

Registered number
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

27 November 2003



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

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

Directors' Report

The directors present their report and accounts for the 52 weeks ended 27 November 2003.

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 27 November 2003.

Directors

The directors who served during the period under review were:

R.C. Felton
J. Hands

The directors holding office at 27 November 2003 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 28 November 2002 or 27 November 2003, except J Hands, who holds two shares.

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:

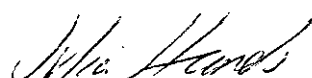
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 members of NORTON CRATHORNE (NO.1) LIMITED

We have audited the accounts of Norton Crathorne (No.1) Limited for the period ended 27 November 2003 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 27 November 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF

PKF
Registered auditors

London

~~April 2004~~

13 May 2004

NORTON CRATHORNE (NO.1) LIMITED**Profit and Loss Account****for the period from 29 November 2002 to 27 November 2003**

	Notes	52 weeks ended 27 November 2003 £	52 weeks ended 28 November 2002 £
Turnover		4,136,376	4,491,079
Cost of sales		(996,202)	(1,114,663)
Gross profit		<u>3,140,174</u>	<u>3,376,416</u>
Administrative expenses		(3,437,688)	(3,597,184)
Operating loss	2	<u>(297,514)</u>	<u>(220,768)</u>
Loss on ordinary activities before taxation		<u>(297,514)</u>	<u>(220,768)</u>
Tax on loss on ordinary activities	4	(86,000)	86,000
Retained loss for the period	10	<u>(383,514)</u>	<u>(134,768)</u>

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 27 November 2003**

	Notes	27 November 2003 £	28 November 2002 £
Fixed assets			
Tangible assets	5	4,022,325	2,208,036
Current assets			
Stocks	6	38,373	42,921
Debtors	7	1,063,578	1,328,614
Cash at bank and in hand		19,549	56,503
		<u>1,121,500</u>	<u>1,428,038</u>
Creditors: amounts falling due within one year	8	(2,564,631)	(759,366)
Net current (liabilities)/assets		<u>(1,443,131)</u>	<u>668,672</u>
Total assets less current liabilities		<u>2,579,194</u>	<u>2,876,708</u>
Provisions for liabilities and charges			
Deferred taxation	4	-	86,000
		<u>2,579,194</u>	<u>2,962,708</u>
Capital and reserves			
Called up share capital	9	3,370,002	3,370,002
Profit and loss account	10	(790,808)	(407,294)
Shareholders' funds	11	<u>2,579,194</u>	<u>2,962,708</u>



J Hands

Director

Approved by the board on 28 April 2004

NORTON CRATHORNE (NO.1) LIMITED**Cash Flow Statement****for the period from 29 November 2002 to 27 November 2003**

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating loss		(297,514)	(220,768)
Depreciation charges		627,847	545,391
Decrease in stocks		4,548	20,126
Decrease/(increase) in debtors		265,036	(120,224)
Increase in creditors		1,805,265	2,787
Net cash inflow from operating activities		<u>2,405,182</u>	<u>227,312</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		2,405,182	227,312
Capital expenditure	12	(2,442,136)	(295,513)
Decrease in cash		<u>(36,954)</u>	<u>(68,201)</u>

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period		(36,954)	(68,201)
Change in net debt	13	<u>(36,954)</u>	<u>(68,201)</u>
Net funds at 29 November 2002		<u>56,503</u>	<u>124,704</u>
Net funds at 27 November 2003		<u>19,549</u>	<u>56,503</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

1 Accounting policies

Fundamental Accounting Concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from the immediate parent undertaking Bestmexico Limited.

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 the full provision basis set out in Financial Reporting Standard 19.

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 29 November 2002 to 27 November 2003**

2 Operating loss	2003	2002
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	627,847	545,391
(Profit) on disposal of tangible asset	(100)	-
Other operating leases	5,353	-
Auditors' remuneration - audit fees	<u>5,200</u>	<u>5,200</u>

3 Staff costs	2003	2002
	£	£
Wages and salaries	1,425,956	1,591,831
Social security costs	107,318	114,544
Other pension costs	<u>19,916</u>	<u>18,245</u>
	<u>1,553,190</u>	<u>1,724,620</u>

None of the directors received any remuneration for the period (2002: £nil).

Average number of employees during the year	Number	Number
Hotel operations	72	86
Administration	<u>12</u>	<u>12</u>
	<u>84</u>	<u>98</u>

4 Taxation	2003	2002
	£	£
Current year charge		
Corporation tax	-	-
Adjustment relating to prior years	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	86,000	(86,000)
Total tax	<u>86,000</u>	<u>(86,000)</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

4 Taxation (continued)

	2003 £	2002 £
Factors affecting tax charge for the period		
Loss on ordinary activities before tax	(297,514)	(220,768)
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	(89,254)	(66,230)
<i>Explained by:</i>		
Expenses not deductible for tax purposes	-	5,920
Expenses deductible for tax purposes	-	(127,097)
Capital allowances for period in excess of depreciation	62,001	-
Income not taxable for tax purposes	(126,228)	-
Depreciation for period in excess of capital allowances	-	136,220
Losses carried forward for future offset	153,481	51,187
Total current tax	-	-
Deferred tax	£	
At 29 November 2002	86,000	
Charged to profit and loss	(86,000)	
At 27 November 2003	-	

There are trading losses carried forward of £795,000 (2002 £284,000) available for offset against future trading profits. At the period end there is a deferred tax liability arising on accelerated capital allowances of £86,000 and a deferred tax asset arising on losses of £240,000. The net deferred tax asset has not been recognised as the recoverability of the asset is uncertain.

5 Tangible fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Assets in course of construction £	Total £
Cost				
At 29 November 2002	3,442,925	387,406	123,285	3,953,616
Additions	-	2,443,236	-	2,443,236
Reclassification	-	123,285	(123,285)	-
Disposals	-	(75,543)	-	(75,543)
At 27 November 2003	3,442,925	2,878,384	-	6,321,309
Depreciation				
At 29 November 2002	1,639,487	106,093	-	1,745,580
Charge for the 52 weeks	491,847	136,000	-	627,847
On disposals	-	(74,443)	-	(74,443)
At 27 November 2003	2,131,334	167,650	-	2,298,984
Net book value				
At 27 November 2003	1,311,591	2,710,734	-	4,022,325
At 28 November 2002	1,803,438	281,313	123,285	2,208,036

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

6 Stocks			2003	2002
			£	£
Goods for resale			<u>38,373</u>	<u>42,921</u>
7 Debtors			2003	2002
			£	£
Trade debtors			226,501	160,317
Amounts due from related companies			319	1,125,653
Amounts due from fellow subsidiaries			702,952	-
Other debtors			104,723	11,393
Prepayments and accrued income			<u>29,083</u>	<u>31,251</u>
			<u>1,063,578</u>	<u>1,328,614</u>
8 Creditors: amounts falling due within one year			2003	2002
			£	£
Payments in advance			191,310	191,797
Trade creditors			296,417	258,729
Amounts owed to related companies			1,820,010	13,135
Other taxes and social security costs			162,601	150,163
Other creditors			9,186	11,606
Accruals and deferred income			<u>85,107</u>	<u>133,936</u>
			<u>2,564,631</u>	<u>759,366</u>
9 Share capital	2003	2002	2003	2002
	No	No	£	£
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>
10 Profit and loss account			2003	2002
			£	£
At 29 November 2002			(407,294)	(272,526)
Retained loss			(383,514)	(134,768)
At 27 November 2003			<u>(790,808)</u>	<u>(407,294)</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 29 November 2002 to 27 November 2003****11 Reconciliation of movement in shareholders' funds**

	2003 £	2002 £
At 29 November 2002	2,962,708	3,097,476
Loss for the financial period	(383,514)	(134,768)
At 27 November 2003	<u>2,579,194</u>	<u>2,962,708</u>

12 Gross cash flows

	2003 £	2002 £
Capital expenditure		
Payments to acquire tangible fixed assets	(2,443,236)	(295,513)
Receipts from sales of tangible fixed assets	1,100	-
	<u>(2,442,136)</u>	<u>(295,513)</u>

13 Analysis of changes in net debt

	At 29 Nov 2002 £	Cash flows £	Non-cash changes £	At 27 Nov 2003 £
Cash at bank and in hand	56,503	(36,954)	-	19,549
Total	<u>56,503</u>	<u>(36,954)</u>	<u>-</u>	<u>19,549</u>

14 Contingent liabilities

At 27 November 2003, the company, along with certain other related undertakings, has granted a fixed and floating charge over its assets, to a maximum of £5,245,000 (2002: £5,245,000), in respect of certain liabilities of Hand Picked Hotels Limited.

15 Related party disclosures

Included within amounts due to related companies is £1,819,040 (2002: due from Hand Picked Hotels Limited £1,124,371) owed to Hand Picked Hotels Limited, a company which is under common control. The amount due represents amounts loaned by Hand Picked Hotels Limited.

Included within amounts due to related companies within debtors is £705 (2002: £885) which represents trading balances with members of the Hand Picked Hotels group.

Included within amounts due from related companies within debtors is £53 (2002: £710) which represents trading balances with members of the Hand Picked Hotels group.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

15 Related party disclosures (cont.)

Certain costs amounting to £976,757 (2002: £413,142) incurred by Hand Picked Hotels Limited in respect of the operations of the hotels owned by Norton Crathorne (No.1) Limited have been recharged to the company. A management fee of £261,768 (2002: £317,977) has been charged by Hand Picked Hotels Limited in respect of services and support provided to assist in the management of the running of the hotel.

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 27th November 2003 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.