2015**

### **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 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.

#### ***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.

**NORTON CRATHORNE (NO.1) LIMITED****Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015****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 Other operating income**

Other operating income for the period of £823,302 (2014: £369,021) was in respect of loss of profits due from insurers following a fire at Crathorne Hotel.

**3 Operating loss**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	991,912	1,010,673
Operating lease rentals - plant and machinery	10,862	10,862
Auditor's remuneration for audit services	7,800	7,280
	<u>          </u>	<u>          </u>

**4 Staff costs**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,225,993	3,105,886
Social security costs	229,205	221,532
Other pension costs	74,856	56,262
	<u>3,530,054</u>	<u>3,383,680</u>
Agency staff	9,478	-
	<u>3,539,532</u>	<u>3,383,680</u>

None of the directors received any remuneration for the period (2014: £nil).

**Average number of employees during the year**

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Hotel operations	137	136
Administration	14	13
	<u>151</u>	<u>149</u>

**5 Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Group interest payable	<u>735,613</u>	<u>684,890</u>

**NORTON CRATHORNE (NO.1) LIMITED****Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015**

<b>6 Taxation</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax	-	-
Deferred tax	-	-
	<hr/>	<hr/>
Tax on loss/(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:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities before tax	<u>(824,627)</u>	<u>247,889</u>
Standard rate of corporation tax in the UK	20.3%	21.7%
	<b>£</b>	<b>£</b>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax	(167,795)	53,782
Effects of:		
Expenses not deductible for corporation tax purposes	152,360	171,995
Differences between capital allowances and depreciation	(14,841)	(230,341)
Transfer pricing adjustments	(306,237)	(326,523)
Group relief surrendered	338,614	331,087
Other short term timing differences	(2,101)	-
	<hr/>	<hr/>
Current tax charge for period	-	-

Potential deferred tax assets of £530,000 (2014: £603,000) and £375,000 (2014: £417,000) 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 £2,500 (2014: £2,500) which create a potential deferred tax asset of £442 (2014: £500).

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

## **Notes to the Accounts**

**for the period from 28 November 2014 to 26 November 2015**

### **7 Tangible fixed assets**

	<b>Leasehold improve- ments £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 28 November 2014	6,601,880	11,912,991	18,514,871
Additions	1,439,412	840,746	2,280,158
Disposals	-	(263,309)	(263,309)
At 26 November 2015	<u>8,041,292</u>	<u>12,490,428</u>	<u>20,531,720</u>
<b>Depreciation</b>			
At 28 November 2014	965,850	5,223,513	6,189,363
Charge for the period	144,313	847,599	991,912
On disposals	-	(263,309)	(263,309)
At 26 November 2015	<u>1,110,163</u>	<u>5,807,803</u>	<u>6,917,966</u>
<b>Net book value</b>			
At 26 November 2015	<u>6,931,129</u>	<u>6,682,625</u>	<u>13,613,754</u>
At 27 November 2014	<u>5,636,030</u>	<u>6,689,478</u>	<u>12,325,508</u>

On 1st October 2014, Crathorne Hall Hotel was severely damaged by fire. Operations were resumed using part of the building while full repairs were completed. The hotel reopened all of its services on 1st October 2015. In accordance with Accounting Standards, the difference between the anticipated insurance payments to fund the rebuild and the net book value of the assets destroyed is reported in the profit and loss accounts as a profit on disposal over the two periods.

<b>8 Stocks</b>	<b>2015 £</b>	<b>2014 £</b>
Goods for resale	<u>90,243</u>	<u>82,879</u>
<b>9 Debtors</b>	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	335,551	252,934
Amounts due from fellow subsidiary undertaking	1,339,571	1,254,778
Other debtors	331,947	1,600,335
Prepayments and accrued income	<u>72,707</u>	<u>58,951</u>
	<u>2,079,776</u>	<u>3,166,998</u>
<b>10 Creditors: amounts falling due within one year</b>	<b>2015 £</b>	<b>2014 £</b>
Payments in advance	723,790	661,545
Trade creditors	551,527	811,127
Amounts due to intermediate parent undertaking	16,061,968	14,736,725
Amounts due to fellow subsidiary undertaking	4,642	9,341
Other taxes and social security costs	153,414	51,408
Other creditors	40,722	31,675
Accruals and deferred income	<u>580,910</u>	<u>393,470</u>
	<u>18,116,973</u>	<u>16,695,291</u>

**NORTON CRATHORNE (NO.1) LIMITED****Notes to the Accounts****for the period from 28 November 2014 to 26 November 2015**

<b>11 Share capital</b>	<b>2015 Number</b>	<b>2014 Number</b>	<b>2015 £</b>	<b>2014 £</b>
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>
<b>12 Profit and loss account</b>			<b>2015 £</b>	<b>2014 £</b>
Opening profit and loss account			(4,244,622)	(4,492,511)
(Loss)/profit for the period			<u>(824,627)</u>	<u>247,889</u>
Closing profit and loss account			<u>(5,069,249)</u>	<u>(4,244,622)</u>
<b>13 Reconciliation of movement in shareholders' deficit</b>			<b>2015 £</b>	<b>2014 £</b>
Opening shareholders' deficit			(874,620)	(1,122,509)
(Loss)/profit for the period			<u>(824,627)</u>	<u>247,889</u>
Closing shareholders' deficit			<u>(1,699,247)</u>	<u>(874,620)</u>

**14 Operating leases**

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

	<b>2015 £</b>	<b>2014 £</b>
Operating leases which expire: within two to five years	<u>10,862</u>	<u>10,862</u>
	<u>10,862</u>	<u>10,862</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 26 November 2015 was £80,000,000 (2014: £80,000,000).

**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.