

Registered number
3785378

NORTON CRATHORNE (NO.1) LIMITED

Report and Accounts

27 November 2008

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NORTON CRATHORNE (NO.1) LIMITED
Report and accounts
Contents

	Page
Company information	1
Directors' report	2
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

NORTON CRATHORNE (NO.1) LIMITED
Company Information

Directors

K Arkley

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

3785378

NORTON CRATHORNE (NO.1) LIMITED

Directors' Report

The directors present their report and accounts for the period ended 27 November 2008.

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.

Business review

The hotels continued to operate successfully within the upmarket country house hotel business through a programme of:

- asset refurbishment
- improvements to services and facilities

Results

The hotels turnover has increased by 42.6% to £8.09m and the operating profit for the period was £.137m compared to prior year of £4.5k. EBITDA for the period was £1.29m (2007: £0.74m).

The hotels are now well positioned for further growth, driven by investment that will deliver significant 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.

Expansion for the future

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

Operating risks

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

- economic recession;
- timely completion of development projects;
- 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.

Environment

The hotel operates in a beautiful location and it is in our best interests to minimise the impact upon the environment, particularly by energy saving initiatives within the hotel.

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.

NORTON CRATHORNE (NO.1) LIMITED

Directors' Report (continued)

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 profit.

Dividends

No dividends will be distributed for the period ended 27 November 2008 (2007 £Nil).

Future developments

The directors aim to maintain the management policies which have resulted in the company's substantial growth in recent years. They consider that the next year will show a further significant growth in sales.

Directors

The directors who served during the period under review were:

K. Arkley	- appointed	30 June 2008
R.C. Felton	- resigned	30 June 2008
J. Hands		

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.

NORTON CRATHORNE (NO.1) LIMITED
Directors' Report (continued)

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.

This report was approved by the board on *12* May 2009.



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 2008 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 27 November 2008 and of its profit 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

~~May 2009~~

1 June 2009

NORTON CRATHORNE (NO.1) LIMITED**Profit and Loss Account****for the period from 30 November 2007 to 27 November 2008**

		Period ended 27 November 2008 £	Period ended 29 November 2007 £
	Notes		
Turnover		8,090,242	5,672,910
Cost of sales		(1,648,573)	(1,130,472)
Gross profit		<u>6,441,669</u>	<u>4,542,438</u>
Administrative expenses		(6,304,681)	(4,537,929)
Operating profit	2	<u>136,988</u>	<u>4,509</u>
Exceptional items:			
profit on the disposal of tangible fixed assets	3	-	430
		<u>136,988</u>	<u>4,939</u>
Interest receivable		110	472
Interest payable	5	(46)	(22)
Profit on ordinary activities before taxation		<u>137,052</u>	<u>5,389</u>
Profit for the period	12	<u>137,052</u>	<u>5,389</u>

Continuing operations

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

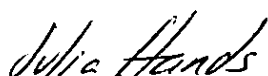
Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two periods

NORTON CRATHORNE (NO.1) LIMITED**Balance Sheet****as at 27 November 2008**

	Notes	27 November 2008 £	29 November 2007 £
Fixed assets			
Tangible assets	7	17,058,960	15,988,452
Current assets			
Stocks	8	78,395	73,637
Debtors	9	1,256,293	1,200,536
Cash at bank and in hand		2,140	90,081
		<u>1,336,828</u>	<u>1,364,254</u>
Creditors: amounts falling due within one year	10	(15,553,533)	(14,647,503)
Net current liabilities		<u>(14,216,705)</u>	<u>(13,283,249)</u>
		<u>2,842,255</u>	<u>2,705,203</u>
Capital and reserves			
Called up share capital	11	3,370,002	3,370,002
Profit and loss account	12	(527,747)	(664,799)
Shareholders' funds	13	<u>2,842,255</u>	<u>2,705,203</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 May 2009



J Hands
Director

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 30 November 2007 to 27 November 2008

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, the intermediate parent company.

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 through the operation of the hotel. It is recognised at the point at which goods and services are delivered to the customer.

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:

Freehold buildings core	50 years
Fixtures and fittings	3 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

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.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 30 November 2007 to 27 November 2008

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 Operating profit	2008	2007
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	1,157,461	737,046
Other operating leases	12,104	12,519
Auditors' remuneration	5,200	5,200
	<hr/>	<hr/>
3 Exceptional items	2008	2007
	£	£
Profit on disposal of motor vehicle	-	430

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 30 November 2007 to 27 November 2008**

4 Staff costs	2008	2007
	£	£
Wages and salaries	2,878,171	2,035,040
Social security costs	233,749	167,938
Other pension costs	42,846	33,114
Sub total	<u>3,154,766</u>	<u>2,236,092</u>
Agency staff	46,439	21,228
Total	<u>3,201,205</u>	<u>2,257,320</u>

None of the directors received any remuneration for the period (2007: £nil).

Average number of employees during the year	Number	Number
Hotel operations	162	112
Administration	17	12
	<u>179</u>	<u>124</u>

5 Interest payable	2008	2007
	£	£
Bank loans and overdrafts	<u>46</u>	<u>22</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 30 November 2007 to 27 November 2008****6 Taxation**

	2008	2007
	£	£
Current year charge		
Corporation tax	-	-
Deferred taxation	-	-
Total tax	<u>-</u>	<u>-</u>
	2008	2007
	£	£
Factors affecting tax charge for the period		
Profit on ordinary activities before tax	<u>137,052</u>	<u>5,389</u>
Profit on ordinary activities multiplied by standard rate of corporation tax 28.7% (2007: 30%)	39,334	1,617
<i>Explained by:</i>		
Expenses not deductible for corporation tax purposes	108,051	19,519
Depreciation in excess of / (less than) capital allowances	181,671	(79,834)
Non taxable income	(102,894)	(78,322)
Losses brought forward utilised in the period	(226,131)	(63)
Losses carried forward for future offset		137,083
Total current tax	<u>31</u>	<u>-</u>
Deferred tax	£	
At 30 November 2007	-	
(Charged) / credited to profit and loss in the period	<u>-</u>	
At 27 November 2008	<u>-</u>	

The company has no trading losses carried forward (2007: £1,347,000). A potential deferred tax asset of £245,000 (2007: unrecognised deferred tax liability of £193,000) has not been recognised in respect of depreciation charged in excess of capital allowances at the end of the period.

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 30 November 2007 to 27 November 2008

7 Tangible fixed assets

	Leasehold improve- ments £	Fixtures and fittings £	Assets in course of construction £	Total £
Cost				
At 30 November 2007	6,438,999	11,206,217	-	17,645,216
Additions	-	2,202,024	25,945	2,227,969
Disposals	-	(125,547)	-	(125,547)
At 27 November 2008	<u>6,438,999</u>	<u>13,282,694</u>	<u>25,945</u>	<u>19,747,638</u>
Depreciation				
At 30 November 2007	64,390	1,592,374	-	1,656,764
Charge for the period	128,780	1,028,681	-	1,157,461
On disposals	-	(125,547)	-	(125,547)
At 27 November 2008	<u>193,170</u>	<u>2,495,508</u>	<u>-</u>	<u>2,688,678</u>
Net book value				
At 27 November 2008	<u>6,245,829</u>	<u>10,787,186</u>	<u>25,945</u>	<u>17,058,960</u>
At 29 November 2007	<u>6,374,609</u>	<u>9,613,843</u>	<u>-</u>	<u>15,988,452</u>

8 Stocks	2008 £	2007 £
Goods for resale	78,395	73,637
	<u>78,395</u>	<u>73,637</u>

9 Debtors	2008 £	2007 £
Trade debtors	338,980	267,766
Amounts due from group undertaking	-	826,558
Amounts due from related companies	856,008	31,470
Other debtors	16,755	34,688
Prepayments and accrued income	44,550	40,054
	<u>1,256,293</u>	<u>1,200,536</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 30 November 2007 to 27 November 2008

10 Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	88,209	-
Payments in advance	675,927	417,281
Trade creditors	130,509	142,743
Amounts owed to intermediate parent undertaking	13,996,745	13,395,491
Amounts due to fellow group undertakings	4,860	-
Corporation tax	13,710	13,710
Other taxes and social security costs	257,171	181,553
Other creditors	30,786	17,831
Accruals and deferred income	355,616	478,894
	<u>15,553,533</u>	<u>14,647,503</u>

11 Share capital

	2008	2007	2008	2007
	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>

12 Profit and loss account

	2008	2007
	£	£
At 30 November 2007	(664,799)	(670,188)
Profit for the period	137,052	5,389
At 27 November 2008	<u>(527,747)</u>	<u>(664,799)</u>

NORTON CRATHORNE (NO.1) LIMITED**Notes to the Accounts****for the period from 30 November 2007 to 27 November 2008****13 Reconciliation of movement in shareholders' funds**

	2008	2007
	£	£
At 30 November 2007	2,705,203	2,699,814
Profit for the period	137,052	5,389
At 27 November 2008	<u>2,842,255</u>	<u>2,705,203</u>

14 Capital commitments

The amounts contracted for but not provided for in the accounts amount to nil (2007 £350,000). This amount relates to the development of the hotel property.

15 Operating leases

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

	Other	Other
	2008	2007
	£	£
Operating leases which expire:		
within one year	-	12,519
within two to five years	<u>12,104</u>	<u>-</u>

NORTON CRATHORNE (NO.1) LIMITED

Notes to the Accounts

for the period from 30 November 2007 to 27 November 2008

16 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 27 November 2008 was £123,139,000.

17 Ultimate Parent Company

The company's ultimate parent undertaking is Alscot Sarl, which is registered in Luxembourg. The company's immediate parent is Bestmexico Limited a company registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. 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.