

Registered number
3785379

NORTON CRATHORNE (NO.2) LIMITED

Report and Accounts

30 November 2006

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NORTON CRATHORNE (NO.2) LIMITED
Report and accounts
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NORTON CRATHORNE (NO.2) LIMITED
Company Information

Directors

R C Felton

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

3785379

NORTON CRATHORNE (NO.2) LIMITED

Directors' Report

The directors present their report and accounts for the period ended 30 November 2006

Principal activities

The company's principal activity during the year continued to be that of the ownership of the freehold of the Crathorne Hall and Norton House hotels

Review of business and future developments

The results for the period and financial position of the company are as shown in the annexed financial statements. The directors are optimistic as to the future success of the company.

Dividends

No dividends will be distributed for the period ended 30 November 2006

Directors

The directors who served during the period under review were

R C Felton

J Hands

The directors holding office at 30 November 2006 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 24 November 2005 or 30 November 2006, except J Hands, who holds two shares

Statement of Directors' responsibilities

The directors are responsible for preparing the annual 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). The financial statements are required to 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,
- 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 proper accounting records that 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 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.

Provision of information to auditors

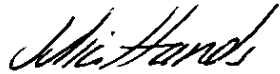
So far as each of the directors is aware at the time the report is approved

- 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

NORTON CRATHORNE (NO.2) LIMITED
Directors' Report (continued)

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the board on 8 May 2007

A handwritten signature in black ink, appearing to read 'J Hands', written in a cursive style.

J Hands
Director

NORTON CRATHORNE (NO.2) LIMITED

Independent auditors' report

to the members of NORTON CRATHORNE (NO.2) LIMITED

We have audited the accounts of Norton Crathorne (No 2) Limited for the period ended 30 November 2006 which comprise the profit and loss account, the balance sheet and the related notes. The 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 ('United Kingdom Generally Accepted Accounting Practice') 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2006 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP

PKF (UK) LLP

Registered auditors

London, UK

17 May 2007

NORTON CRATHORNE (NO.2) LIMITED**Profit and Loss Account****for the period from 25 November 2005 to 30 November 2006**

		Period ended 30 November 2006 £	Period ended 24 November 2005 £
	Notes		
Turnover		3,500	3,500
Administrative expenses		(85,000)	(85,000)
Operating loss	2	<u>(81,500)</u>	<u>(81,500)</u>
Loss on ordinary activities before taxation		<u>(81,500)</u>	<u>(81,500)</u>
Tax on loss on ordinary activities	4	12,030	12,065
Loss for the period	8	<u>(69,470)</u>	<u>(69,435)</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.2) LIMITED**Balance Sheet****as at 30 November 2006**

	Notes	30 November 2006 £	24 November 2005 £
Fixed assets			
Tangible assets	5	6,255,252	6,339,937
Creditors, amounts falling due within one year	6	(1,153,629)	(1,156,814)
Net current liabilities		(1,153,629)	(1,156,814)
Total assets less current liabilities		5,101,623	5,183,123
Provisions for liabilities and charges			
Deferred taxation	4	(52,405)	(64,435)
		<u>5,049,218</u>	<u>5,118,688</u>
Capital and reserves			
Called up share capital	7	5,780,002	5,780,002
Profit and loss account	8	(730,784)	(661,314)
Shareholders' funds	9	<u>5,049,218</u>	<u>5,118,688</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 May 2007



J Hands
Director

NORTON CRATHORNE (NO.2) LIMITED

Notes to the Accounts

for the period from 25 November 2005 to 30 November 2006

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, a company under common control

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 and represents the income receivable in respect of freehold properties

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, 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
Freehold buildings surface finishes and services	20 years
Fixtures and fittings	4 to 25 years

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Deferred taxation

As required by Financial Reporting Standard 19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing difference between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which FRS19 specifies that deferred tax should not be recognised

Deferred assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. 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

2 Operating loss

	2006 £	2005 £
This is stated after charging/(crediting)		
Operating lease income	(3,500)	(3,500)
Depreciation of owned fixed assets	84,685	84,685

The auditors' remuneration of £750 for the period ended 30 November 2006 (2005 £750) and any tax advice fees for the period have been borne by another group company

NORTON CRATHORNE (NO.2) LIMITED**Notes to the Accounts****for the period from 25 November 2005 to 30 November 2006**

3 Staff costs	2006	2005
Average number of employees during the year	Number	Number
Administration	<u>2</u>	<u>2</u>

There were no staff costs for the period ended 30 November 2006 nor for the period ended 24 November 2005

None of the directors received any remuneration for the period (2005 £nil)

4 Taxation	2006	2005
Current year charge	£	£
Corporation tax	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	<u>12,030</u>	<u>(12,065)</u>
Total tax	<u>12,030</u>	<u>(12,065)</u>
Factors affecting tax charge for the period	2006	2005
	£	£
Loss on ordinary activities before tax	<u>(81,500)</u>	<u>(81,500)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	(24,450)	(24,450)
<i>Explained by</i>		
Expenses not deductible for corporation tax purposes	12,414	12,414
Capital allowances in excess of depreciation	(27,276)	(27,276)
Losses carried forward for future offset	<u>39,312</u>	<u>39,312</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	£	
At 25 November 2005	(64,435)	
Credited to profit and loss in the period	<u>12,030</u>	
At 30 November 2006	<u>(52,405)</u>	
Deferred tax is analysed as follows		
Losses	295,000	
Accelerated capital allowances	<u>(242,595)</u>	
	<u>52,405</u>	

There are trading losses carried forward of £808,000 (2005 £678,000) available for offset against future trading profits

NORTON CRATHORNE (NO.2) LIMITED**Notes to the Accounts****for the period from 25 November 2005 to 30 November 2006****5 Tangible fixed assets**

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 25 November 2005	5,875,034	1,082,604	6,957,638
At 30 November 2006	<u>5,875,034</u>	<u>1,082,604</u>	<u>6,957,638</u>
Depreciation			
At 25 November 2005	188,431	429,270	617,701
Charge for the period	<u>41,381</u>	<u>43,304</u>	<u>84,685</u>
At 30 November 2006	<u>229,812</u>	<u>472,574</u>	<u>702,386</u>
Net book value			
At 30 November 2006	<u>5,645,222</u>	<u>610,030</u>	<u>6,255,252</u>
At 24 November 2005	<u>5,686,603</u>	<u>653,334</u>	<u>6,339,937</u>

Included in freehold land and buildings is freehold land of £1,167,451 (2005 £1,167,451) which is not depreciated

6 Creditors. amounts falling due within one year

	2006 £	2005 £
Amounts owed to subsidiary undertakings	830,058	833,558
Amounts owed to related company	<u>323,571</u>	<u>323,256</u>
	<u>1,153,629</u>	<u>1,156,814</u>

The recipient of the amount owed to a related company has confirmed that it is neither their intention nor expectation to seek repayment of any of this amount in the foreseeable future

7 Share capital

	2006 No	2005 No	2006 £	2005 £
Authorised				
Ordinary shares of £1 each	7,500,000	7,500,000	7,500,000	7,500,000
Allotted, issued and fully paid				
Ordinary shares of £1 each	5,780,002	5,780,002	<u>5,780,002</u>	<u>5,780,002</u>

NORTON CRATHORNE (NO.2) LIMITED

Notes to the Accounts

for the period from 25 November 2005 to 30 November 2006

8 Profit and loss account	2006	2005
	£	£
At 25 November 2005	(661,314)	(591,879)
Loss for the period	(69,470)	(69,435)
	<hr/>	<hr/>
At 30 November 2006	(730,784)	(661,314)

9 Reconciliation of movement in shareholders' funds	2006	2005
	£	£
At 25 November 2005	5,118,688	5,188,123
Loss for the period	(69,470)	(69,435)
	<hr/>	<hr/>
At 30 November 2006	5,049,218	5,118,688

10 Contingent liabilities

On 1 December 2005 the group paid off its bank loans and entered into a new facility. As part of this arrangement, the company, along with certain other fellow subsidiary undertakings, has granted a new fixed and floating charge over the company and certain property and current assets. The amount owed by the Bestmexico group and the Hand Picked Hotels group as at 30 November 2006 was £75,350,000 (2005 £50,541,367).

11 Related party disclosures

Amounts due to related companies comprise amounts payable to Hand Picked Hotels Limited, a company which is under common control. The amount of £323,571 (2005 £323,256) represents £321,911 of funds received from Hand Picked Hotels Limited to fund costs associated with the acquisition of the company by the group and £1,660 of company secretarial fees paid by Hand Picked Hotels Limited on behalf of the company.

12 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 30th November 2006 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.