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# Natural Assets Investments Limited

Report and Consolidated Financial Statements

for the year ended

31 December 2017



# Natural Assets Investments Limited

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# Natural Assets Investments Limited

## Officers and Professional Advisors

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### **Directors**

Timothy Dennis  
Ewan James Kearney  
Matthew Dawson Spence  
Anthony Wild  
Umar Mark Aziz  
Fraser Macdonald Douglas  
David Michael Gorton

### **Registered Office**

1<sup>st</sup> Floor Whitecroft House  
51 Water Lane  
Wilmslow  
Cheshire  
England  
SK9 5BQ

### **Auditor**

RSM UK Audit LLP  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

# Natural Assets Investments Limited

## Strategic Report

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### Business review

Natural Assets Investments Limited is a parent company whose subsidiaries' principle focus is on ownership of holiday lettings properties, land ownership, property development, the provision of retail and the provision of an all year-round tourist attraction providing mountain railway experience, retail, catering and winter recreational activities.

The group operating loss before interest, tax, depreciation, amortisation and one-off gains or losses on disposals of assets for the reported period is £1.7m and has increased by 145% versus year ended 31 December 2016. The main reason was due to the mild weather conditions during the winter season reduced snow sports capabilities and visitor numbers which had a material impact on revenues resulting in a £0.5m negative variance to operating results at Cairngorm Mountain and a provision against a related party debt of £0.4m.

Other factors that are relevant to the business review are as follows:

- Losses of £0.1m on disposal of property have also been recognised in the period. The Group has elected to sell holiday homes at its Trewiddle and Yorkshire Dales locations where there is strong demand for holiday home sales.
- During the period, Management have appraised land and property values to align book values to market values for investment assets. A fair value gain was recognised in the period of £2.6m of which £1.3m related to an uplift in value for development land on a site to be built out in 2018 and 2019 and £1.3m to increases in the market value of properties on sites previously fully or partially built out.
- There have been no loan repayments made during the year to the principle shareholder. Interest is accrued on these loans with £3.9m charged during the year (£3.7m charged in 2016).
- The Group received £1m of drawdowns from the principal shareholder during the year to fund growth working capital.
- There has been no impairment of Goodwill during the year (2016 - £Nil).
- Total assets less current liabilities (TALCL) have increased by £0.3m. The most material movements on the balance sheet contributing to this are as follows:
  - o Fair value gain of investment property - £2.6m increase to TALCL
  - o Disposal of investment property – £1.5m decrease to TALCL
  - o Goodwill amortisation - £0.8m decrease to TALCL
  - o Tangible fixed asset additions - £0.9m increase to TALCL
  - o Depreciation - £0.7m decrease to TALCL
- Cash at bank and in hand decreased by £0.13m. Cash inflow from operations decreased by £0.6m due to the operating performance of Cairngorm Mountain. The deficit was funded from a mixture of new bank debt and income from property sales.

### Strategy

The strategy of the Group is to continue to generate and grow sustainable profitability and shareholder return through effective application of the business model, whilst remaining flexible and responsive to unique opportunities providing added value potential.

The principle strategic objectives of the Group are:

- To drive sustainable profitability and shareholder return on all activities.
- To spread risk through diversification of activities whilst maintaining focus on core skills.
- To selectively pursue strategic land and property investment opportunities that meet the Group's investment criteria for risk and return.
- To deliver outstanding products and services that anticipate the market and exceed the expectations of guests and clients.

# Natural Assets Investments Limited

## Strategic Report

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### Risks and uncertainties / financial risk management

The group finances its operations through shareholders' funding and, where necessary to fund improvement activities and capital expenditure programmes, through bank and other borrowings.

The management's financial risk management objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due; and
- minimise the group's exposure to fluctuating interest rates; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash expected to arise from the group's trading activities.

The directors have assessed the main risks facing the group as being:

- Interest rate movements
- Competitive pressures
- Payment default by customers/guests
- Controlling and managing construction costs
- Falling property values
- Maintaining shareholder funding
- Shift in the popularity of areas for UK Holidays which may have a direct impact on areas where development projects are planned.
- Change in the nature and complexity of the planning process

Interest rate movements are monitored frequently. Exposure to fluctuations in interest rates affecting long terms borrowings is largely eliminated by entering into fixed rate loans.

The Group establishes long term partnership arrangements with suppliers with whom they work to manage raw material price volatility.

Where appropriate the group would use forward contracts to mitigate foreign exchange risk.

The risk from competitive pressures is managed by building strong partnerships with customers/guests and providing them with the highest standards of quality and service.

The Group works closely with its customers to mitigate potential payment default and, where it is available, ensures payments are made in advance.

The directors also regularly monitor and assess the risks posed by changes to general economic activity, government policies, tax legislation and environmental requirements and amend strategy as appropriate.

### Key Performance Indicators

The Group operates and monitors a range of KPIs covering all the key aspects of its operations including the following:

- Activity level – measured by turnover growth, occupancy levels, visitor numbers and ADR's
  - Turnover decline year on year is 10%
  - Occupancy decreased from 45% to 40% year on year.
  - Visitor numbers declined year on year by 14%.
  - Gross Revenue ADR (Average Daily Rate) remained flat
- Profitability – measured by profit/loss before interest, tax, depreciation, amortisation, impairment and one off gains or losses on disposal of assets.
  - Loss has increased 145% year on year
- Cash flow.
  - The Group maintained a positive cash balance and did not require an overdraft
- Average cost of long term debt was 10% during the year.

# Natural Assets Investments Limited

## Strategic Report (continued)

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The directors monitor performance through the use of detailed annual budgets and forecasts that cover all the trading divisions in the group and the monitoring of actual performance against these budgets.

The directors are satisfied with the performance of the businesses in the light of market conditions during the year.

### **Future developments**

The directors feel the company is well placed for the future having secured £8m of bank funding to develop new assets. Construction has commenced in April 2018 and the development will enable the Group to benefit from increased rental yields and future property sales income once completed. The development will be completed in 2019.

At the balance sheet date a planning application was in progress to secure two projects at Cairngorm Mountain. The aim of the projects is to reduce the reliance on the winter season revenues.

### **Directors' Indemnity Provision**

There were no Directors' indemnity provisions in force during the year in favour of any of the Directors.

On behalf of the Board



Anthony Wild  
Director

Date: 18/9/18

# Natural Assets Investments Limited

## Directors' Report

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The Directors submit their annual report and the financial accounts for the year ended 31 December 2017.

### Principal Activities

The principal activity of the company during the year was that of holding company.

The principal activities of the subsidiary entities are holiday lettings, land ownership, property development, the provision of retail and guiding services and the provision of all year-round tourist attraction providing mountain railway experiences, retail, catering and winter recreational activities.

### Going Concern

As part of its going concern review the Board has followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk: Guidance for UK Companies 2009". The Board has prepared detailed financial forecasts and cash flows to December 2018. In drawing up these forecasts the Board has made assumptions based upon its view of the current and future economic conditions that will prevail over the forecast period. For the period from December 2018 to approximately twelve months from the date of signing these financial statements, the Board took account of the support of the loan holder, the probability of bank facilities being renewed and an indicative view of trading performance, for their going concern review.

The group is currently in its development phase with the balance sheet showing net current liabilities of £7,090,143 (2016: £6,546,362) and net liabilities of £34,228,906 (2016: £29,380,827). Certain of the group's properties are still currently under development and so the group is reliant on support to cover its working capital requirements.

The group has support from the loan holder who is also the main shareholder. He is considered to have adequate capabilities to provide support as required and has formally confirmed that he will support the group for at least the next 12 months from the date of approval of the financial statements.

The current cash funding requirements prepared by management have given the directors a reasonable expectation that the group will have sufficient resources available to continue in operational existence for the foreseeable future, with the confirmed continued support of the loan holder as noted above. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis.

### Directors' Indemnity Provision

There were no Directors' indemnity provisions in force during the year in favour of any of the Directors.

### Results and Dividends

The loss for the period amounted to £4,668,079 (2016: £6,449,149). The directors have not recommended a dividend.

### Directors

The Directors who served during the period are as follows:

Timothy Dennis

Ewan James Kearney

Matthew Dawson Spence

Anthony Wild

Umar Mark Aziz

Fraser Macdonald Douglas

David Michael Gorton

### Financial Risk Management

The Financial risk management objectives are disclosed in the Strategic Report.

### Statement as to Disclosure of Information to Auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

# Natural Assets Investments Limited

## Directors' Report

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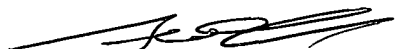
### Strategic Report

A review of the business, analysis of risks and key performance indicators, all revised by schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included within the separate Strategic Report in accordance with Section 414C(11) of the Companies Act 2008.

### Auditor

A resolution to reappoint RSM UK Audit LLP as auditor will be put to the members at the AGM and RSM UK Audit LLP has indicated a willingness to continue in office.

On behalf of the Board



Anthony Wild  
Director

Date: 18/9/18



# Natural Assets Investments Limited

## Directors' Responsibilities in the Preparation of Financial Statements

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The directors are responsible for preparing the Strategic Report and 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 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).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Natural Assets Investments Limited

## Independent Auditor's Report to the Members

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### Opinion on financial statements

We have audited the financial statements of Natural Assets Investments Limited Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Statements of Financial Position, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

# Natural Assets Investments Limited

## Independent Auditor's Report to the Members

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- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

*RSM UK AUDIT LLP*

IAN TAYLOR (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

Date: 21 SEPTEMBER 2018

# Natural Assets Investments Limited

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 £	£	2016 £	£
<b>Turnover</b>					
Continuing operations	2	5,897,492		6,536,413	
Less: share of joint venture turnover		(18,125)		(22,500)	
<b>Group turnover</b>		5,879,367		6,513,913	
<b>Cost of sales</b>		(4,455,958)		(4,713,294)	
<b>Gross profit</b>		1,423,409		1,800,619	
Operating expenses before depreciation, amortisation and impairment		(3,348,727)		(2,827,247)	
Depreciation		(711,576)		(603,457)	
Amortisation		(803,821)		(733,722)	
<b>Operating expenses</b>		(4,864,124)		(4,164,426)	
<b>Other operating income</b>	3	221,753		332,615	
Operating loss before depreciation, amortisation and impairment		(1,703,565)		(694,013)	
Depreciation, amortisation and impairment		(1,515,397)		(1,337,179)	
<b>Operating loss</b>		(3,218,962)		(2,031,192)	
Share of result of joint venture		(3,803)		1,887	
Gain on disposal of fixed assets		4,732		316	
Loss on disposal of investment property		(104,725)		(110,427)	
Fair value gain/(loss) on investment property	12	2,564,553		(602,604)	
Interest receivable	7	13		21	
Interest payable	8	(3,909,887)		(3,707,150)	
<b>Loss on ordinary activities before taxation</b>	9	(4,668,079)		(6,449,149)	
Taxation	10	-		-	
<b>Loss on ordinary activities after taxation</b>		(4,668,079)		(6,449,149)	
<b>Other comprehensive income</b>					
Actuarial losses on defined benefit plans	6	(180,000)		(100,000)	
Taxation	10	-		-	
<b>Total comprehensive loss for the period</b>		(4,848,079)		(6,549,149)	

**Natural Assets Investments Limited**  
**Consolidated Statement of Comprehensive Income (continued)**  
For the year ended 31 December 2017

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	2017 £	2016 £
<b>Loss for the year attributable to:</b>		
Owners of the parent	(4,642,885)	(6,424,094)
Non-controlling interests	(25,194)	(25,055)
<b>Total</b>	<u>(4,668,079)</u>	<u>(6,449,149)</u>

	2017 £	2016 £
<b>Other comprehensive loss for the period attributable to:</b>		
Owners of the parent	(4,822,885)	(6,524,094)
Non-controlling interests	(25,194)	(25,055)
<b>Total</b>	<u>(4,848,079)</u>	<u>(6,549,149)</u>

The operating loss for the period arises from the group's continuing operations.

# Natural Assets Investments Limited

## Statements of Financial Position

At 31 December 2017

Company Registration No. 07541643

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Fixed assets</b>					
Goodwill	11	4,402,596	5,246,856	-	-
Negative goodwill	11	(359,358)	(399,797)	-	-
Total intangible assets		4,043,238	4,847,059	-	-
Investment properties	12	21,847,549	20,340,101	-	-
Tangible assets	13	3,798,718	3,596,789	111,152	136,736
Investments	14	40,165	73,165	471,462	504,466
Share of losses in joint venture		(20,070)	(16,267)	-	-
		<u>29,709,600</u>	<u>28,840,847</u>	<u>582,614</u>	<u>641,202</u>
<b>Current assets</b>					
Stock		133,136	209,751	-	-
Debtors due within one year	15	1,570,408	2,210,248	204,393	904,038
Debtors due after more than one year	15	100,000	100,000	18,953,019	19,787,926
Cash at bank and in hand		170,610	301,485	46,155	145,071
		<u>1,974,154</u>	<u>2,821,484</u>	<u>19,203,567</u>	<u>20,837,035</u>
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(9,064,297)	(9,367,846)	(4,363,466)	(4,425,818)
<b>Net current (liabilities)/assets</b>		<u>(7,090,143)</u>	<u>(6,546,362)</u>	<u>14,840,101</u>	<u>16,411,217</u>
<b>Total assets less current liabilities</b>		<u>22,619,457</u>	<u>22,294,485</u>	<u>15,422,715</u>	<u>17,052,419</u>
Creditors: amounts falling due after more than one year	17	(54,557,073)	(49,624,668)	(51,065,370)	(46,468,212)
Government grants	18	(1,626,779)	(1,662,929)	-	-
Provisions	20	(210,511)	(104,715)	-	-
Pension liability	6	(454,000)	(283,000)	-	-
		<u>(56,848,363)</u>	<u>(51,675,312)</u>	<u>(51,065,370)</u>	<u>(46,468,212)</u>
<b>Net liabilities</b>		<u>(34,228,906)</u>	<u>(29,380,827)</u>	<u>(35,642,655)</u>	<u>(29,415,793)</u>
<b>Capital and reserves</b>					
Share capital	22	1,000	1,000	1,000	1,000
Merger reserve	23	149,999	149,999	149,999	149,999
Fair value reserve	23	5,675,749	3,625,987	-	-
Profit and loss account	23	(39,736,850)	(32,864,203)	(35,793,654)	(29,566,792)
Equity attributable from owners of the parent		<u>(33,910,102)</u>	<u>(29,087,217)</u>	<u>(35,642,655)</u>	<u>(29,415,793)</u>
Non-controlling interest		<u>(318,804)</u>	<u>(293,610)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>(34,228,906)</u>	<u>(29,380,827)</u>	<u>(35,642,655)</u>	<u>(29,415,793)</u>

# Natural Assets Investments Limited

## Statements of Financial Position

At 31 December 2017

Company Registration No. 07541643

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The Company's loss and total comprehensive expenditure for the year was £6,226,862 (2016: £5,332,368).

The financial statements on pages 10 to 45 were approved by the board of directors and authorised for issue on 18/9/18 and are signed on its behalf by:



Anthony Wild  
Director

# Natural Assets Investments Limited

## Consolidated Statement of Changes in Equity

At 31 December 2017

	Share capital £	Merger reserve £	Fair value reserve £	Profit and loss account £	Non- controlling interest £	Total £
<b>Balance at 1 January 2016</b>	<b>1,000</b>	<b>149,999</b>	<b>4,519,999</b>	<b>(27,234,121)</b>	<b>(268,555)</b>	<b>(22,831,678)</b>
Loss for the year	-	-	-	(6,424,094)	(25,055)	(6,449,149)
Reclassification of fair value gains on investment properties to fair value reserve	-	-	(602,604)	602,604	-	-
Actuarial losses on defined benefit plans	-	-	-	(100,000)	-	(100,000)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(602,604)</b>	<b>(5,921,490)</b>	<b>(25,055)</b>	<b>(6,549,149)</b>
Transfer on realisation on disposal of investment properties	-	-	(291,408)	291,408	-	-
<b>Balance at 31 December 2016</b>	<b>1,000</b>	<b>149,999</b>	<b>3,625,987</b>	<b>(32,864,203)</b>	<b>(293,610)</b>	<b>(29,380,827)</b>
Loss for the year	-	-	-	(4,642,885)	(25,194)	(4,668,079)
Reclassification of fair value gains on investment properties to fair value reserve	-	-	2,564,553	(2,564,553)	-	-
Actuarial losses on defined benefit plans	-	-	-	(180,000)	-	(180,000)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,564,553</b>	<b>(7,387,438)</b>	<b>(25,194)</b>	<b>(4,848,079)</b>
Transfer on realisation on disposal of investment properties	-	-	(514,791)	514,791	-	-
<b>Balance at 31 December 2017</b>	<b>1,000</b>	<b>149,999</b>	<b>5,675,749</b>	<b>(39,736,850)</b>	<b>(318,804)</b>	<b>(34,228,906)</b>



# Natural Assets Investments Limited

## Company Statement of Changes in Equity

At 31 December 2017

	Share capital £	Merger reserve £	Profit and loss account £	Total £
Balance at 1 January 2016	1,000	149,999	(24,234,424)	(24,083,425)
Loss for the period	-	-	(5,332,368)	(5,332,368)
<b>Total comprehensive income for the year</b>	-	-	(5,332,368)	(5,332,368)
Balance at 31 December 2016	1,000	149,999	(29,566,792)	(29,415,793)
Loss for the year	-	-	(6,226,862)	(6,226,862)
<b>Total comprehensive income for the year</b>	-	-	(6,226,862)	(6,226,862)
Balance at 31 December 2017	1,000	149,999	(35,793,654)	(35,642,655)

# Natural Assets Investments Limited

## Consolidated Statement of Cash Flows

For the year ended 31 December 2017

		2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated (used in)/from operations	24	(449,174)	153,399
Interest paid		(124,765)	(68,652)
<b>Net cash generated from/(used in) operating activities</b>		<u>(573,939)</u>	<u>84,747</u>
<b>Investing activities</b>			
Purchase of investment property		(389,395)	(610,025)
Purchase of tangible fixed assets		(609,858)	(899,418)
Proceeds on disposal of tangible fixed assets		7,723	84,156
Proceeds on disposal of investment property		1,341,775	583,752
Proceeds on disposal of investments		33,000	-
Interest received		13	21
<b>Net cash from/(used in) investing activities</b>		<u>383,258</u>	<u>(841,514)</u>
<b>Financing activities</b>			
Proceeds of new bank loans		320,907	441,000
Repayment of borrowings		(178,456)	(295,153)
Repayment of finance leases		(82,645)	(61,693)
<b>Net cash from financing activities</b>		<u>59,806</u>	<u>84,154</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(130,875)</u>	<u>(672,613)</u>
<b>Cash and cash equivalents at beginning of the period</b>		301,485	974,098
<b>Cash and cash equivalents at end of the period</b>		<u>170,610</u>	<u>301,485</u>

# Natural Assets Investments Limited

## Accounting Policies

For the year ended 31 December 2017

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### General Information

Natural Assets Investments Limited ("the Company") is a private company limited by shares, domiciled and incorporated in England.

The address of the Company's registered office and place of business is 1<sup>st</sup> Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

The Group consists of Natural Assets Investments Limited and all of its subsidiaries.

The principal activity of the Company during the year was that of a holding company.

The principal activities of the subsidiary entities are holiday lettings, land ownership, property development, the provision of retail and guiding services and the provision of all year round tourist attractions providing mountain railway experiences, retail, catering and winter recreational activities.

### Basis of Accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include investment properties and certain financial instruments at fair value.

Monetary amounts in the financial statements are rounded to the nearest whole £1, except where otherwise indicated.

### Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Investment Issues' – Carrying amounts, interest income/expenses and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

### Company Income Statement

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

### Basis of Consolidation

The consolidated financial statements incorporate those of Natural Assets Investments Limited and all of its material subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

### *Provisional fair values*

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

### *Loss of control*

A subsidiary is no longer consolidated when control is lost. The difference between any disposal proceeds and the carrying amount of the subsidiary's net assets (including related goodwill) is recognised in profit or loss as a gain or loss on disposal.

### *Change in interest where control is not obtained or lost*

Where an interest in a subsidiary is increased or reduced, but control is not obtained or lost, the difference between the fair value of any consideration paid or received and the change to the non-controlling interest is recognised directly in equity and attributed to owners of the parent.

## **Going Concern**

As part of its going concern review the Board has followed the guidelines published by the Financial Reporting Council entitled "Going Concern and Liquidity Risk: Guidance for UK Companies 2009". The Board has prepared detailed financial forecasts and cash flows to December 2018. In drawing up these forecasts the Board has made assumptions based upon its view of the current and future economic conditions that will prevail over the forecast period. For the period from December 2018 to approximately twelve months from the date of signing these financial statements, the Board took account of the support of the loan holder, the probability of bank facilities being renewed and an indicative view of trading performance, for their going concern review.

The group is currently in its development phase with the balance sheet showing net current liabilities of £7,090,143 (2016: £6,546,362) and net liabilities of £34,228,906 (2016: £29,380,827). Certain of the group's properties are still currently under development and so the group is reliant on support to cover its working capital requirements.

The group has support from the loan holder who is also the main shareholder. He is considered to have adequate capabilities to provide support as required and has formally confirmed that he will support the group for at least the next 12 months from the date of approval of the financial statements.

The current cash funding requirements prepared by management have given the directors a reasonable expectation that the group will have sufficient resources available to continue in operational existence for the foreseeable future, with the confirmed continued support of the loan holder as noted above. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis.

## **Functional and Presentational Currencies**

The consolidated financial statements are presented in sterling which is also the functional currency of the Company.

## **Foreign Currencies**

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for lettings and tourist attractions to external customers in the ordinary nature of the business. Turnover is recognised at the point in which the stay/visit has occurred. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

### Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

### Other Operating Income

Management fee income is recognised in the period to which the management services relate.

Grant income in relation to assets is recognised over the expected useful life of the related asset.

Other miscellaneous income is recognised when the relevant goods or services are provided.

### Goodwill

Goodwill is capitalised and written off evenly over 6 to 8 years, as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to the economic benefits.

Negative goodwill arises when the cost of a business combination is less than the fair value of the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit or loss in the periods expected to benefit, ranging from 10 to 20 years.

### Tangible Fixed Assets and Depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold properties	-	2.5% straight line
Fixtures & Fittings	-	20% - 33 1/3 % straight line
Plant & Equipment	-	10% - 33 1/3 % straight line and 25% reducing balance
Leasehold Improvements	-	Over the life of the lease

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Assets in the course of construction are not depreciated.

### Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

### Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants relating to assets are classified as creditors and recognised in income over the expected useful life of the asset to which they relate.

### Investment Properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

Development properties are investment properties which are initially measured at cost and subsequently measured at fair value. These properties are shown within tangible fixed assets until significant spend is incurred at which point they are transferred to investment properties in the financial statements.

### Fixed Asset Investments

In the separate accounts of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

### *Associates*

Undertakings in which the Group has significant influence (i.e. the power to participate in the financial and operating policy decisions but not control or joint control over those policies) are classified as associates. The Group's share of the results, other comprehensive income and equity of associates are accounted for using the equity method based on the associate's financial statements to 31 December.

Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill.

All unrealised profit or losses on transactions with the associate are eliminated to the extent of the Group's interest, except where unrealised losses provide evidence of impairment. Where necessary, adjustments are made to bring the accounting policies of the associate into line with those used by the Group.

Dividends received from the associate reduce the carrying amount of the investment.

Losses in an associate that reduce the carrying amount of the investment in the associate to below zero are not recognised, but a provision is recognised to the extent that the Group has an obligation or has made payments on behalf of the associate.

### *Jointly controlled entities*

Entities in which the Group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities. Jointly controlled entities are accounted for using the equity method, as described in the accounting policy for associates above.

### Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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### Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value, deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### Dividends

Dividends are recognised as liabilities once they are no longer at the discretion of the Company.

### Finance Lease Agreements

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit and loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

### Operating Lease Agreements

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

### Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The holiday year for Natural Assets Investments Limited ends at the reporting date and employees are not entitled to carry forward unused holiday.

# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### Retirement Benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

### Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

### Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

### Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

### Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Financial Assets

#### Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.



# Natural Assets Investments Limited

## Accounting Policies (continued)

For the year ended 31 December 2017

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### *Financial Liabilities and Equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### *Equity Instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

### *Trade, group and other creditors*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

### *Derecognition of Financial Assets and Liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 1. Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical Accounting Estimates and Assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows.

#### *Recoverability of Trade Debtors*

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

#### *Critical Areas of Judgement and Estimation.*

- a) In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group.
- b) Management make estimates in respect of realisable value, market value and value in use when performing internal valuations of the investment properties at an open market value.
- c) Management make estimates on the useful life and carrying value of goodwill, by assessing anticipated cash flows and enhancements to individual properties resulting from a fully built out site.
- d) Management's assessment of the appropriateness of the going concern basis are inherently judgemental.
- e) Deferred tax liability on investment properties of £451,467 (2016: £108,395) has been recognised due to the fair value gain as a result of the revaluations. An equivalent deferred tax asset of £451,467 (2016: £108,395) has been recognised on the assumption that any gain that would arise on the sale of investment properties could be transferred to another company within the group and the gain relieved in full against brought forward capital losses.

### 2. Turnover

	2017	2016
	£	£
Rental income	2,350,017	1,786,431
Provision of tourism attraction	3,547,475	4,749,982
	<u>5,897,492</u>	<u>6,536,413</u>

All turnover is derived from continuing operations within the United Kingdom.

### 3. Other Operating Income

	2017	2016
	£	£
Management fees receivable	122,784	171,471
Grant income release (see note 18)	36,150	144,570
Other miscellaneous income	62,819	16,574
	<u>221,753</u>	<u>332,615</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 4. Employees

Average number employed including executive directors:

	<b>Group</b>	<b>31 December</b>	<b>31 December</b>	<b>Company</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	
	<b>No</b>	<b>No</b>	<b>No</b>	<b>No</b>	
Production	121	151	-	-	
Management	14	14	7	5	
Administration	7	8	-	-	
	<u>142</u>	<u>173</u>	<u>7</u>	<u>5</u>	

Aggregate payroll costs of the above were:

	<b>Group</b>	<b>31 December</b>	<b>31 December</b>	<b>Company</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
Staff costs including directors:					
Wages and salaries	1,895,460	1,865,780	-	-	
Social security costs	108,906	165,092	-	-	
Defined contribution pension costs	25,375	42,250	-	-	
Other pension costs and current service costs (note 6)	15,000	16,000	-	-	
	<u>2,044,741</u>	<u>2,089,122</u>	<u>-</u>	<u>-</u>	

The only employee costs in the company related to amounts recharged from related companies for the seven directors (see note 5).

### 5. Directors' Emoluments

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Sums paid to third parties for directors' services	96,000	96,000
Directors' remuneration	-	25,000
	<u>96,000</u>	<u>121,000</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 6. Retirement Benefits

Pension costs charge for the period was as follows:

#### *Defined contribution scheme*

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £25,375 (2016: £42,250). Contributions totalling £Nil (2016: £Nil) were payable to the fund at the balance sheet date.

#### *Defined benefit scheme*

A subsidiary company, CairnGorm Mountain Ltd., operates a defined benefit pension scheme, which is funded.

The pension cost and provision for the year ending 31 December 2017 are based on the advice of a professionally qualified actuary. The most recent formal valuation is dated 1 November 2016.

Following a review by the actuary at 31 December 2017 the scheme is showing a deficit at that date of £454,000 (2016: £283,000). The deficit has been recognised in the balance sheet. A surplus is only recognised to the extent that the excess can be recovered by the Company.

The contribution made for the period ended 31 December 2017 was £26,000 (2016: £14,000). The agreed contribution rate for future years is 15%.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	Group 2017	Group 2016
Discount rate	2.5%	2.7%
Retail price inflation	3.4%	3.4%
Salary growth	n/a	4.0%
Increases in deferment	3.4%	3.4%
Increases in payment		
- pension earned after 5/4/97	3.4%	3.4%
Commutation factor	22.4	12.0

Salary growth is not applicable as there are no active members.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 6. Retirement Benefits *(continued)*

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	<b>Group 2017 Years</b>	<b>Group 2016 Years</b>
Male	21.1	21.1
Female	22.9	23.0

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	<b>Group 2017 Years</b>	<b>Group 2016 Years</b>
Male	22.1	22.3
Female	24.1	24.5

Amounts recognised in profit or loss in respect of the defined benefit schemes are as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Current service cost	7,000	11,000
Net interest cost on the net defined benefit pension liability	8,000	5,000
	<u>15,000</u>	<u>16,000</u>

Amounts taken to other comprehensive income:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Actual return on scheme assets	(34,000)	(125,000)
Less: calculated interest element	31,000	28,000
Return on scheme assets excluding interest income	(3,000)	(97,000)
Actuarial changes related to obligations	183,000	197,000
Total costs	<u>180,000</u>	<u>100,000</u>

Changes in the present value of the defined benefit obligation:

	<b>Group 2017 £</b>
Liabilities as at 1 January 2017	1,440,000
Current service cost	7,000
Benefits paid	(53,000)
Contributions by employees	2,000
Actuarial gains and losses	183,000
Interest cost	39,000
At 31 December 2017	<u>1,618,000</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 6. Retirement Benefits *(continued)*

Movements in the fair value of plan assets:	<b>Group 2017 £</b>
Fair value of assets as at 1 January 2017	1,157,000
Interest income	31,000
Return on plan assets	3,000
Benefits paid	(53,000)
Contributions by employees	24,000
Contributions by employer	2,000
At 31 December 2017	<u>1,164,000</u>
<b>As at 31 December 2017</b>	<u><b>454,000</b></u>

The actual return on plan assets was £34,000 (2016: £125,000).

The analysis of the fair value of scheme assets at the reporting date is as follows:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>
Equity instruments	256,080	242,970
Property	34,920	34,710
Corporate bonds	104,760	92,560
Gilts	721,680	682,630
Cash and other	46,560	104,130
	<u>1,164,000</u>	<u>1,157,000</u>

### 7. Interest receivable

	<b>2017 £</b>	<b>2016 £</b>
On bank deposits	13	21
	<u>13</u>	<u>21</u>

### 8. Interest Payable

	<b>2017 £</b>	<b>2016 £</b>
On bank loans and overdrafts	110,690	63,877
On other loans	3,785,122	3,633,498
Hire purchase interest	6,075	4,775
Net pension interest	8,000	5,000
	<u>3,909,887</u>	<u>3,707,150</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 9. Loss on Ordinary Activities before Taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2017	2016
	£	£
Fair value (gains)/losses on investment properties	(2,564,553)	602,604
Depreciation of fixed assets – owned	625,715	549,117
Depreciation of fixed assets – hire purchase contracts	85,861	54,340
Amortisation of goodwill	803,821	733,283
Loss/(profit) on disposal of fixed assets (inc. investment properties)	99,993	110,111
Operating leases – land and buildings	170,000	50,000
Operating leases - other	3,695	8,757
Stock – amounts expensed to cost of sales	1,632,217	2,104,398
Exchange (gains)/losses	(1,705)	23,581
Auditor's remuneration - audit of the financial statements	62,850	72,165

### 10. Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax charge	-	-

#### Factors affecting future tax charges

The rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017 and will reduce to 17% from April 2020. These changes have been reflected in the deferred tax provisions.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 10. Taxation (*continued*)

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2017 £	2016 £
Loss before taxation	(4,668,079)	(6,449,149)
Expected tax charge based on a corporation tax rate of 19.25% (2016: 20%)	(898,605)	(1,289,829)
Tax effect of expenses that are not deductible in determining taxable profit	2,339	121,224
Tax effect of (income)/losses not taxable in determining taxable profit	(411,787)	35,793
Adjustments to equalise deferred tax and corporation tax rates	975,703	714,176
Fixed asset differences	6,319	28,420
Amounts charged directly to STRGL	-	(20,000)
Adjustments in respect of the prior period	-	37
Deferred tax not recognised	399,215	410,180
Losses brought forward utilised in year	(73,184)	-
Tax expense for the year	-	-

### 11. Goodwill

Group	Negative Goodwill £	Goodwill £	Total £
<b>Cost</b>			
As at 1 January 2017	(535,327)	9,315,900	8,780,573
As at 31 December 2017	(535,327)	9,315,900	8,780,573
<b>Amortisation</b>			
At 1 January 2017	(135,530)	4,069,044	3,933,514
Charge for the year	(40,439)	844,260	803,821
At 31 December 2017	(175,969)	4,913,304	4,737,335
At 31 December 2017	(359,358)	4,402,596	4,043,238
At 31 December 2016	(399,797)	5,246,856	4,847,059

The amortisation and impairment of goodwill and amounts recognised in profit or loss for the year in respect of negative goodwill are included within operating expenses.



# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 12. Investment Properties

<i>Group</i>	<b>Investment Property £</b>
<b>Fair Value</b>	
As at 1 January 2017	20,340,101
Fair value gains	2,564,553
Additions	389,395
Disposals	(1,446,500)
At 31 December 2017	<u>21,847,549</u>

The investment properties were valued on an open market existing use value basis at 31 December 2017 based on a valuation by the directors. No depreciation is provided in respect of investment properties or land.

The group is required to remit 50% of the sales proceeds received from the sale of any investment properties directly to HSBC in repayment of the outstanding loan.

The historic costs of the investment properties were £23,032,256 (2016: £24,087,678).

Investment properties and development properties include amounts of £7,093,000 and £1,603,000 respectively for land held for development and resale (2016 – £5,529,000 and £1,603,000).

### 13. Tangible Fixed Assets

<i>Group</i>	<b>Freehold Properties £</b>	<b>Leasehold Improvements £</b>	<b>Assets Under Construction £</b>	<b>Development Properties £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Plant and Machinery £</b>	<b>Total £</b>
<b>Cost</b>							
At 1 January 2017	52,569	733,702	443,280	1,603,492	2,179,085	4,397,202	9,409,330
Additions	-	-	127,509	-	327,260	461,727	916,496
Transfers	-	120,871	(120,871)	-	-	-	-
Disposals	-	-	-	-	(639)	(364,868)	(365,507)
At 31 December 2017	<u>52,569</u>	<u>854,573</u>	<u>449,918</u>	<u>1,603,492</u>	<u>2,505,706</u>	<u>4,494,061</u>	<u>9,960,319</u>
<b>Depreciation</b>							
At 1 January 2017	21,828	216,030	209,117	-	1,512,301	3,853,265	5,812,541
Charge for the year	1,560	31,230	-	-	362,944	315,842	711,576
Disposals	-	-	-	-	-	(362,516)	(362,516)
At 31 December 2017	<u>23,388</u>	<u>247,260</u>	<u>209,117</u>	<u>-</u>	<u>1,875,245</u>	<u>3,806,591</u>	<u>6,161,601</u>
<b>Net book value</b>							
At 31 December 2017	<u>29,181</u>	<u>607,313</u>	<u>240,801</u>	<u>1,603,492</u>	<u>630,461</u>	<u>687,470</u>	<u>3,798,718</u>
At 31 December 2016	<u>30,741</u>	<u>517,672</u>	<u>234,163</u>	<u>1,603,492</u>	<u>666,784</u>	<u>543,937</u>	<u>3,596,789</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 13. Tangible Fixed Assets (continued)

The net book value of plant and machinery includes £185,406 (2016: £106,127) in respect of assets held under hire purchase contracts. The depreciation charge for the period in respect of these assets was £65,026 (2016: £54,340).

The group has pledged land and buildings and investment properties, having a net book value of £23,951,041 (2016: £22,726,169), to secure its bank loans (note 16) by way of a fixed charge.

<i>Company</i>	Fixtures, fittings and equipment £	Plant and Machinery £	Total
Cost			
At 1 January 2017	78,402	164,930	243,332
Additions	29,274	1,318	30,592
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2017	107,676	166,248	273,924
	<u>          </u>	<u>          </u>	<u>          </u>
Depreciation			
At 1 January 2017	2,235	104,361	106,596
Charge for the year	25,619	30,557	56,176
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2017	27,854	134,918	162,772
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value			
At 31 December 2017	79,822	31,330	111,152
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2016	76,167	60,569	136,736
	<u>          </u>	<u>          </u>	<u>          </u>

### 14. Investments

<i>Group</i>	Associated Undertakings £	Other Investments £	Total £
Cost			
As at 1 January 2017	43,165	30,000	73,165
Disposals	(33,000)	-	(33,000)
	<u>          </u>	<u>          </u>	<u>          </u>
As at 31 December 2017	10,165	30,000	40,165
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value as at 31 December 2017	10,165	30,000	40,165
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value as at 31 December 2016	43,165	30,000	73,165
	<u>          </u>	<u>          </u>	<u>          </u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

Investments ( <i>continued</i> )	Associated Undertakings £	Investment in Subsidiary Undertaking £	Other Investments £	Total £
<b>Company Cost</b>				
As at 31 January 2017	43,165	431,301	30,000	504,466
Additions	-	13,392,440	-	13,392,440
Disposal	(33,000)	-	-	(33,000)
Impairment	-	(13,392,444)	-	(13,392,444)
As at 31 December 2017	10,165	431,297	30,000	471,462
Net book value				
At 31 December 2017	10,165	431,297	30,000	471,462
At 31 December 2016	43,165	431,301	30,000	504,466

During the year, the company disposed of its investment in Gibbon Lawson McKee Limited for consideration of £33,000. Associated undertakings are not included in the consolidated financial statements on the basis of materiality.

Impairments recognised in the year include £4 in relation to subsidiaries due to be wound up post year end and £13,392,440 in relation to forgiveness of intercompany debts held within investments.

### Subsidiary Undertakings

Name	Registered office	Holding	Nature of business
Pentire Fistril Beach Limited*	Note 14.a	100% ordinary	Holiday lettings
Trewhiddle Village Limited	Note 14.a	100% ordinary	Holiday lettings
Natural Land 3 Limited	Note 14.a	100% ordinary	Holiday lettings
North York Moors Limited	Note 14.a	100% ordinary	Property development
DOL Park Limited *	Note 14.a	100% ordinary	Holding company
John O'Groats Highland Limited	Note 14.a	100% ordinary	Holding company
NA Lews Castle Limited	Note 14.a	100% ordinary	Tourist attraction provision
Yorkshire Dales Limited	Note 14.a	100% ordinary	Holiday lettings
Natural Outfitters Limited	Note 14.a	100% ordinary	Retail services
Mini Gems Limited *	Note 14.a	100% ordinary	Design and development of camping pods
Cairngorm Mountain Ltd.	Note 14.b	100% ordinary	Tourist attraction provision

DOL Park Limited has the following subsidiary:

Natural Land 1 LLP *	Note 14.a	100% ordinary	Property development
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John O'Groats Highland Limited has the following subsidiary:

JOG Highlands LLP	Note 14.a	86% ordinary	Property development
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Pentire Fistril Beach Limited has the following subsidiary:

Pentire Management Limited	Note 14.c	100% ordinary	Property management
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Natural Land 3 Limited has the following subsidiaries:

NL3 Cottages Management Limited	Note 14.a	100% ordinary	Property management
Natural Land 3 Management Limited	Note 14.a	100% ordinary	Dormant

### Joint Ventures:

Jog 2 Limited *	Note 14.a	50% ordinary	Land ownership
Jog 3 LLP *	Note 14.a	50% ordinary	Land ownership

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 14. Investments (continued)

#### *Entities Not Consolidated.*

The following subsidiary undertakings are not consolidated within these financial statements on the grounds of materiality:- Pentire Management Limited, NL3 Cottages Limited and Natural Land 3 Management Limited.

The registered offices of the company's investments are as follows:

**14.a** 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ

**14.b** Cairngorm Ski Area, Aviemore, Inverness-Shire, PH22 1RB

**14.c** Daniell House, Falmouth Road, Truro, Cornwall, TR1 2HX

#### *Audit Exemption*

\* The subsidiary companies have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirements in the Act for their individual accounts to be audited. The guarantee given by the Company under section 479A of the Act is disclosed in note 30.

### 15. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	193,317	248,099	20,989	96,575
Amounts owed by group undertakings	-	-	18,953,019	19,787,926
Amounts owed by associated undertakings	489,479	476,643	-	-
Other debtors	504,486	766,320	110,467	465,701
Prepayments	483,126	819,186	72,937	341,762
	<u>1,670,408</u>	<u>2,310,248</u>	<u>19,157,412</u>	<u>20,691,964</u>

The debtors above include the following amounts falling due after more than one year:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-	18,953,019	19,787,926
Other debtors	100,000	100,000	-	-
	<u>100,000</u>	<u>100,000</u>	<u>18,953,019</u>	<u>19,787,926</u>

Amounts owed by group undertakings have no fixed terms of repayment, but a minimum of twelve months notice will be given.

Other debtors comprise a deposit against dilapidation costs refundable when the land is sold or developed.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 16. Creditors: Amounts Falling Due within One Year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loan	4,062,673	3,920,222	4,062,673	3,920,222
Net obligations under hire purchase contracts	115,525	81,823	-	-
Trade creditors	876,469	1,153,146	15,589	40,172
Amounts owed to group undertakings	-	-	240,666	391,546
Other tax and social security	52,807	60,708	-	5,499
Other creditors	3,956,823	4,151,947	44,538	68,379
	<u>9,064,297</u>	<u>9,367,846</u>	<u>4,363,466</u>	<u>4,425,818</u>

£79,487 (2016: £79,487) of bank set-up costs are included in bank loans due within one year.

Other creditors includes £3,100,000 (2016 - £3,100,000) owed to the controlling party D Gorton. The amount is repayable on demand and is not subject to interest.

The following liabilities disclosed under creditors falling due within one year are secured by the group:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loan	4,142,160	3,999,709	4,142,160	3,999,709
Net obligations under hire purchase contracts	115,525	81,823	-	-
	<u>4,257,685</u>	<u>4,081,532</u>	<u>4,142,160</u>	<u>3,999,709</u>

Net obligations under hire purchase contracts are secured on the relevant assets. The bank holds a debenture for any borrowings, which includes a fixed charge over all present freehold and leasehold property; a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and a first floating charge over all assets and undertaking both present and future.

### 17. Creditors: Amounts Falling Due after more than One Year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Net obligations under hire purchase contracts	209,031	18,740	-	-
Other creditors	54,348,042	49,605,928	51,065,370	46,468,212
	<u>54,557,073</u>	<u>49,624,668</u>	<u>51,065,370</u>	<u>46,468,212</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 17. Creditors: Amounts Falling Due after more than One Year (continued)

The following liabilities disclosed under creditors falling due after more than one year are secured by the group:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Net obligations under hire purchase contracts	209,031	18,740	-	-
Other creditors	3,282,672	3,137,719	-	-
	<u>3,491,703</u>	<u>3,156,459</u>	<u>-</u>	<u>-</u>

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets. The net book value of secured assets is disclosed in note 13.

Other secured creditors falling due after more than one year relate to a loan due to D Gorton, a majority shareholder of the Company. During the year the loan was notated from Nexus Partners LP on its winding up. The loan is subject to interest of 4.5% above 3-month LIBOR and is repayable in full on 11 June 2022. This balance is secured by a debenture over the assets of a subsidiary company.

Unsecured creditors falling due after more than one year are made up of other loans due to D Gorton. The loans are subject to interest of 0-10%. A minimum of 12 months' notice is required for repayment of these balances.

Future minimum lease payments due under hire purchase contracts:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts payable within 1 year	116,734	82,965	-	-
Amounts payable between 1 and 5 years	209,724	19,642	-	-
Less: future finance charges	(1,902)	(2,044)	-	-
	<u>324,556</u>	<u>100,563</u>	<u>-</u>	<u>-</u>

Hire purchase creditors are secured over their related identifiable assets and bear interest charges ranging from 5.1% to 7.7% per annum (2016 – 5.1% to 7.7%).

Finance lease payments represent rentals payable by the Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2 years (2016 – 2 years). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 18. Government grants

During the year ended 31 March 2013 JOG Highlands LLP signed an agreement to receive a development grant from Highlands and Islands Enterprise of up to £1,807,499 or 30% of eligible costs of development at John O'Groats, Scotland. The grant is repayable up until 10 years from the date of the last payment of this grant. During the year £36,150 (2016: £144,570) of the grant has been released to the profit and loss account. The balance outstanding at the year-end is £1,626,779 (2016: £1,662,929).

### 19. Financial Instruments

	<b>Group 2017 £</b>	<b>2016 £</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>1,187,282</u>	<u>1,491,062</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>63,007,030</u>	<u>58,506,653</u>

### 20. Provisions

<b>Group</b>	<b>Maintenance Provision £</b>
<b>As at 31 December 2016</b>	104,715
Additions	<u>105,796</u>
<b>As at 31 December 2017</b>	<u>210,511</u>

The amount provided is in respect of a provision for future costs payable in relation to the maintenance of subsidiary site. Amounts provided comprise of minimum maintenance expenditure accumulating throughout the duration of an operating lease in which the subsidiary entity is the lessee. Any unutilised provision shall be repayable upon the lease expiry in 2030.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 21. Deferred Tax

	Group 2017 £	Group 2016 £
Deferred tax liability on fair value of investment properties	451,467	108,395
Deferred tax asset in relation to capital losses	(451,467)	(108,395)
	<u>-</u>	<u>-</u>

The deferred tax liability of £451,467 (2016: £108,395) is not expected to reverse within the next 12 months and relates to gains on the valuation of investment properties. The deferred tax asset of £451,467 (2016: £108,395) relates to the utilisation of tax losses against future expected gains from the sale of investment properties within the same period.

Deferred tax is not recognised in respect of trading losses of £22,588,519 (2016: £23,365,389) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### *Company*

Deferred tax is not recognised in respect of losses of £2,569,347 (2016: £2,569,347) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 22. Share Capital

	2017 £	2016 £
Allotted, issued and fully paid:		
600 Ordinary A shares of £1 each	600	600
400 Ordinary B shares of £1 each	400	400
	<u>1,000</u>	<u>1,000</u>

The Company's A and B ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 23. Reserves

Reserves of the Group represent the following:

#### *Merger reserve*

Consideration given in excess of the nominal value of the ordinary shares issued as consideration for the acquisition of the subsidiary companies.

#### *Fair value reserve*

The cumulative fair value gains and losses in respect of investment properties measured at fair value.

#### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.



# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

### 24. Notes to Statement of Cash Flows

#### Reconciliation of profit after tax to net cash generated (used in)/from operations

	2017	2016
	£	£
Loss on ordinary activities after taxation	(4,668,079)	(6,449,149)
Interest payable	3,909,887	3,702,150
Interest receivable	(13)	(21)
Loss on disposal of investment property	104,725	110,427
Profit on disposal of fixed assets	(4,732)	(316)
Fair value (gain)/loss on investment properties	(2,564,553)	602,604
Amortisation and impairment of intangible asset	803,821	733,283
Depreciation and impairment of tangible asset	711,576	603,457
Pension scheme non-cash movement	(9,000)	4,000
Share of results of associates and joint ventures	3,803	(1,887)
Movement in provision	105,796	5,695
Operating cash flows before movements in working capital	(1,606,769)	(689,757)
Decrease/(increase) in stock	76,615	(27,266)
Decrease in trade and other debtors	639,840	194,600
Increase in trade and other creditors	441,140	675,822
Cash generated (used in)/from operations	(449,174)	153,399

### 25. Capital Commitments

There were no capital commitments as at 31 December 2017 or 31 December 2016.

### 26. Other Financial Commitments

Natural Assets Investments Limited has entered into a composite company unlimited multilateral guarantee dated 22 December 2014 with the following group and related companies: North York Moors Limited, Pentire Fistril Beach, Trewiddle Village Limited, Yorkshire Dales Limited, Natural Land 1 LLP, Jog Highlands LLP, K2 Equity Partners LLP, John O'Groats Highlands Limited, Natural Land 3 Limited, Mini Gems Limited, NA Lews Castle Limited, Natural Outfitters Limited and Dol Park Limited (see note 28).

### 27. Commitments under Operating Leases

At 31 December 2017 the total future minimum lease payments under non-cancellable operating leases as follows:

Group	2017		2016	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Amounts due:				
Within 1 year	170,000	14,362	170,000	16,528
Within 2 to 5 years	680,000	7,771	680,000	19,722
After more than 5 years	2,063,765	-	2,233,765	-
	<u>2,913,765</u>	<u>22,133</u>	<u>3,083,765</u>	<u>36,250</u>

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 27. Commitments under Operating Leases (continued)

The prior year disclosure in relation to land and buildings was understated this has been updated to reflect the correct comparative in the financial statements.

### 28. Related Party Transactions

#### *Group*

In addition to the related party transactions with the company disclosed below, there were the following transactions with other group entities.

#### *D Gorton*

D Gorton is a shareholder and ultimate controlling party of the parent company Natural Assets Investments Limited. At 31 December 2017 other creditors includes £3,100,000 (2016 - £3,100,000) due to D Gorton. No interest is provided on this amount.

D Gorton was also the controller of Nexus Partners LP, which has been wound up during December 2017. The Group owed monies to that Limited Partnership which were novated to D Gorton prior to it being wound up. At 31 December 2017 other creditors includes £3,282,672 (2016: £3,137,719) due to D Gorton with interest of 4.5% above 3 month LIBOR and is repayable in full on 11 June 2022.

Long term creditors include loans amounting to £51,065,370 (2016: £46,468,212) owing to D Gorton at various interest rates with an indeterminate repayment date, with a minimum of 12 months notice required for repayment.

During the year interest amounting to £3,785,122 (2016: £3,633,498) was payable to D Gorton.

The group's directors EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have interests in Natural Retreats Management LLC, a company incorporated in the USA and NR Pension LLP. Natural Retreats UK Limited, Natural Retreats Ireland Limited and Natural Retreats US Inc are subsidiaries of Natural Retreats Management LLC.

#### *NR Pension LLP*

At 31 December 2017 the group was owed £nil (2016: £1,576) from NR Pension LLP, which is included in other debtors.

#### *The UK Great Travel Company Limited*

The group's directors, E J Kearney, M D Spence and A Wild, together with the controlling party D Gorton, have an interest in The UK Great Travel Company Limited (formerly Natural Retreats UK Limited). During the year ended 31 December 2017 the group was charged expenses amounting to £1,891,983 (2016: £3,023,240) from The UK Great Travel Company Limited. At 31 December 2017 the group owed £133,310 (2016: £356,489) to The UK Great Travel Company Limited which is included in trade creditors and £nil (2016: £21,103) which is included in other creditors. During the year ended 31 December 2017 the group recharged services to The UK Great Travel Company Limited amounting to £2,054,164 (2016: £1,660,237). At 31 December 2017 the group was owed £34,957 (2016: £246,543) by The UK Great Travel Company Limited which is included in trade debtors and £nil (2016: £32,223) which is included in other debtors.

#### *Harbour Holidays (Rock) Limited*

The group's directors, E J Kearney, M D Spence and A Wild, together with controlling party D Gorton, have an interest in Harbour Holidays (Rock) Limited. During the year ended 31 December 2017 the group was charged expenses amounting to £nil (2016: £1,555) from Harbour Holidays (Rock) Limited. At 31 December 2017 the group owed £nil (2016: £389) to Harbour Holidays (Rock) Limited which is included in trade creditors. During the year the group recharged services to Harbour Holidays (Rock) Limited amounting to £nil (2016: £389).

#### *Natural Retreats Ireland Limited*

During the year the group recharged expenses amounting to £nil (2016: £nil) to Natural Retreats Ireland Limited. At 31 December 2017 trade debtors includes £nil (2016: £14,872) owed by Natural Retreats Ireland Limited. Natural Retreats Ireland Limited also owes the group £nil (2016: £37) for a loan made.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 28. Related Party Transactions (continued)

#### *Natural Retreats Limited Partnership*

The group's directors EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have an interest in Natural Retreats Limited Partnership. At 31 December 2017 trade creditors includes £500 (2016: £500) owing to Natural Retreats Limited Partnership. At 31 December 2017, there was also a balance owing to the group included within trade debtors from Natural Retreats Limited Partnership of £465 (2016: £nil). Expenses recharged to Natural Retreats Limited Partnership totalled £388 (2016: £nil)

The group's directors EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have an interest in Natural Assets Investments Inc, Natural Asset Investments LLC, NA Bundoran Farm LLC and NA Homestead reserve LLC.

#### *Natural Assets Investments Inc*

Natural Assets Investments Inc also owes the group £442,261 (2016: £442,261) for loans made, which is included in other debtors. This amount has been fully provided for.

#### *Natural Assets Investments LLC*

The group received services amounting to £nil from Natural Assets Investments LLC (2016: £10,081). Trade creditors includes £nil (2016: £8,024) owing to Natural Assets Investments LLC at the year end. During the year the group recharged expenses amounting to £nil (2016: £27,653) to Natural Assets Investments LLC. At 31 December 2017 trade debtors includes £993 (2016: 12,466) due from Natural Assets Investments LLC.

#### *Natural Retreats US LLC*

The group is owed £41,316 (2016: £41,316) for a loan previously given.

The directors EJ Kearney, MD Spence and A Wild by virtue of their interest in K2 Equity Partners LLP together with the controlling party D Gorton have an interest in a number of entities; details of transactions with the group are as follows:

Expenses recharged by the group during the year:

NA Greystone Inn LLC - £nil (2016: £1,229)

Natural Outfitters LLC - £nil (2016: £2,435)

Natural Retreats US LLC £nil (2016: £21,249)

Expenses recharged to the group during the year:

Natural Retreats US LLC - £5,017 (2016: £86)

Natural Retreats US Inc - £1,610 (2016: £10,845)

Trade debtors include the following amounts due from the entities:

NA Greystone Inn LLC - £nil (2016: £1,363)

Natural Outfitters LLC - £nil (2016: £2,435)

NA Tsaina Lodge LLC - £nil (2016: £87)

Natural Retreats US LLC £nil (2016: £24,009)

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 28. Related Party Transactions (continued)

Trade creditors include the following amounts due from the entities:

Natural Retreats US Inc - £3,244 (2016: £13,585)

#### *K2 Equity Partners LLP*

EJ Kearney, MD Spence and A Wild are members of K2 Equity Partners LLP. During the period the group received services to the value of £96,000 (2016: £96,000) from K2 Equity Partners LLP. At 31 December 2017 trade creditors includes £nil (2016: £nil) due to K2 Equity Partners LLP. Also during the year the group recharged expenses amounting to £1,899 (2016: £1,735) to K2 Equity Partners LLP. At 31 December 2017 K2 Equity Partners LLP owed the group £48,583 (2016: £48,583) for a loan previously given. At 31 December 2017 trade debtors includes £672 (2016: £nil) due from K2 Equity Partners LLP.

#### *K2 Partners LLC*

EJ Kearney, MD Spence and A Wild are members of K2 Partners LLC. At 31 December 2017 the group was owed £1,022 (2016: nil) included in trade debtors, and £394 (2016: £394) from K2 Partners LLC, which is included in other debtors. Expenses recharged by the group to K2 Partners LLC during the year totalled £1,022 (2016: £nil).

#### *Jog 2 Limited*

The group owns 50% of the issued share capital of a company, Jog 2 Limited, for which the group paid expenses amounting to £17,481 (2016: £nil) during the year. At 31 December 2017 the group was owed £236,509 (2016: £223,673) by Jog 2 Limited, of which £8,817 (2016: £8,817) has been provided. During the period, the group recharged expenses amounting to £13 (2016: £4,026) to Jog 2 Limited. At 31 December 2017 £421 (2016: £383) was due from Jog 2 Limited.

#### *Jog 3 LLP*

The group owns 50% of the issued capital of an LLP, Jog 3 LLP, for which the group was invoiced £36,250 (2016: £45,000) for rent during the year and fixed assets totalling £192 (2016: £192). At 31 December 2017 £261,800 (2016: £261,800) was due from Jog 3 LLP. At 31 December 2017, a balance of £7,500 (2016: £nil) was included in trade creditors due to Jog 3 LLP.

#### *DGFO LLP*

The director T Dennis and majority shareholder D Gorton have an interest in DGFO LLP.

During the year the group received services amounting to £nil (2016: £18,750) from DGFO LLP.

#### *Natural Land 1 LLP*

DOL Park Limited is a 100% group subsidiary. The company is the designated member of Natural Land 1 LLP. At 31 December 2017 £nil (2016: £17,366) was owing from Natural Land 1 LLP which is included in other debtors.

#### *Natural Land 4 LLP*

K2 Equity Partners is a designated member of Natural Land 4 LLP. During the year, the group recharged expenses amounting to £502 (2016: £nil) to Natural Land 4 LLP.

Subsidiaries have entered into a composite unlimited multilateral guarantee dated 22 December 2014 in respect of the bank borrowings of other group companies and K2 Equity Partners LLP. At 31 December 2017 the total borrowings covered by the guarantee amounted to £39,055 (2016: £nil).

There is a first legal Scottish charge dated 9 December 2014 over John O'Groats House Hotel, John O'Groats, Wick, KW1 4YR.

#### *End to End Limited*

Natural Assets Investments Limited has a interest in End to End Limited. Other debtors includes a balance of £6,000 (2016 - £6,000) due from End to End Limited. This amount has been fully provided for.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 28. Related Party Transactions (*continued*)

#### *Company*

The company has taken advantage of the exemption under FRS102 section 33.1A from disclosing transactions with group companies which are eliminated on consolidation, where consolidated financial statements are prepared.

#### *D Gorton*

During the year interest amounting to £3,640,166 (2016: £3,494,834) was payable to D Gorton, the ultimate controlling party of the company.

Long term creditors include loans amounting to £51,065,370 (2016: £46,468,212) owing to D Gorton at various interest rates with an indeterminate repayment date.

#### *K2 Equity Partners LLP*

EJ Kearney, MD Spence and A Wild are members of K2 Equity Partners LLP. During the period the company received services to the value of £96,000 (2016: £96,000) from K2 Equity Partners LLP. Also, during the year the company recharged expenses amounting to £1,899 (2016: £1,735) to K2 Equity Partners LLP. At 31 December 2017 trade debtors includes £672 (2016: £nil) due from K2 Equity Partners LLP. At 31 December 2017 K2 Equity Partners LLP also owes the company £48,583 (2016: £48,583) for a loan previously given.

#### *Natural Land 4 LLP*

K2 Equity Partners LLP is a designated member of Natural Land 4 LLP. During the year, the company recharged expenses amounting to £502 (2016: £nil) to Natural Land 4 LLP.

#### *Natural Retreats LP*

K2 Equity Partners LLP is also a member of Natural Retreats LP. During the year, the company recharged expenses amounting to £388 to Natural Retreats LP. At 31 December 2017, trade debtors includes £465 (2016: £nil) due from Natural Retreats LP.

#### *K2 Partners LLC*

EJ Kearney, MD Spence and A Wild are members of K2 Partners LLC. At 31 December 2017 the company was owed £394 (2016: £394) from K2 Partners LLC, which is included in other debtors. During the year, the company recharged expenses amounting to £1,022 (2016: £nil) due from K2 Partners LLC.

#### *Jog 2 Limited*

Natural Assets Investments Limited owns 50% of the issued share capital of a company, Jog 2 Limited, for which the company paid expenses amounting to £12,836 (2016: £nil) during the year. At 31 December 2017 the company was owed £236,509 (2016: £223,673) by Jog 2 Limited, of which £8,817 (2016: £8,817) has been provided.

#### *Jog 3 LLP*

The company also owns 50% of Jog 3 LLP. At 31 December 2017, Jog 3 LLP owed the company £261,800 (2016: £261,800).

The company's directors EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have interests in Natural Retreats Management LLC, a company incorporated in the USA and NR Pension LLP. Natural Retreats UK Limited, Natural Retreats Ireland Limited and Natural Retreats US Inc are subsidiaries of Natural Retreats Management LLC.

#### *NR Pension LLP*

At 31 December 2017 the company was owed £nil (2016: £1,576) from NR Pension LLP, which is included in other debtors. The balance of £1,576 was written off during the year and included in bad debts.

# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 29. Related Party Transactions (continued)

#### *The UK Great Travel Company Limited*

During the year ended 31 December 2017 the company paid rent and other expenses amounting of £169,913 (2016: £244,947) to The UK Great Travel Company Limited. At 31 December 2017, the company owed £217 (2016: £605) to The UK Great Travel Company Limited which is included in trade creditors. During the year the company recharged expenses amounting to £230,932 (2016: £158,578) to The UK Great Travel Company Limited. At 31 December 2017, trade debtors includes £18,829 (2016: £44,181) owed by Natural Retreats UK Limited.

#### *Natural Retreats Ireland Limited*

During the year the company recharged expenses amounting to £nil (2016: £nil) to Natural Retreats Ireland Limited. At 31 December 2017, trade debtors includes £nil (2016: £14,872) owed by Natural Retreats Ireland Limited. Natural Retreats Ireland Limited also owes the company £nil (2016: £37) for a loan made. £37 has been written off to bad debts in the year.

#### *Natural Retreats US LLC*

During the year, the company was recharged expenses amounting to £5,217 (2016: £86,445) by Natural Retreats US LLC. Trade creditors includes £nil (2016: £13,585) owing to Natural Retreats US LLC. During the year, the company recharged expenses amounting to £nil (2016: £20,857) to Natural Retreats US Inc. At 31 December 2017, trade debtors includes £nil (2016: £23,568) from Natural Retreats US Inc. At 31 December 2017 the company was also owed £41,316 (2016: £41,316) by Natural Retreats US LLC.

#### *Natural Retreats Realty US Inc*

The company was also owed £nil (2016: £467) from Natural Retreats Realty US Inc, a subsidiary of Natural Retreats US Inc, at 31 December 2017. The balance of £467 was written off to bad debts during the year.

The company's directors EJ Kearney, MD Spence and A Wild, together with the controlling party D Gorton, have an interest in Natural Assets Investments Inc and Natural Asset Investments LLC.

#### *Natural Assets Investments Inc*

Natural Assets Investments Inc also owes the company £459,077 (2016: £459,077) for loans made, which is included in other debtors.

#### *Natural Assets Investments LLC*

Trade creditors includes £nil (2016: £5,936) owing to Natural Assets Investments LLC at the year end. During the year, the company recharged expenses amounting to £nil (2016: £26,659) to Natural Assets Investments LLC. At 31 December 2017, trade debtors includes £nil (2016: £11,473) due from Natural Assets Investments LLC.

#### *DGFO LLP*

The company director T Dennis and majority shareholder D Gorton have an interest in DGFO LLP.

During the year the company received services amounting to £nil (2016: £18,750) from DGFO LLP.

#### *Natural Land 1 LLP*

DOL Park Limited is a 100% subsidiary of the company and, is the designated member of Natural Land 1 LLP. At 31 December 2017 £nil (2016: £17,366) was owing from Natural Land 1 LLP which is included in other debtors.



# Natural Assets Investments Limited

## Notes to the Financial Statements

For the year ended 31 December 2017

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### 30. Remuneration of Key Management Personnel

The total remuneration of the directors and other employees who are considered to be key management personnel was £96,000 (2016: £121,000). This relates to amounts paid to other parties for the services of the directors.

### 31. Parental Guarantee

Natural Assets Investments Limited has given a guarantee under Section 479C of the Companies Act 2006. The subsidiaries as per note 14, included in these consolidated accounts, are therefore, exempt from the requirements of this Act relating to the audit of individual accounts by virtue of Section 479A.

### 32. Ultimate Controlling Party

The ultimate controlling party is Mr D Gorton, a majority shareholder of the company.