

NATURAL ASSETS INVESTMENTS LIMITED
GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018



DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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NATURAL ASSETS INVESTMENTS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

T Dennis
F M Douglas
E J Kearney
M D Spence
A Wild

REGISTERED OFFICE:

1st Floor
Whitecroft House
51 Water Lane
Wilmslow
SK9 5BQ

REGISTERED NUMBER:

07541643 (England and Wales)

AUDITORS:

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

REVIEW OF BUSINESS

Natural Assets Investments Limited is a parent company whose subsidiaries' principle focus is on ownership of holiday lettings properties, land ownership, property development and the provision of associated retail services.

The group operating loss before interest, tax, depreciation, amortisation and one-off gains of losses on disposals of assets for the reported period is £3.5m (2017 £1.7m).

During the year ended 31 December 2018, following the identification of historic issues with the funicular railway at Cairngorm Mountain during the annual safety inspection and after taking advice from experts it became necessary to close the railway. As a consequence of this Cairngorm Mountain Limited, the entity responsible for the resort's operation, suffered a severe cashflow shortfall and was subsequently placed into administration on 29 November 2018.

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

- Losses of £34k on disposal of property have been recognised in the period. The group has elected to sell holiday homes at its Trehiddle and Yorkshire Dales locations where there is strong demand for holiday home sales.
- There have been no loan repayments made during the year to the principle shareholder. Interest is accrued on these loans with £3.4m charged during the year (£3.8m charged in 2017).
- The group received £220k of drawdowns from the principal shareholder during the year to further enhance the group's resources for carrying out the planned investment property development projects.
- Total assets less current liabilities (TALCL) have decreased by £3m. The most material movements on the statement of financial position contributing to this are as follows:
 - Fair value loss of investment property - £82k decrease to TALCL
 - Disposal of investment property - £1.6m decrease to TALCL
 - Goodwill amortisation - £844k decrease to TALCL
 - Depreciation - £575k decrease to TALCL
 - Investment property additions - £5.0m increase to TALCL
 - New loans in the year - £5.3m decrease to TALCL
- Cash at bank and in hand increased by £59k. Cash inflow from operations decreased by £476k due to the issues that arose during the year at Cairngorm Mountain Limited.

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.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The group finances its operations through shareholders' loans 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;
- 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 building process

Interest rate movements are monitored frequently. Exposure to fluctuations in interest rates affecting long term borrowings is largely eliminated by entering into fixed rate loans where this is possible and economically viable.

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

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 defaults 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 their 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 and ADR's
 - o Turnover decline year on year is 3.3%
 - o 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
 - o Loss has increased 23% year on year
- The group is reliant on long term loans but has maintained a positive cash balance and did not require an overdraft
- Average cost of long term debt was 10% during the year.

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 as well as the issues that arose at Cairngorm Mountain Limited.

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

FUTURE DEVELOPMENTS

The directors feel the company is well placed for the future having used bank funding to develop a total of 25 additional units for rental and sale at its Llyn Peninsular site in Wales (completed in July 2019). As a result the group expects to benefit from increased rental yields and future property sales income.

Following the closure of operations at Cairngorm Mountain it is the intention of the directors to focus on driving profitability and asset sales at the remaining sites of the group to repay the existing third party bank debt and also potentially to reinvest some of these funds to develop and expand other existing sites within the group.

ON BEHALF OF THE BOARD:



.....
T Dennis - Director

Date: 23rd August 2019

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review 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.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2018.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

T Dennis
F M Douglas
E J Kearney
M D Spence
A Wild

Other changes in directors holding office are as follows:

U M Aziz and D M Gorton ceased to be directors after 31 December 2018 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
T Dennis - Director

Date: 23rd August 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATURAL ASSETS INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Natural Assets Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 Financial Reporting Standard 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 affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
NATURAL ASSETS INVESTMENTS LIMITED**

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 Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

DTE Business Advisers Limited

Richard Taylor (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

Date: 29th August 2019

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 Continuing £	2018 Discontinued £	2018 Total £
REVENUE	3	2,197,854	3,487,348	5,685,202
Cost of sales		<u>(1,452,877)</u>	<u>(2,744,052)</u>	<u>(4,196,929)</u>
GROSS PROFIT		744,977	743,296	1,488,273
Administrative expenses		<u>(3,356,824)</u>	<u>(1,326,347)</u>	<u>(4,683,171)</u>
		(2,611,847)	(583,051)	(3,194,898)
Other operating income		<u>202,649</u>	<u>2,647</u>	<u>205,296</u>
GROUP OPERATING LOSS	5	(2,409,198)	(580,404)	(2,989,602)
Share of operating loss in Joint ventures		(3,535)	-	(3,535)
Profit on disposal of operations	6	<u>836,313</u>	<u>-</u>	<u>836,313</u>
		(1,576,420)	(580,404)	(2,156,824)
Interest receivable and similar income		-	11	11
Loss on sale of investment properties		(34,000)	-	(34,000)
Fair value gain on investment properties		81,714	-	81,714
Interest payable and similar expenses	8	<u>(3,613,753)</u>	<u>-</u>	<u>(3,613,753)</u>
LOSS BEFORE TAXATION		(5,142,459)	(580,393)	(5,722,852)
Tax on loss	9	<u>-</u>	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(5,142,459)</u>	<u>(580,393)</u>	<u>(5,722,852)</u>
Loss attributable to:				
Owners of the parent				(5,700,678)
Non-controlling interests				<u>(22,174)</u>
				<u>(5,722,852)</u>

The notes form part of these financial statements

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2017 Continuing £	2017 Discontinued £	2017 Total £
REVENUE	3	2,331,892	3,547,475	5,879,367
Cost of sales		<u>(1,319,466)</u>	<u>(3,136,492)</u>	<u>(4,455,958)</u>
GROSS PROFIT		1,012,426	410,983	1,423,409
Administrative expenses		<u>(3,653,181)</u>	<u>(1,206,191)</u>	<u>(4,859,372)</u>
		(2,640,755)	(795,208)	(3,435,963)
Other operating income		217,674	4,079	221,753
		<u> </u>	<u> </u>	<u> </u>
GROUP OPERATING PROFIT/(LOSS)	5	(2,423,081)	(791,129)	(3,214,210)
Share of operating loss in Joint ventures		(3,803)	-	(3,803)
Interest receivable and similar income		-	13	13
Loss on sale of investment properties		(104,725)	-	(104,725)
Fair value gains on investment properties		2,564,533	-	2,564,533
Interest payable and similar expenses	8	<u>(3,874,034)</u>	<u>(35,853)</u>	<u>(3,909,887)</u>
LOSS BEFORE TAXATION		(3,841,110)	(826,969)	(4,668,079)
Tax on loss	9	<u>-</u>	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(3,841,110)</u>	<u>(826,969)</u>	<u>(4,668,079)</u>
Loss attributable to:				
Owners of the parent				(4,642,885)
Non-controlling interests				<u>(25,194)</u>
				<u>(4,668,079)</u>

The notes form part of these financial statements

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
LOSS FOR THE YEAR		(5,722,852)	(4,668,079)
OTHER COMPREHENSIVE INCOME			
Actuarial gains/(losses)		-	(180,000)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(180,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(5,722,852)</u>	<u>(4,848,079)</u>
Total comprehensive income attributable to:			
Owners of the parent		(5,700,678)	(4,822,885)
Non-controlling interests		<u>(22,174)</u>	<u>(25,194)</u>
		<u>(5,722,852)</u>	<u>(4,848,079)</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

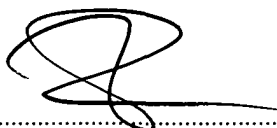
	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	11	3,428,561	4,043,238
Property, plant and equipment	12	2,309,982	3,798,718
Investments	13	30,000	40,165
Share of losses in joint venture	13	(23,605)	(20,070)
Investment property	14	<u>25,288,531</u>	<u>21,847,549</u>
		<u>31,033,469</u>	<u>29,709,600</u>
CURRENT ASSETS			
Inventories	15	52,199	133,136
Debtors	16	1,237,804	1,570,408
Debtors due after more than one year	16	87,500	100,000
Cash at bank and in hand		<u>230,038</u>	<u>170,610</u>
		1,607,541	1,974,154
CREDITORS			
Amounts falling due within one year	17	<u>(13,054,875)</u>	<u>(9,064,297)</u>
NET CURRENT LIABILITIES		<u>(11,447,334)</u>	<u>(7,090,143)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,586,135	22,619,457
CREDITORS			
Amounts falling due after more than one year	18	(59,537,893)	(56,183,852)
PROVISIONS FOR LIABILITIES	22	-	(210,511)
PENSION LIABILITY	25	<u>-</u>	<u>(454,000)</u>
NET LIABILITIES		<u>(39,951,758)</u>	<u>(34,228,906)</u>

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2018

		2018	2017
	Notes	£	£
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Other reserves	24	149,999	149,999
Fair value reserve	24	2,106,540	5,675,749
Retained earnings	24	<u>(41,868,319)</u>	<u>(39,736,850)</u>
SHAREHOLDERS' FUNDS		(39,610,780)	(33,910,102)
NON-CONTROLLING INTERESTS		<u>(340,978)</u>	<u>(318,804)</u>
TOTAL EQUITY		<u>(39,951,758)</u>	<u>(34,228,906)</u>

The financial statements were approved by the Board of Directors on 23rd August 2019 and were signed on its behalf by:



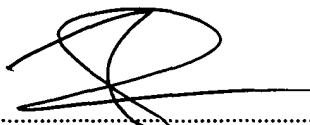
.....
T Dennis - Director

The notes form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Intangible assets	11	-	-
Property, plant and equipment	12	57,887	111,152
Investments	13	230,056	471,462
Investment property	14	-	-
		<u>287,943</u>	<u>582,614</u>
CURRENT ASSETS			
Debtors	16	441,856	204,393
Debtors due after more than one year	16	21,629,496	18,953,019
Cash at bank		<u>17,345</u>	<u>46,155</u>
		22,088,697	19,203,567
CREDITORS			
Amounts falling due within one year	17	<u>(9,163,314)</u>	<u>(4,363,466)</u>
NET CURRENT ASSETS		<u>12,925,383</u>	<u>14,840,101</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,213,326	15,422,715
CREDITORS			
Amounts falling due after more than one year	18	<u>(54,552,843)</u>	<u>(51,065,370)</u>
NET LIABILITIES		<u>(41,339,517)</u>	<u>(35,642,655)</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Other reserves	24	149,999	149,999
Retained earnings	24	<u>(41,490,516)</u>	<u>(35,793,654)</u>
SHAREHOLDERS' FUNDS		<u>(41,339,517)</u>	<u>(35,642,655)</u>
Company's loss for the financial year		<u>(5,696,862)</u>	<u>(6,226,862)</u>

The financial statements were approved by the Board of Directors on 23rd August 2019 and were signed on its behalf by:



T Dennis - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Retained earnings £	Other reserves £
Balance at 1 January 2017	1,000	(32,864,203)	149,999
Changes in equity			
Loss for the year	-	(4,642,885)	-
Actuarial gains/(losses)	-	(180,000)	-
Transfer	-	(2,049,762)	-
Balance at 31 December 2017	<u>1,000</u>	<u>(39,736,850)</u>	<u>149,999</u>
Changes in equity			
Total comprehensive income	-	(5,700,678)	-
Transfer	-	3,569,209	-
Balance at 31 December 2018	<u>1,000</u>	<u>(41,868,319)</u>	<u>149,999</u>

	Fair value reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2017	3,625,987	(29,087,217)	(293,610)	(29,380,827)
Changes in equity				
Total comprehensive income	-	(4,642,885)	(25,194)	(4,668,079)
Actuarial gains/(losses)	-	(180,000)	-	(180,000)
Transfer	<u>2,049,762</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2017	<u>5,675,749</u>	<u>(33,910,102)</u>	<u>(318,804)</u>	<u>(34,228,906)</u>
Changes in equity				
Total comprehensive income	-	(5,700,678)	(22,174)	(5,722,852)
Transfer	<u>(3,569,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2018	<u>2,106,540</u>	<u>(39,610,780)</u>	<u>(340,978)</u>	<u>(39,951,758)</u>

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 January 2017	1,000	(29,566,792)	149,999	(29,415,793)
Changes in equity				
Total comprehensive income	-	(6,226,862)	-	(6,226,862)
Balance at 31 December 2017	1,000	(35,793,654)	149,999	(35,642,655)
Changes in equity				
Total comprehensive income	-	(5,696,862)	-	(5,696,862)
Balance at 31 December 2018	1,000	(41,490,516)	149,999	(41,339,517)

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	(857,799)	(451,883)
Interest paid		<u>(194,663)</u>	<u>(124,765)</u>
Net cash from operating activities		<u>(1,052,462)</u>	<u>(576,648)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(297,628)	(609,858)
Purchase of investment property		(5,091,021)	(389,395)
Sale of tangible fixed assets		1,575	7,723
Sale of fixed asset investments		-	35,709
Sale of investment property		1,534,325	1,341,775
Cash on disposal of subsidiaries		(131,974)	-
Interest received		<u>11</u>	<u>13</u>
Net cash from investing activities		<u>(3,984,712)</u>	<u>385,967</u>
Cash flows from financing activities			
New loans in year		5,344,740	320,907
Loan repayments in year		(218,289)	(178,456)
HP repayments in year		<u>(29,849)</u>	<u>(82,645)</u>
Net cash from financing activities		<u>5,096,602</u>	<u>59,806</u>
Increase/(decrease) in cash and cash equivalents			
		59,428	(130,875)
Cash and cash equivalents at beginning of year	2	<u>170,610</u>	<u>301,485</u>
Cash and cash equivalents at end of year	2	<u><u>230,038</u></u>	<u><u>170,610</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018 £	2017 £
Loss before taxation	(5,722,852)	(4,668,079)
Depreciation charges	1,408,979	1,515,397
Loss on disposal of fixed assets	54,193	97,284
Loss/(gain) on revaluation of fixed assets	81,714	(2,564,553)
Pension scheme non-cash movements	-	(9,000)
Share of results of joint venture	3,535	3,803
Movement in provision	-	105,796
(Profit)/loss on disposal of subsidiaries	(836,313)	-
Finance costs	3,613,753	3,909,887
Finance income	(11)	(13)
	<u>(1,397,002)</u>	<u>(1,609,478)</u>
(Increase)/decrease in inventories	(20,826)	76,615
(Increase)/decrease in trade and other debtors	(1,851,374)	639,840
Increase in trade and other creditors	<u>2,411,403</u>	<u>441,140</u>
Cash generated from operations	<u>(857,799)</u>	<u>(451,883)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2018

	31.12.18 £	1.1.18 £
Cash and cash equivalents	<u>230,038</u>	<u>170,610</u>

Year ended 31 December 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	<u>170,610</u>	<u>301,485</u>

3. DISPOSAL OF BUSINESS

During the year the company disposed of a number of subsidiaries see note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. STATUTORY INFORMATION

Natural Assets Investments Limited is a private company limited by shares, incorporated in England and Wales. The company's registered number is 07541643 and its registered office address is 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Going concern

As part of its going concern review the board has prepared detailed financial forecasts and cashflows to December 2020. 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 forecasted period, 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 statement of financial position showing net current liabilities of £11,447,334 (2017: £7,090,143) and net liabilities of £39,951,758 (2017: £34,228,906). 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.

Basis of consolidation

The consolidated financial statements incorporate the results of Natural Assets Investments Limited and all of its material subsidiary undertakings as at 31 December 2018 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

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 the income statement as a gain or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make estimates and judgements. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Estimating the useful economic life of an asset and the anticipated residual value are considered key judgements in calculating an appropriate depreciation charge.

Making judgement on the valuation of investment properties.

Making judgement on the classification of properties.

Assessing the appropriateness of the going concern basis.

Estimating the useful economic life of goodwill.

Revenue

Revenue is recognised at the fair value of the consideration received or receivable for accommodation lettings, food and drink sales, and tourist attractions to external customers in the normal course of business. The fair value of consideration takes into account settlement discounts and volume rebates. Revenue is shown net of Value Added Tax.

Revenue from the sale of services is recognised as those services are provided. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on transfer of the goods.

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 goodwill is expected to give rise to 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 profit or loss in the periods expected to benefit, ranging from 10 to 20 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2.5% on cost
Improvements to property	- 3% on cost
Plant and machinery	- 33% on cost
Fixtures and fittings	- 33.3% on cost, 25% straight line and 20% straight line

Assets under development or in the course of construction are not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the income statement when the change arises.

Government grants

Grants are recognised at the fair value of the asset received. Grants relating to assets are subsequently recognised in income on a straight line basis over the asset's expected useful life.

Investments in subsidiaries and associates

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

Interest 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 the income statement.

In the accounts of the group, entities in which the group has a long term interest and shares control of under contractual arrangement are classified as interests in joint ventures. Jointly controlled entities are accounted for using the equity method.

Undertakings in which the group has significant influence 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.

Investment property

Investment properties are recognised at fair value. Changes in fair value are recognised in the income statement. Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is derived from purchase price. Net realisable value is based on estimated selling price less attributable costs of disposal.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventory over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase or finance lease are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement in the period to which they relate.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

3. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the group.

An analysis of revenue by class of business is given below:

	2018 £	2017 £
Rental income	1,562,694	1,774,474
Tourist attraction	2,568,599	2,537,051
Sales of goods	<u>1,553,909</u>	<u>1,567,842</u>
	<u>5,685,202</u>	<u>5,879,367</u>

All rental income relates to continuing operations. All tourist attraction revenue relates to discontinued operations.

4. EMPLOYEES AND DIRECTORS

	2018 £	2017 £
Wages and salaries	2,035,567	1,895,460
Social security costs	91,430	108,906
Other pension costs	<u>28,863</u>	<u>25,375</u>
	<u>2,155,860</u>	<u>2,029,741</u>

The average number of employees during the year was as follows:

	2018	2017
Production	139	121
Management	14	14
Administration	<u>7</u>	<u>7</u>
	<u>160</u>	<u>142</u>

	2018 £	2017 £
Directors' remuneration	<u>96,000</u>	<u>96,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

5. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2018	2017
	£	£
Other operating leases	29,133	3,695
Depreciation - owned assets	575,313	711,576
Loss/(profit) on disposal of fixed assets	20,193	(4,732)
Goodwill amortisation	844,260	844,260
Negative goodwill amortisation	(10,594)	(40,439)
Auditors' remuneration	25,650	62,850
Foreign exchange differences	(163)	(1,705)
Operating leases - land and buildings	193,000	170,000
Fair value losses/(gains) on investment properties	<u>81,714</u>	<u>(2,564,553)</u>

6. EXCEPTIONAL ITEMS

	2018	2017
	£	£
Profit/loss on disposal of operations	<u>836,313</u>	<u>-</u>

During the year the company disposed of a number of subsidiary undertakings with combined total net liabilities of £2,899,257 and suffered bad debts in respect of these entities of £2,062,944 creating an overall gain on disposal of £836,313.

7. PROFIT/LOSS ON SALE OF INVESTMENT PROPERTIES

	2018	2017
	£	£
(Profit)/loss on sale of investment properties	<u>34,000</u>	<u>104,725</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank loan interest	194,663	110,690
Pension scheme interest	-	8,000
Other loan interest	<u>3,419,090</u>	<u>3,791,197</u>
	<u>3,613,753</u>	<u>3,909,887</u>

9. TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Loss before tax	<u>(5,722,852)</u>	<u>(4,668,079)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	(1,087,342)	(898,605)
Effects of:		
Income not taxable for tax purposes	1,170,837	(409,448)
Capital allowances in excess of depreciation	(34,540)	-
Depreciation in excess of capital allowances	-	6,319
Utilisation of tax losses	-	(73,184)
Adjustments to equalise deferred tax and corporation tax rates	(323,547)	975,703
Deferred tax not recognised	<u>274,592</u>	<u>399,215</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31 December 2018.

	Gross £	2017 Tax £	Net £
Actuarial losses	<u>(180,000)</u>	<u>-</u>	<u>(180,000)</u>

Actuarial gains related to the defined benefit pension scheme, described in Note 25.

Deferred tax is not recognised in respect of losses of £15,769,463 (2017: £22,588,519).

10. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

11. INTANGIBLE FIXED ASSETS**Group**

	Goodwill	Negative goodwill	Totals
	£	£	£
Cost			
At 1 January 2018	9,315,900	(535,327)	8,780,573
Disposals	<u>-</u>	<u>323,444</u>	<u>323,444</u>
At 31 December 2018	<u>9,315,900</u>	<u>(211,883)</u>	<u>9,104,017</u>
Amortisation			
At 1 January 2018	4,913,304	(175,969)	4,737,335
Amortisation for year	844,260	(10,594)	833,666
Eliminated on disposal	<u>-</u>	<u>104,455</u>	<u>104,455</u>
At 31 December 2018	<u>5,757,564</u>	<u>(82,108)</u>	<u>5,675,456</u>
Net book value			
At 31 December 2018	<u>3,558,336</u>	<u>(129,775)</u>	<u>3,428,561</u>
At 31 December 2017	<u>4,402,596</u>	<u>(359,358)</u>	<u>4,043,238</u>

12. PROPERTY, PLANT AND EQUIPMENT**Group**

	Freehold property	Assets under construction	Development properties
	£	£	£
Cost			
At 1 January 2018	52,569	449,918	1,603,492
Disposals	<u>(52,569)</u>	<u>(449,918)</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>1,603,492</u>
Depreciation			
At 1 January 2018	23,388	209,117	-
Charge for year	1,314	-	-
Eliminated on disposal	<u>(24,702)</u>	<u>(209,117)</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2018	<u>-</u>	<u>-</u>	<u>1,603,492</u>
At 31 December 2017	<u>29,181</u>	<u>240,801</u>	<u>1,603,492</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

12. PROPERTY, PLANT AND EQUIPMENT - continued

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
Cost				
At 1 January 2018	854,573	4,494,700	2,505,706	9,960,958
Additions	-	217,184	80,444	297,628
Disposals	<u>(595,079)</u>	<u>(4,545,636)</u>	<u>-</u>	<u>(5,643,202)</u>
At 31 December 2018	<u>259,494</u>	<u>166,248</u>	<u>2,586,150</u>	<u>4,615,384</u>
Depreciation				
At 1 January 2018	247,260	3,806,591	1,875,884	6,162,240
Charge for year	30,929	283,243	259,827	575,313
Eliminated on disposal	<u>(260,889)</u>	<u>(3,937,443)</u>	<u>-</u>	<u>(4,432,151)</u>
At 31 December 2018	<u>17,300</u>	<u>152,391</u>	<u>2,135,711</u>	<u>2,305,402</u>
Net book value				
At 31 December 2018	<u>242,194</u>	<u>13,857</u>	<u>450,439</u>	<u>2,309,982</u>
At 31 December 2017	<u>607,313</u>	<u>688,109</u>	<u>629,822</u>	<u>3,798,718</u>

At the prior year end, the net book value of plant and machinery included £185,406 in respect of assets held under hire purchase contracts. The depreciation charge for the prior period in respect of these assets was £65,026.

Company

	Plant and machinery £	Fixtures and fittings £	Totals £
Cost			
At 1 January 2018 and 31 December 2018	<u>166,248</u>	<u>107,676</u>	<u>273,924</u>
Depreciation			
At 1 January 2018	134,918	27,854	162,772
Charge for year	<u>17,473</u>	<u>35,792</u>	<u>53,265</u>
At 31 December 2018	<u>152,391</u>	<u>63,646</u>	<u>216,037</u>
Net book value			
At 31 December 2018	<u>13,857</u>	<u>44,030</u>	<u>57,887</u>
At 31 December 2017	<u>31,330</u>	<u>79,822</u>	<u>111,152</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

13. FIXED ASSET INVESTMENTS**Group**

	Interest in joint venture £	Interest in associate £	Unlisted investments £	Totals £
Cost				
At 1 January 2018	(20,070)	10,165	30,000	20,095
Disposals	-	(10,165)	-	(10,165)
Share of profit/(loss)	<u>(3,535)</u>	<u>-</u>	<u>-</u>	<u>(3,535)</u>
At 31 December 2018	<u>(23,605)</u>	<u>-</u>	<u>30,000</u>	<u>6,395</u>
Net book value				
At 31 December 2018	<u>(23,605)</u>	<u>-</u>	<u>30,000</u>	<u>6,395</u>
At 31 December 2017	<u>(20,070)</u>	<u>10,165</u>	<u>30,000</u>	<u>20,095</u>

Company

	Shares in group undertakings £	Interest in associate £	Unlisted investments £	Totals £
Cost				
At 1 January 2018	431,297	10,165	30,000	471,462
Disposals	<u>(231,241)</u>	<u>(10,165)</u>	<u>-</u>	<u>(241,406)</u>
At 31 December 2018	<u>200,056</u>	<u>-</u>	<u>30,000</u>	<u>230,056</u>
Net book value				
At 31 December 2018	<u>200,056</u>	<u>-</u>	<u>30,000</u>	<u>230,056</u>
At 31 December 2017	<u>431,297</u>	<u>10,165</u>	<u>30,000</u>	<u>471,462</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

13. FIXED ASSET INVESTMENTS - continued**Subsidiary undertakings**

Name	Registered office	Holding	Nature of business
Trewhiddle Village Limited	Note 1	100% ordinary	Holiday lettings
Natural Land 3 Limited	Note 1	100% ordinary	Holiday lettings
North York Moors Limited	Note 1	100% ordinary	Property development
John O'Groats Highland Limited	Note 1	100% ordinary	Holding company
NA Lews Castle Limited	Note 1	100% ordinary	Holiday lettings
Yorkshire Dales Limited	Note 1	100% ordinary	Holiday lettings
Natural Outfitters Limited	Note 1	100% ordinary	Retail services
Natural Land 1 LLP	Note 1	100% member	Property development

John O'Groats Highland Limited has the following subsidiary:

JOG Highlands LLP	Note 1	86% member	Holiday lettings
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Natural Land 3 has the following subsidiaries

NL3 Cottages Management Limited	Note 1	100% ordinary	Property management
Natural Land 3 Management Limited	Note 1	100% ordinary	Dormant

Joint ventures

Name	Registered office	Holding	Nature of business
Jog 2 Limited	Note 2	50% ordinary	Land ownership
Jog 3 LLP	Note 2	50% member	Land ownership

NL3 Cottages Management Limited and Natural Land 3 Management Limited are not consolidated within these financial statements on the grounds of materiality.

Note 1: 1st Floor Whitecroft House, 51 Water Lane, Wilmslow, Cheshire, SK9 5BQ.

Note 2: 5th Floor 88 Church Street, Liverpool, England, L1 3HD.

14. INVESTMENT PROPERTY**Group**

	Total £
Fair value	
At 1 January 2018	21,847,549
Additions	5,091,021
Disposals	(1,568,325)
Revaluations	<u>(81,714)</u>
At 31 December 2018	<u>25,288,531</u>
Net book value	
At 31 December 2018	<u>25,288,531</u>
At 31 December 2017	<u>21,847,549</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT PROPERTY - continued**Group**

Investment properties have been valued at open market value by the directors at 31 December 2018. The historic cost of investment properties is £26,116,326 (2017: £23,032,256).

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.

15. INVENTORIES

	Group	
	2018	2017
	£	£
Inventories	<u>52,199</u>	<u>133,136</u>

Inventories recognised in cost of sales during the year as an expense were £355,546 (2017: £353,795).

16. DEBTORS

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	76,302	193,317	63,549	20,989
Amounts owed by associates	454,732	489,479	-	-
Other debtors	400,691	299,035	322,020	110,467
VAT	169,238	16,981	4,521	-
Prepayments	<u>136,841</u>	<u>571,596</u>	<u>51,766</u>	<u>72,937</u>
	<u>1,237,804</u>	<u>1,570,408</u>	<u>441,856</u>	<u>204,393</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	21,629,496	18,953,019
Other debtors	<u>87,500</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>87,500</u>	<u>100,000</u>	<u>21,629,496</u>	<u>18,953,019</u>
Aggregate amounts	<u>1,325,304</u>	<u>1,670,408</u>	<u>22,071,352</u>	<u>19,157,412</u>

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

Company

An impairment loss of £948,599 (2017: £2,406,720) was recognised during the year against amounts due from group undertakings.

Group

An impairment loss of £1,998,096 (2017: £10,972) was recognised during the year against other debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts (see note 19)	8,989,122	4,062,673	8,989,122	4,062,673
Hire purchase contracts (see note 20)	-	115,525	-	-
Trade creditors	584,062	876,469	32,037	15,589
Amounts owed to group undertakings	-	-	100,000	240,666
Social security and other taxes	26,482	52,807	-	-
Other creditors	3,107,974	3,768,386	7,552	3,008
Accrued expenses	<u>347,235</u>	<u>188,437</u>	<u>34,603</u>	<u>41,530</u>
	<u>13,054,875</u>	<u>9,064,297</u>	<u>9,163,314</u>	<u>4,363,466</u>

Bank loans have been refinanced post year end on terms that the company can service satisfactorily.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other loans (see note 19)	3,434,290	3,282,672	-	-
Hire purchase contracts (see note 20)	-	209,031	-	-
Other creditors	54,513,003	51,065,370	54,552,843	51,065,370
Deferred government grants	<u>1,590,600</u>	<u>1,626,779</u>	<u>-</u>	<u>-</u>
	<u>59,537,893</u>	<u>56,183,852</u>	<u>54,552,843</u>	<u>51,065,370</u>

Government grants relate to a development grant received from Highlands and Islands Enterprise for development costs at John O'Groats, Scotland. The grant is repayable if any property is sold within 10 years from the date of the last payment.

19. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>8,989,122</u>	<u>4,062,673</u>	<u>8,989,122</u>	<u>4,062,673</u>
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>3,434,290</u>	<u>3,282,672</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	2018	2017
	£	£
Net obligations repayable:		
Within one year	-	115,525
Between one and five years	-	<u>209,031</u>
	<u>-</u>	<u>324,556</u>

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	50,000	184,362
Between one and five years	200,000	687,771
In more than five years	<u>520,833</u>	<u>2,063,765</u>
	<u>770,833</u>	<u>2,935,898</u>

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Bank loans	8,989,122	4,062,673
Hire purchase contracts	-	324,556
Other loans	<u>3,434,290</u>	<u>3,282,672</u>
	<u>12,423,412</u>	<u>7,669,901</u>

Bank loans are secured by way of a fixed charge over investment properties.

Other loans are secured by way of a debenture over the assets of a subsidiary company, Jog Highlands LLP.

Hire purchase liabilities were secured on the assets concerned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

22. PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	£	£
Other provisions	<u>-</u>	<u>210,511</u>
Aggregate amounts	<u>-</u>	<u>210,511</u>
Group		
		Maintenance provision
		£
Balance at 1 January 2018		210,511
Disposal of subsidiary		(210,511)
Balance at 31 December 2018		<u>-</u>

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2018	2017
			£	£
600	Ordinary A	£1	600	600
400	Ordinary B	£1	<u>400</u>	<u>400</u>
			<u>1,000</u>	<u>1,000</u>

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

24. RESERVES

Group				
	Retained earnings	Other reserves	Fair value reserve	Totals
	£	£	£	£
At 1 January 2018	(39,736,850)	149,999	5,675,749	(33,911,102)
Deficit for the year	(5,700,678)			(5,700,678)
Transfer	<u>3,569,209</u>	<u>-</u>	<u>(3,569,209)</u>	<u>-</u>
At 31 December 2018	<u>(41,868,319)</u>	<u>149,999</u>	<u>2,106,540</u>	<u>(39,611,780)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

24. RESERVES - continued**Company**

	Retained earnings £	Other reserves £	Totals £
At 1 January 2018	(35,793,654)	149,999	(35,643,655)
Deficit for the year	<u>(5,696,862)</u>	<u> </u>	<u>(5,696,862)</u>
At 31 December 2018	<u>(41,490,516)</u>	<u>149,999</u>	<u>(41,340,517)</u>

25. EMPLOYEE BENEFIT OBLIGATIONS

A defined benefit pension scheme was operated by CML Realisations Limited, a former subsidiary which was disposed of during the year. A claim was made to the pension protection fund and the Natural Assets Investments Limited group does not bear any liability for the scheme.

26. CONTINGENT LIABILITIES

Following the year end a claim was lodged against Natural Assets Investments Limited in respect of alleged damages caused by a former subsidiary undertaking for a breach of the company's guaranteed obligations. This claim is at an early stage and the directors have obtained legal advice and have requested but not yet received additional information to substantiate the claim. The directors will be defending the action and as at the date of signing these financial statements are of the view that no material losses will arise in respect of this legal claim.

27. OTHER FINANCIAL COMMITMENTS

Natural Assets Investments Limited has entered into a composite company unlimited multilateral guarantee with the following group companies: North York Moors Limited, Trewiddle Village Limited, Yorkshire Dales Limited, Natural Land 1 LLP, Jog Highlands LLP, John O'Groats Highlands Limited, Natural Land 3 Limited, NA Lews Castle Limited and Natural Outfitters Limited. At 31 December 2018 the total borrowings covered by the guarantee amounted to £9,026,955 (2017: £4,101,728).

28. RELATED PARTY DISCLOSURES

Natural Assets Investments Limited has given a guarantee under section 479C of the Companies act 2006. The following subsidiaries 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: Natural Land 1 LLP, JOG 2 Limited, JOG 3 LLP.

UK Great Travel Company Limited

	2018 £	2017 £
Sales	1,439,633	2,054,164
Purchases	1,713,615	1,891,983
Amount due from related party	70,570	34,957
Amount due to related party	<u>105,121</u>	<u>133,310</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

28. RELATED PARTY DISCLOSURES - continued

Entities that provide key management personnel services to the entity

	2018	2017
	£	£
Sales	1,468	1,899
Purchases	96,000	96,000
Amount due from related party	48,583	49,255
Amount due to related party	<u>9,600</u>	<u>-</u>

Other related parties

D Gorton

D Gorton is the majority shareholder of the group, the ultimate controlling party and a director.

Included within creditors falling due within one year is an amount of £3,100,000 (2017: £3,100,000) loaned to Natural Land 3 Limited from D Gorton. This loan is unsecured, interest free and repayable on demand.

Included within creditors falling due after one year is an amount of £3,434,290 (2017: £3,282,672) loaned to JOG Highlands LLP from D Gorton. This loan is secured by way of debenture over the assets of the LLP and interest is charged at 4.5% above LIBOR. The amount is repayable in full on 11 June 2022.

Included within creditors due after one year is an amount of £54,552,843 (2017: £51,065,370) loaned to Natural Assets Investments Limited from D Gorton. This loan is unsecured and interest is charged at various rates between 0% and 10%. The loan has an indeterminate repayment date, with a minimum of 12 months notice required for repayment.

D Gorton advanced £220,000 (2017: £918,000) to the group during the year.

During the year interest amounting to £3,419,090 (2017: £3,785,122) was charged by D Gorton.

Key management personnel compensation is equal to directors' remuneration.

29. POST BALANCE SHEET EVENTS

Natural Assets Investments Limited ceased to be a member of Jog 3 LLP on 21 June 2019.

30. ULTIMATE CONTROLLING PARTY

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