

Craxton Wood Developments Limited

Directors' report and financial statements

Registered number 936032

27 September 2007

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Company information

Directors	DJ Macdonald GH Smith RG Fraser	(resigned 11 April 2008)
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Secretary	RG Fraser
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Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
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Registered office	One St Paul's Churchyard London EC4M 8SH
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Directors' report

The directors present their report and the audited financial statements for the year ended 27 September 2007

Principal activities

The company has not traded during the year

Directors

The directors who held office during the year and at the date of this report are shown on page 1

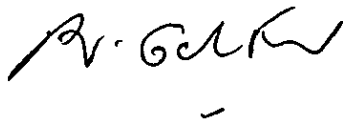
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board



RG Fraser
Secretary

One St Paul's Churchyard
London
EC4M 8SH

16 July 2008

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law 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 judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Craxton Wood Developments Limited

We have audited the financial statements of Craxton Wood Developments Limited for the year ended 27 September 2007 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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 are 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. We also 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

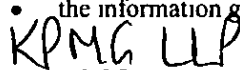
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 September 2007 and of its result for the year 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.


KPMG LLP

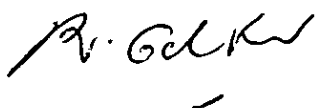
Chartered Accountants
Registered Auditor

16 July 2008

Balance sheet
at 27 September 2007

	<i>Notes</i>	2007 £000	2006 £000
Fixed assets			
Tangible assets	3	5	5
Creditors' amounts owed to fellow subsidiary undertakings falling due within one year		(3)	(3)
Net assets		2	2
Capital and reserves			
Called up share capital	4	-	-
Profit and loss account		2	2
Shareholders' funds		2	2

These financial statements were approved by the board of directors on 16 July 2008 and were signed on its behalf by



RG Fraser
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Macdonald Hotels Limited, and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of the group headed by Macdonald Hotels Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties)

Tangible fixed assets and depreciation

The company's fixed assets are recorded at cost less accumulated depreciation

Depreciation is provided to write the assets down to their estimated residual value by equal instalments over their estimated useful lives as follows

Land	- not depreciated
Buildings	- 50 years

Any impairment in value of hotel property is charged to the profit and loss account or statement of total recognised gains and losses as appropriate in the financial period in which it arises

2 Profit and loss account

The company received no income and incurred no expenditure in either the current or preceding year and consequently it made neither a profit nor a loss

3 Tangible fixed assets

	Land and buildings £000
<i>Cost</i>	
At beginning and end of year	5
	<hr/>
<i>Net book value</i>	
At beginning and end of year	5
	<hr/>

Notes (continued)

4 Called up share capital

	2007 £	2006 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

5 Contingent liability

The company entered into an unlimited multilateral cross guarantee with the other group members in respect of bank and other borrowings. The company's liability in respect of these guarantees at 27 September 2007 amounted to £296 million (2006 £577million)

The company also has an obligation under the group VAT registration amounting at 27 September 2007 to £1.3 million (2006 £4 million)

6 Ultimate parent company

The company's ultimate parent company is Macdonald Hotels Limited which is incorporated in Great Britain. The consolidated accounts of Macdonald Hotels Limited can be obtained from Whiteside House, Bathgate, West Lothian, EH48 2RX.

The largest and smallest group in which the company's accounts are consolidated is headed by Macdonald Hotels Limited.