

Registered number  
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

28 November 2002



**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  
New Garden House  
78 Hatton Garden  
London  
EC1N 8JA

**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 28 November 2002.

#### **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**

The results for the period and financial position of the company are as shown in the annexed financial statements.

#### **Dividends**

No dividends will be distributed for the period ended 28 November 2002.

#### **Directors**

The directors who served during the period under review were:

R.C. Felton		
M.T. Fitzgerald	- resigned	06.12.2001
J. Hands	- appointed	08.01.2002

The directors holding office at 28 November 2002 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at date of appointment or 28 November 2002.

#### **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**

A resolution to reappoint PKF as auditors will be put to the forthcoming Annual General Meeting.



J Hands  
Director

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

### **Independent auditors' report to the shareholders of NORTON CRATHORNE (NO.1) LIMITED**

We have audited the accounts of Norton Crathorne (No.1) Limited for the period ended 28 November 2002 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 28 November 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PKF  
Registered auditor

London  
28 March 2003

**NORTON CRATHORNE (NO.1) LIMITED****Profit and Loss Account****for the period from 30 November 2001 to 28 November 2002**

	Notes	52 weeks ended 28 November 2002 £	52 weeks ended 29 November 2001 £
Turnover - continuing operations		4,491,079	4,813,790
Cost of sales		(1,114,663)	(1,229,686)
Gross profit		3,376,416	3,584,104
Administrative expenses		(3,597,184)	(3,825,297)
Operating loss - continuing operations	2	(220,768)	(241,193)
Interest payable	4	-	(116)
Loss on ordinary activities before taxation		(220,768)	(241,309)
Tax on loss on ordinary activities	5	86,000	(13,500)
Retained loss for the period	11	(134,768)	(254,809)

**Continuing operations**

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

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the loss for the above two 52 weeks.

**NORTON CRATHORNE (NO.1) LIMITED****Balance Sheet****as at 28 November 2002**

	Notes	28 November 2002 £	29 November 2001 £
<b>Fixed assets</b>			
Tangible assets	6	2,208,036	2,457,914
<b>Current assets</b>			
Stocks	7	42,921	63,047
Debtors	8	1,328,614	1,208,390
Cash at bank and in hand		56,503	124,704
		<u>1,428,038</u>	<u>1,396,141</u>
<b>Creditors: amounts falling due within one year</b>	9	(759,366)	(756,579)
<b>Net current assets</b>		<u>668,672</u>	<u>639,562</u>
<b>Total assets less current liabilities</b>		<u>2,876,708</u>	<u>3,097,476</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	5	86,000	-
		<u>2,962,708</u>	<u>3,097,476</u>
<b>Capital and reserves</b>			
Called up share capital	10	3,370,002	3,370,002
Profit and loss account	11	(407,294)	(272,526)
<b>Shareholders' funds</b>	12	<u>2,962,708</u>	<u>3,097,476</u>



J Hands

Director

Approved by the board on 24 March 2003

**NORTON CRATHORNE (NO.1) LIMITED****Cash Flow Statement****for the period from 30 November 2001 to 28 November 2002**

	Notes	2002 £	2001 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating loss		(220,768)	(241,193)
Depreciation charges		545,391	521,387
Decrease in stocks		20,126	13,061
Increase in debtors		(120,224)	(167,089)
Increase in creditors		2,787	6,377
<b>Net cash inflow from operating activities</b>		<u>227,312</u>	<u>132,543</u>

**CASH FLOW STATEMENT**

<b>Net cash inflow from operating activities</b>		227,312	132,543
<b>Returns on investments and servicing of finance</b>	13	-	(116)
<b>Taxation</b>		-	(13,500)
<b>Capital expenditure</b>	13	(295,513)	(80,195)
<b>(Decrease)/increase in cash</b>		<u>(68,201)</u>	<u>38,732</u>

**Reconciliation of net cash flow to movement in net debt**

<b>(Decrease)/increase in cash in the period</b>		(68,201)	38,732
<b>Change in net debt</b>	14	<u>(68,201)</u>	<u>38,732</u>
<b>Net funds at 30 November 2001</b>		<u>124,704</u>	<u>85,972</u>
<b>Net funds at 28 November 2002</b>		<u>56,503</u>	<u>124,704</u>



# NORTON CRATHORNE (NO.1) LIMITED

## Notes to the Accounts

for the period from 30 November 2001 to 28 November 2002

### 1 Accounting policies

#### *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 in the United Kingdom.

#### *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
Plant and machinery	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 a full provision basis. This is a change of accountancy policy required by the implementation of Financial Reporting Standard No. 19 "Deferred tax". The effect of the new policy is to decrease the loss for the year by £86,000 and increase reserves at the year end by £86,000. There is no material impact on the prior period.

#### *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.

### 2 Operating loss

	2002 £	2001 £
This is stated after charging:		
Depreciation of owned fixed assets	545,391	521,387
Auditors' remuneration	5,200	10,000
	<u>550,591</u>	<u>531,387</u>

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

## **Notes to the Accounts**

**for the period from 30 November 2001 to 28 November 2002**

<b>3 Staff costs</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,591,831	1,587,511
Social security costs	114,544	136,353
Other pension costs	18,245	11,493
	<u>1,724,620</u>	<u>1,735,357</u>

None of the directors received any remuneration for the period (2001: £nil).

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Hotel operations	86	106
Administration	12	12
	<u>98</u>	<u>118</u>

<b>4 Interest payable</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>-</u>	<u>116</u>

<b>5 Taxation</b>	<b>2002</b>	<b>2001</b>
<b>Current year charge</b>	<b>£</b>	<b>£</b>
Corporation tax	-	-
Adjustment relating to prior years	-	13,500
Total current tax	<u>-</u>	<u>13,500</u>
Deferred taxation	86,000	-
Total tax	<u>86,000</u>	<u>13,500</u>

<b>Factors affecting tax charge for the period</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>(220,768)</u>	<u>(241,309)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	(66,230)	(72,393)

*Explained by:*

Expenses not deductible for tax purposes	5,920	8,574
Expenses deductible for tax purposes	(127,097)	(127,097)
Depreciation for period in excess of capital allowances	136,220	156,381
Tax losses carried forward	51,187	34,535
Adjustments in respect of previous periods	-	13,500
<b>Total current tax</b>	<u>-</u>	<u>13,500</u>

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

## **Notes to the Accounts**

**for the period from 30 November 2001 to 28 November 2002**

### **Deferred tax**

£

At 30 November 2001

-

Credit to profit and loss

86,000

At 28 November 2002

86,000

Deferred tax is analysed as follows:

Short term timing differences

85,000

Accelerated capital allowances

1,000

86,000

## **6 Tangible fixed assets**

	<b>Leasehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Assets in course of construction £</b>	<b>Total £</b>
<b>Cost</b>				
At 30 November 2001	3,442,925	215,178	-	3,658,103
Additions	-	172,228	123,285	295,513
At 28 November 2002	<u>3,442,925</u>	<u>387,406</u>	<u>123,285</u>	<u>3,953,616</u>
<b>Depreciation</b>				
At 30 November 2001	1,147,640	52,549	-	1,200,189
Charge for the 52 weeks	491,847	53,544	-	545,391
At 28 November 2002	<u>1,639,487</u>	<u>106,093</u>	<u>-</u>	<u>1,745,580</u>
<b>Net book value</b>				
At 28 November 2002	<u>1,803,438</u>	<u>281,313</u>	<u>123,285</u>	<u>2,208,036</u>
At 29 November 2001	<u>2,295,285</u>	<u>162,629</u>	<u>-</u>	<u>2,457,914</u>

## **7 Stocks**

**2002**

**2001**

£

£

Goods for resale

42,921

63,047

## **8 Debtors**

**2002**

**2001**

£

£

Trade debtors

160,317

189,425

Amounts due from related companies

1,125,653

799,486

Other debtors

11,393

10,503

Prepayments and accrued income

31,251

208,976

1,328,614

1,208,390

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

## **Notes to the Accounts**

**for the period from 30 November 2001 to 28 November 2002**

<b>9 Creditors: amounts falling due within one year</b>			<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
Payments in advance			191,797	209,065
Trade creditors			258,729	151,114
Amounts owed to related companies			13,135	10,750
Other taxes and social security costs			150,163	183,893
Other creditors			11,606	132,240
Accruals and deferred income			133,936	69,517
			<u>759,366</u>	<u>756,579</u>
<b>10 Share capital</b>	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>No</b>	<b>No</b>	<b>£</b>	<b>£</b>
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>
<b>11 Profit and loss account</b>			<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
At 30 November 2001			(272,526)	(17,717)
Retained loss			(134,768)	(254,809)
			<u>(407,294)</u>	<u>(272,526)</u>
At 28 November 2002				
<b>12 Reconciliation of movement in shareholders' funds</b>			<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
At 30 November 2001			3,097,476	3,352,285
Loss for the financial period			(134,768)	(254,809)
			<u>2,962,708</u>	<u>3,097,476</u>
At 28 November 2002				
<b>13 Gross cash flows</b>			<b>2002</b>	<b>2001</b>
			<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>				
Interest paid			-	(116)
			<u>-</u>	<u>(116)</u>
<b>Capital expenditure</b>				
Payments to acquire tangible fixed assets			<u>(295,513)</u>	<u>(80,195)</u>

**NORTON CRATHORNE (NO.1) LIMITED****Notes to the Accounts****for the period from 30 November 2001 to 28 November 2002****14 Analysis of changes in net debt**

	At 30 Nov 2001 £	Cash flows £	Non-cash changes £	At 28 Nov 2002 £
Cash at bank and in hand	124,704	(68,201)	-	56,503
Total	124,704	(68,201)	-	56,503

**15 Related party disclosures**

Included within amounts due from related companies within debtors is £1,125,653 (2001: £799,486) owed by Hand Picked Hotels Limited, a company which is under common control. The amount receivable represents amounts loaned to Hand Picked Hotels Limited.

£317,977 (2001: £672,586) has been expensed in the profit and loss account in respect of management fees charged by Hand Picked Hotels Limited.

The £13,135 (2001: £10,750) owed to related companies within creditors also represents trading balances with members of the Hand Picked Hotels group.

**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 29th November 2001 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.

**NORTON CRATHORNE (NO.1) LIMITED****Profit and Loss Account****for the period from 30 November 2001 to 28 November 2002***for the information of the directors only*

	<b>52 weeks ended 28 November 2002 £</b>	<b>52 weeks ended 29 November 2001 £</b>
<b>Sales</b>	4,491,079	4,813,790
<b>Cost of sales</b>	(1,114,663)	(1,229,686)
<b>Gross profit</b>	<u>3,376,416</u>	<u>3,584,104</u>
<b>Administrative expenses</b>	(3,597,184)	(3,825,297)
<b>Operating loss</b>	<u>(220,768)</u>	<u>(241,193)</u>
<b>Interest payable</b>	-	(116)
<b>Loss before tax</b>	<u>(220,768)</u>	<u>(241,309)</u>

**NORTON CRATHORNE (NO.1) LIMITED****Schedule to the Profit and Loss Account****for the period from 30 November 2001 to 28 November 2002***for the information of the directors only*

	52 weeks ended 28 November 2002 £	52 weeks ended 29 November 2001 £
<b>Sales</b>		
Sales	4,491,079	4,813,790
<b>Cost of sales</b>		
Purchases	763,381	883,548
Commissions payable	66,477	69,958
Other direct costs	284,805	276,180
	<u>1,114,663</u>	<u>1,229,686</u>
<b>Administrative expenses</b>		
Employee costs:		
Wages and salaries	1,575,727	1,584,858
Pensions	18,245	11,493
Bonuses	16,104	2,653
Employer's NI	114,544	136,353
Temporary staff and recruitment	21,081	42,944
Staff training and welfare	16,918	58,994
Travel and subsistence	21,948	15,118
Motor expenses	20,619	27,978
Entertaining	19,733	14,715
	<u>1,824,919</u>	<u>1,895,106</u>
Premises costs:		
Rates	157,553	141,804
Service charges / water rates	57,198	21,270
Light and heat	108,147	106,912
Cleaning / waste removal	9,486	13,350
	<u>332,384</u>	<u>283,336</u>
General administrative expenses:		
Telephone and fax	28,654	33,640
Postage	12,914	10,677
Stationery and printing	21,523	38,551
Subscriptions	3,530	-
Bank charges	46,991	48,902
Insurance	75,319	24,562
Equipment hire	1,177	-
Software/hardware	36,254	16,383
Repairs and maintenance	182,471	136,693
Depreciation	545,390	521,387
Prior Yr P&L Stat adj	-	(17,419)
Bad debts & provision	(3,097)	5,285
Sundry expenses	13,284	22,160
	<u>964,410</u>	<u>840,821</u>
Legal and professional costs:		
Audit fees	5,200	-
Management fees	317,977	672,586

**NORTON CRATHORNE (NO.1) LIMITED****Schedule to the Profit and Loss Account****for the period from 30 November 2001 to 28 November 2002***for the information of the directors only*

	52 weeks ended 28 November 2002 £	52 weeks ended 29 November 2001 £
Advertising and PR	139,137	93,737
Other legal and professional	13,157	39,711
	<hr/> 475,471	<hr/> 806,034
	<hr/> 3,597,184	<hr/> 3,825,297